

## **SCHEDULE OF MATTERS RESERVED FOR DECISION BY THE BOARD**

### **Preamble**

(Re-adopted by the board on 26 November 2013 with effect from 1 January 2014)

(The matters referred to below are matters of or relating to United Utilities Group PLC ("the Company") or where reference is made to "Group", of or relating to the company and any or all of its subsidiary and associated undertakings.)

Having regard to the duty of all directors to promote the success of the Company for the benefit of its members as a whole, and in doing so, to have regard (amongst other matters) to

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The Board has the following matters reserved to it:

### **Strategy, management and structure**

1. Approval of the Group's overall strategy, business plan and annual budget.
2. Approval of significant changes to the Group's management and control structure.
3. Approval of the Group's risk management strategy and determining the nature and extent of the significant risks the Board is willing to take in achieving the Group's strategic objectives.
4. Ensuring the maintenance of a sound system of internal control and risk management.
5. Changes relating to the Company's capital structure, its listings or its status as a public limited company.

### **Financial and reporting**

6. Approval of half-year and full-year financial statements of the Company, together with the strategic report, the directors' report, the statement of directors' responsibilities in respect of the annual report and financial statements, and the reports on remuneration and corporate governance.
7. Approval of the Company's dividend policy, the interim dividends and recommendation of the Company's final dividends and any proposal to offer shares instead of a cash dividend.
8. Approval of significant changes in the Group's accounting policies or practices which the auditors have advised would be a material change.
9. Remuneration of the Company's auditors (where, as is usual, shareholders have delegated this

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power to the board) and, on the recommendation of the audit committee, the appointment, reappointment or removal of the Company's auditors to be put to shareholders for approval.

10. Approval of all circulars to shareholders (where the directors expressly accept responsibility for the accuracy/ completeness of the contents) and approval of any listing particulars.

11. Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting and of all circulars to shareholders and listing particulars.

12. Approval of press releases or announcements on any matters referred to in paragraphs 5, 6, 7 and 10 in this Schedule.

### **Board and committee membership and other appointments and corporate governance**

13. Appointments to and removals from the board of the Company and to the Chairs of its audit, corporate responsibility, remuneration and treasury committees

14. Approvals of the terms of reference of the chairman, the senior independent non-executive director, the chief executive officer and other executive directors.

15. Approval of the terms of reference, authorities and membership of committees of the board of the Company and any changes thereto.

16. To review from time to time recommendations made by the nomination committee in respect of existing and prospective directors' conflict authorisations as required by the Companies Act 2006.

17. Appointment or removal of the secretary of the Company.

18. Appointments to and removals from the boards of United Utilities Water Limited and United Utilities PLC.

19. Led by the Chairman, undertaking a formal and rigorous review annually of its own performance and that of its principal committees, in conjunction with the separate exercise of the Chairman's appraisal of individual directors.

20. Determining the independence of directors.

21. Reviewing the Company's overall corporate governance arrangements.

22. Reviewing and amending as necessary this schedule of matters reserved for decision by the board.

### **Transactional approvals**

23. Approval of revenue and capital expenditure, bid submissions and the acquisition or disposal of land, property or other capital assets where the cost or consideration exceeds the respective amounts delegated in the Internal Control Manual.

24. Notwithstanding the delegated approvals contained in the Internal Control Manual, the approval of any project which materially increases the Group's risk profile and/or which involves any obligations, restrictions or liabilities of an unusual, onerous or exceptional nature

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not in the ordinary course of the Group's business.

25. Approval in respect of the appointment or termination of appointment of bankers; bank mandates; bank accounts; other banking facilities, lending, borrowing and leasing; the issue of guarantees, bonds, indemnities and letters of comfort; the management of interest rate or currency exposures; and in respect of subsidiary and associated undertakings the issuing of shares or other securities and the making of inter Group loans, where such approvals are not already delegated to the treasury committee or otherwise the subject of delegated authority in accordance with the Internal Control Manual.

26. Approval of the acquisition or disposal by the Group of the whole or any part of a business or shares in a Group company or the establishment of a joint venture Company or partnership or the disposal of the whole or any part of any such venture, or any similar business development (except where such approvals are already delegated to the treasury committee or are otherwise delegated in the Internal Control Manual).

27. The approval of any acquisition of any investment, asset or business by the Company or any of its subsidiaries which would involve the commencement of an activity of a substantially different nature or character to any activity from time to time carried on by the Company or any of its subsidiaries (no matter what its value).

28. The consideration and, if necessary, defence against any offer to purchase the Company or a majority of its shares.

29. Oversight of the prosecution, defence or settlement of any litigation which is likely to or would require disclosure in the Company's annual report and accounts.

30. Approval of the Group's directors' and officers' liability insurance.

31. Approval annually of the Group's tax strategy.

32. To approve (following the recommendation from the Audit Committee) the effectiveness of the risk management and internal control systems.

33. To be responsible for determining the most significant risks facing the organisation undermining the strategic objectives and the approving actions that should be taken.

34. To evaluate the company's risk appetite and tolerance strategy.

### **Policies**

35. Approval of the Group's policies including but not limited to health and safety, corporate social responsibility, environmental, ethical issues, directors' expenses, share dealing and the release of price sensitive information.

36. Formulation of policy regarding charitable donations by the Group.

37. Approval of any political donations, or other donations by the Group, being those to be disclosed in accordance with the Political Parties, Elections and Referendums Act 2000 (PPERA). EU political expenditure to be disclosed in accordance with PPERA may be approved by the Chairman but must be reported to the next board meeting. Any such spending must fall within the limits imposed by the 2006 Companies Act.

**Remuneration**

38. Approval of major changes in the rules of the Group's pension schemes, or changes of trustees or (when this is subject to the approval of the Company) changes in the Group's fund management arrangements.

39. Approval of major changes in the Group's employee share schemes.

40. Approval of all new long-term incentive schemes.

41. Approval of the Group's framework of executive remuneration and its cost.