

Compliance Committee Terms of Reference

THE COMPLIANCE COMMITTEE: TERMS OF REFERENCE

Constitution

1. There shall be a committee of the Board to be known as the Compliance Committee which will act in a way which the Committee considers, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole.
2. The Committee will comprise at least three directors appointed by the Board, two of whom should be independent non-executive directors and such senior executives as the Committee appoints as members. A quorum shall be two directors. A duly convened meeting of the Committee at which a quorum is present shall be authorised to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
3. The Chair of the Committee shall be appointed by the Board, following consultation with the Nomination Committee and shall be an independent non-executive director. In the absence of the Committee's Chair, the Committee will appoint one of its members to be chair of the Committee.
4. The company secretary (or his/her nominee) shall be secretary to the Committee and shall keep appropriate minutes of its proceedings which will be circulated promptly to all members of the Committee and once approved to the board unless a conflict of interest exists. The secretary shall ascertain at the beginning of each meeting of the Committee, the existence of any conflicts and minute them accordingly.
5. The Chair of the Committee shall formally report to the Board following each meeting of the Committee in the form of a brief update on key compliance topics.
6. No one other than the members of the Committee is entitled to be present at a meeting of the Committee but others may attend at the invitation of the Committee including but not limited to members of the executive team and the Committee's advisers (if appointed). The Chairman of the board and other board members may attend, if invited by the Committee to do so.
7. Meetings shall be held at least twice a year and may be held in person or by telephone or videoconference. Approvals required between scheduled Committee meetings may be given via email.
8. In the event that a member of the Committee is unable to attend a regular or ad-hoc meeting of the Committee, such member may appoint another director to act as an alternate member of the Committee and attend the meeting in his or her place. The said alternate members shall have full powers of a regular member of the Committee when attending any such meeting as a substitute for any absent member.
9. The Committee's duties and activities during the year shall be disclosed in the annual report and financial statements.
10. The Chair of the Committee shall attend the annual general meeting and shall answer questions, through the Chairman of the board, on the Committee's activities and their responsibilities.

Powers

11. The Committee is authorised by the board to undertake any activity within its terms of reference or any other activity that it is asked by the board to undertake, or any review or take any other action that it considers appropriate in the discharge of its duties. It is authorised to seek any information it requires from any employee and all employees will be directed by the board to co-operate with any request made by the Committee.

12. The Committee is authorised by the board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. This authority is subject only to the requirement that independent advice is sought at a reasonable cost commensurate with the matter under review.

13. The Committee's duties are to:

- Review key UUK regulatory submissions (including, amongst others, relating to annual charges and tariffs, the Annual Performance Report and the Regulatory Accounts, the Price Review, WINEP and Water Trading) to ensure compliance with the relevant regulatory reporting requirements prior to submission to the Board with a recommendation as to their approval.
- Review the underlying governance processes for key UUK regulatory submissions (including, amongst others, relating to annual charges and tariffs, the Annual Performance Report and the Regulatory Accounts, the Price Review, WINEP and Water Trading) prior to submission to the Board with a recommendation as to their approval.
- Review compliance (and any applicable supporting assurance) with such areas of legislation or regulation as the committee sees fit, to which the group and/or any individual company within the group must comply and be kept abreast of any changing requirements of any applicable legislation or regulation.
- Be kept apprised of changes to UUK regulatory requirements, targets or relevant consultations being proposed or implemented by any of the group's regulators.
- Oversee the structures and processes of UUK regulatory interactions to ensure they are conducted by authorised individuals within the business and ensure records of such regulatory interactions are maintained and reviewed from time to time by corporate audit.

14. The Committee shall:

- a. Have access to sufficient resources in order to carry out its duties; and
- b. Arrange for periodic reviews of its own performance and Terms of Reference, and recommend any changes it considers necessary to the Board for approval