



16 October 2023

Dear Shelley,

Appointment as a Non-Executive Director of Affinity Water Limited

I am pleased to confirm that the board of directors of Affinity Water Limited (the "Board") has approved your appointment as an independent non-executive director of Affinity Water Limited (the "Company"). This letter sets out the main terms of your appointment.

It is agreed that, on your acceptance of this offer, this letter will constitute a contract for services and not a contract of employment. By accepting this appointment, you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

1 Appointment

- 1.1 Subject to the remaining provisions of this letter, in particular clauses 1.2, 1.3 and 1.6, your appointment as a non-executive director is **effective from 1 December 2023** and the terms of your appointment recorded in this letter are effective from the same date. Your appointment will continue for an initial term of three years commencing on **1 December 2023** subject to re-election at each next annual general meeting ("AGM") unless terminated earlier by either party giving to the other party **three months' written notice** (or the Company making a payment in lieu of your director fee in respect of all or the unexpired part of your notice period). The Board may agree with you in writing that you will serve as a director until a later date than that date.
- 1.2 Your appointment is subject to the articles of association. Nothing in this letter shall be taken to exclude or vary the terms of the articles of association as they apply to you as a director of the Company. Your continued appointment as a non-executive director is subject to election by the Company's shareholders at the next AGM and to re-election at subsequent AGMs. If the shareholders do not re-elect you as a director, or you are retired from office under the articles of association, your appointment shall terminate automatically, with immediate effect and without compensation.
- 1.3 Continuation of your contract of appointment is also contingent on satisfactory performance and any relevant statutory provisions relating to the removal of a director.
- 1.4 Non-executive directors are typically expected to serve three-year terms but may be invited by the Board to serve for additional terms. Any term renewal is subject to Board review and AGM re-election. Notwithstanding any mutual expectation, there is no right to re-nomination by the Board, either annually or after any three year period.
- 1.5 You may be required to serve on one or more committees of the Board, and you may also be requested to chair a committee. You will be provided with the relevant terms of reference on your appointment to such a committee.

- 1.6 Notwithstanding clauses 1.1-1.4 above, the Company may terminate your appointment with immediate effect if you:
- (i) commit a material breach of your obligations under this letter; or
 - (ii) commit any serious or repeated breach or non-observance of your obligations to the Company (which includes an obligation not to breach your duties to the Company, whether statutory, fiduciary, or common law); or
 - (iii) are guilty of any fraud or dishonesty or act in a manner which, in the opinion of the Company acting reasonably, brings or is likely to bring you or the Company into disrepute or is materially adverse to the interests of the Company; or
 - (iv) are convicted of any arrestable criminal offence other than an offence under road traffic legislation in the UK or elsewhere for which a fine or non-custodial penalty is imposed; or
 - (v) are declared bankrupt or have made an arrangement with or for the benefit of your creditors; or
 - (vi) become of unsound mind or become a patient for the purposes of any statute relating to mental health; or
 - (vii) fail to comply with the Company's anti-corruption and bribery policy and procedures and/or the Bribery Act 2010; or
 - (viii) are disqualified from acting as a director.
- 1.7 On termination of your appointment, you shall at the request of the Company resign from your office as a director of the Company and shall not be entitled to and shall not pursue any action or claim for compensation or otherwise against the Company.
- 1.8 If there are matters which arise which cause you concern about your role you should discuss them with me or the Company Secretary. If you have any concerns which cannot be resolved, and you choose to resign for that, or any other, reason, you should provide an appropriate written statement to me or the Company Secretary for circulation to the Board.

2 **Time commitment**

- 2.1 You will be expected to devote such time as is necessary for the proper performance of your duties and you should be prepared to spend at least two days per month on Company business. This is based on preparation for and attendance at:
- (i) scheduled Board meetings
 - (ii) the AGM
 - (iii) site visits
 - (iv) meetings of the non-executive directors
 - (v) meetings with shareholders
 - (vi) updating meetings/training
 - (vii) meetings as part of the Board evaluation process
 - (viii) scheduled meetings of committee meetings

Unless urgent and unavoidable circumstances prevent you from doing so, it is expected that you will attend in person the meetings outlined above.

- 2.2 The nature of the role makes it impossible to be specific about the maximum time commitment, and there is always the possibility of additional time commitment in respect of preparation time and ad hoc matters which may arise from time to time, and particularly when the Company is undergoing a period of increased activity. At certain times it may be necessary to convene additional Board, committee or shareholder meetings in the manner set forth in the Company's articles of association.
- 2.3 The average time commitment stated in clause 2.1 above will increase should you become a committee member or chair, or if you are given additional responsibilities. Details of the expected increase in time commitment will be covered in any relevant communication confirming the additional responsibility.
- 2.4 By accepting this appointment, you undertake that, taking into account all other commitments you may have, you are able to, and will, devote sufficient time to your duties as a non-executive director.

3 **Duties**

- 3.1 You will be expected to perform your duties, whether statutory, fiduciary, or common law, faithfully, efficiently, and diligently to a standard commensurate with both the functions of your role and your knowledge, skills, and experience.
- 3.2 You will exercise your powers in your role as a non-executive director having regard to relevant obligations under prevailing law and regulation, including the Companies Act 2006.
- 3.3 You will have particular regard to the general duties of directors as set out in Part 10, Chapter 2 of the Companies Act 2006, including the duty to promote the success of the Company:

"A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so 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."*

- 3.4 You have attended a meeting with Ofwat and are aware of the particular expectations Ofwat place on directors of regulated water companies.
- 3.5 In your role as non-executive director, you will also be required to:
- 3.5.1 constructively challenge and help develop proposals on strategy;
- 3.5.2 scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

- 3.5.3 satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;
 - 3.5.4 determine appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing executive directors, and in succession planning;
 - 3.5.5 devote time to developing and refreshing your knowledge and skills;
 - 3.5.6 uphold high standards of integrity and probity and support me and the other directors in instilling the appropriate culture, values, and behaviours in the boardroom and beyond;
 - 3.5.7 insist on receiving high-quality information sufficiently in advance of board meetings; and
 - 3.5.8 take into account the views of shareholders and other stakeholders where appropriate.
- 3.6 You will be required to exercise relevant powers under, and abide by, the Company's articles of association.
- 3.7 You will be required to exercise your powers as a director in accordance with the Company's policies and procedures and the Bribery Act 2010.
- 3.8 You will disclose any direct or indirect interest which you may have in any matter being considered at a board meeting or committee meeting and, save where prohibited under the articles of association, you may vote on any resolution of the Board, or of one of its committees, on any matter where you have any direct or indirect interest.
- 3.9 You will immediately report to me or the Company Secretary your own wrongdoing or the wrongdoing or proposed wrongdoing of any employee or director of which you become aware.
- 3.10 Unless specifically authorised to do so by the Board, you will not enter into any legal or other commitment or contract on behalf of the Company.

4 Securities dealing and market abuse

- 4.1 You agree to comply with all rules of law or regulation including in particular the requirements, restrictions, and prohibitions within the Market Abuse Regulation (2014/596/EU) ("MAR"), and any policy of the Company from time to time in force in relation to:
- 4.1.1 notification or disclosure of transactions in, or relating to, shares or other securities of the Company (and/or its subsidiaries) or financial instruments relating to them;
 - 4.1.2 the provision of details to the Company of persons closely associated with you and notifying such persons of their obligations relating to the disclosure of transactions in, or relating to, shares or other securities of the Company (and/or its subsidiaries) or financial instruments relating to them; and
 - 4.1.3 restrictions on transactions in, or relating to, shares or other securities of the Company (and/or its subsidiaries) or financial instruments relating to them, including any rules or policy relating to:

- (a) applying for clearance before entering into a transaction;
- (b) closed periods during which transactions are not permitted;
- (c) not entering into a transaction whilst in possession of inside information in relation to the Company; and
- (d) notifying persons closely associated with you of any relevant restrictions on them.

4.2 You agree to comply with all rules of law or regulation and any policy of the Company relating to the disclosure and control of inside information and the prevention of market abuse and insider dealing.

5 **Remuneration and expenses**

5.1 The annual fee rate effective from the date of your appointment is £[REDACTED] gross per annum, paid monthly on or around the 15th of each month. The fee will be subject to a review from 1 April 2024.

5.2 All fees will be paid through PAYE and are subject to income tax and national insurance.

5.3 Fees will be subject to an annual review by the Board to ensure that they are competitive in the market and fair.

5.4 The Company will reimburse you for all reasonable and properly documented expenses you incur in performing the duties of your office. The procedure and other guidance in respect of expense claims can be provided upon request.

5.5 On termination of the appointment, you shall be entitled only to such fees as may have accrued to the date of termination, together with reimbursement in the normal way of any expenses properly incurred prior to that date.

6 **Independence and outside interests**

6.1 The Board has determined you to be independent.

6.2 You have already disclosed to the Board the significant commitments you have outside this role. You must inform me or the Company Secretary in advance of any changes to these commitments. In certain circumstances the agreement of the Board may have to be sought before accepting further commitments which either might give rise to a conflict of interest or a conflict of any of your duties to the Company, or which might impact on the time that you are able to devote to your role at the Company.

6.3 It is accepted and acknowledged that you have business interests other than those of the Company and have declared any conflicts that are apparent at present. In the event that you become aware of any further potential or actual conflicts of interest, these should be disclosed to me and the Company Secretary as soon as they become apparent and, again, the agreement of the Board may have to be sought.

7 **Confidentiality**

- 7.1 You agree that both during and after your time as a director of the Company, you will not use for your own, or another's, benefit, or disclose or permit the disclosure of, any confidential information of the Company or any group company. You acknowledge that all information acquired during your appointment is confidential to the Company or any group company (as applicable) and should not be released, communicated, nor disclosed either during your appointment or following termination (by whatever means), to third parties without the Company's prior clearance.
- 7.2 This restriction shall cease to apply to any confidential information which may (other than by reason of your breach) become available to the public generally.
- 7.3 You acknowledge the need to hold and retain company information (in whatever format you may receive it) under appropriately secure conditions.

8 **Induction and provision of information**

Following your appointment, the Board will provide an induction programme. This will include the provision of information about the Company and its business. The Company will also arrange meetings with management and site visits as well as meetings with major shareholders in the Company. In the event that you require further information or advice in relation to the Company, including in relation to compliance with applicable rules and regulations, during the course of your appointment, you should contact the Company Secretary.

9 **Review process**

The performance of individual directors and the whole Board and its committees should be evaluated annually.

10 **Training**

On an on-going basis, and further to the annual evaluation process, we will make arrangements for you to develop and refresh your skills and knowledge in areas which we mutually identify as being likely to be required, or of benefit to you, in carrying out your duties effectively. You should endeavour to make yourself available for any relevant training sessions which may be organised for the Board.

11 **Insurance**

The Company has directors' and officers' liability insurance in place, and it is intended to maintain such cover for the full term of your appointment. Details of the cover are available from the Company Secretary.

12 **Independent professional advice**

Circumstances may occur when it will be appropriate for you to seek advice from independent advisers at the Company's expense. If this need arises, please contact the Company Secretary who shall advise on the relevant processes.

13 Changes to personal details

You shall advise the Company Secretary promptly of any change in address or other personal contact details.

14 Return of property

Upon termination of your appointment with the Company (for whatever cause), you shall deliver to the Company all documents, records, papers, or other company property which may be in your possession or under your control, and which relate in any way to the business affairs of the Company, and you shall not retain any copies thereof.

15 Non-compete clause

By countersignature of this letter and in consideration for the fees payable to you under the terms of this letter, you now agree that you will not (without the previous consent in writing of the Company), for the period of three months immediately after the termination of your office, whether as principal or agent and whether alone or jointly with, or as a director, manager, partner, shareholder, employee or consultant of, any other person, carry on or be engaged, concerned or interested in any business (except for holding for investment up to 3% of any class of securities quoted or dealt in on a Recognised Investment Exchange (as defined in the Financial Services and Markets Act 2000) and up to 10% of any class of securities not so quoted) which is similar to or competes with any business being carried on by the Company.

16 Intellectual property

16.1 In this clause 16 "**Intellectual Property**" means patents, rights to inventions, copyright and related rights, trademarks, trade names and domain names, rights in get-up, rights in goodwill or to sue for passing off, rights in designs, rights in computer software, database rights, rights in confidential information (including know-how and trade secrets), in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions of, these rights and all similar or equivalent rights or forms of protection which may, now or in the future, subsist in any part of the world.

16.2 You agree that if, during the course of your appointment and in the course of your duties you, either alone or in conjunction with any other person, create, produce or discover any Intellectual Property you will immediately disclose the same to the Company and will regard yourself as a trustee for the Company and undertake to keep confidential all information about and details of such Intellectual Property.

16.3 You acknowledge that all such Intellectual Property will be owned by the Company and insofar as any Intellectual Property is capable of being assigned, it is hereby assigned by you to the Company. Further, any applications for the registration or grant of rights to any such Intellectual Property will be made in the name of the Company and you hereby waive all moral rights, if any, arising in respect of such Intellectual Property.

16.4 You will do nothing (whether by omission or commission) during the course of your appointment or at any time thereafter to affect or imperil the validity of any Intellectual Property obtained, applied for or to be applied for by the Company or its nominee.

16.5 You hereby acknowledge that for the purpose of section 11 of the Copyright Designs and Patents Act 1988 the Company will be the first owner of any copyright works made during the course of your appointment.

17 **Data protection**

17.1 From time to time the Company will process personal data and sensitive personal data relating to you in order to fulfil the obligations of the Company to you under this letter and for other purposes relating to, or which may become related to, your appointment or the business of the Company. Such processing will principally be for, but will not be limited to, personnel, administrative, financial, regulatory or payroll purposes.

17.2 You agree that personal data and sensitive personal data relating to you may, for the purposes set out in paragraph 17.1 and to the extent that is reasonably necessary in connection with your appointment or the business of the Company, be processed by the Company and be disclosed or transferred to and processed by:

17.2.1 the Company's professional advisors, HM Revenue & Customs, or other authorities, or (subject to appropriate confidentiality undertakings) prospective purchasers of the Company or of the whole or part of its business; and

17.2.2 entities which provide benefits or services to the Company or employees of the Company; and

17.2.3 any group company.

17.3 Your consent to the transfer and disclosure of personal data and sensitive personal data shall apply regardless of the country to which the data is to be transferred. Where data is transferred outside of the European Economic Area, the Company will take reasonable steps to ensure an adequate level of protection for the personal data and sensitive personal data concerned.

17.4 You will comply at all times with the Company's data protection policy (as amended from time to time).

18 **Rights of third parties**

Except in relation to group companies under clause 7, the Contracts (Rights of Third Parties) Act 1999 shall not apply to this letter. No person other than you and the Company shall have any rights under this letter and the terms of this letter shall not be enforceable by any person other than you and the Company.

19 **Entire Agreement**

19.1 This letter constitutes the entire terms and conditions of your appointment and supersedes all previous discussions, correspondence, negotiations, arrangements, understandings and agreements between you and the Company relating to its subject matter.

19.2 You agree that you shall have no remedies in respect of any representation or warranty (whether made innocently or negligently) that is not set out in this letter, and you shall not have any claim for innocent or negligent misrepresentation based on any statement in this letter.

19.3 In the event that any part (including any sub-clause or part thereof) of this Agreement shall be void or unenforceable by reason of any applicable law, it shall be deleted, and the remaining parts of this Agreement shall continue in full force and effect and, if necessary, both parties shall use their best endeavours to agree any amendments to the Agreement necessary to give effect to the spirit of this Agreement.

20 **Variation**

No variation or modification of this letter shall be effective unless it is in writing and signed by you and the Company (or respective authorised representatives).

21 **Governing Law and Jurisdiction**

Your engagement with the Company and any dispute or claim arising out of or in connection with it (including any non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales and you and the Company irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any claim or dispute that arises out of or in connection with this appointment or its subject matter or formation (including any non-contractual dispute or claim).

Please indicate your acceptance of these terms by signing and returning to me the enclosed copy of this letter.

Yours sincerely

Ian Tyler
Chairman
Affinity Water Limited

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I confirm and agree to the terms of my appointment as a non-executive director of Affinity Water Limited as set out in this letter.

Shelley Malton

Date