

# AffinityWater

## Division of responsibilities between Chair of the Board and Chief Executive Officer



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1. Reporting Lines		
1.1	The Chair reports to the Board.	The Chief Executive Officer reports to the Chair (acting on behalf of the Board) and to the Board directly.
1.2	The Chair is not responsible for executive matters regarding the Company's business. Other than the Chief Executive Officer and the Company Secretary, no executive reports to the Chair, other than through the Board. The Chair acts as a critical friend to the Chief Executive Officer.	The Chief Executive Officer is responsible for all executive management matters affecting the Company. All members of executive management report, either directly or indirectly, to him/her.

2. Key Responsibilities		
2.1	The Chair's principal responsibility is the effective running of the Board.	The Chief Executive Officer's principal responsibility is running the Company's business.
2.2	The Chair is responsible for ensuring that the Board as a whole, plays a full and constructive part in the development and determination of the Company's strategy and overall commercial objectives.	The Chief Executive Officer is responsible for proposing and developing the Company's strategy and overall commercial objectives, which he does in close consultation with the Chair and the Board.
2.3	The Chair is the guardian of the Board's decision-making processes, leads the Board and is responsible for its overall effectiveness in directing the company and upholds the highest standards of integrity and probity	The Chief Executive Officer is responsible, with the executive team, for implementing the decisions of the Board and its Committees
2.4	Ensure effective communication with stakeholders across the business, in particular, ensuring the Board complies with its obligations in relation to Section 172 of the Companies Act 2006	

2.5	Promote a culture of openness and debate by facilitating the effective contribution of non-executive directors.	
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<b>3. Other Responsibilities</b>		
3.1	Running the Board and setting agenda.	Providing input to the Board's agenda from him/herself and other members of the executive team.
3.2	Ensuring that Board agendas take full account of the important issues facing the Company and the concerns of all Board members. There should be an emphasis on strategic, rather than routine, issues.	Ensuring that he/she maintains a dialogue with the Chair on the important and strategic issues facing the Company and proposing Board agendas to the Chair which reflect these and ensure that the Board is able to consider all reasonable options on a timely basis.
3.3	Ensuring that the Board receives accurate, timely and clear information on: <ul style="list-style-type: none"> <li>• the Company's performance</li> <li>• the issues, challenges and opportunities facing the Company and</li> <li>• matters reserved to it for decision</li> </ul> so as to enable the Board to take sound decisions, monitor effectively and provide advice to promote the success of the Company	Ensuring that the executive team gives appropriate priority to providing reports to the Board which contain accurate, timely and clear information.
3.4	Ensuring, with the advice of the Company Secretary where appropriate, compliance with the Board's approved procedures, including the Governance Code, the schedule of Matters Reserved to the Board for its decision, Consulting with	Ensuring, in consultation with the Chair and the Company Secretary as appropriate, that the CEO and the executive team comply with the Board's approved procedures, including the Governance Code, the schedule of Matters Reserved to the Board for its decision, Consulting with

3. Other Responsibilities		
	our Shareholders, and each Committee's Terms of Reference.	our Shareholders and each Committee's Terms of Reference.
3.5	Arranging informal meetings of the directors, including meetings of the non-executive directors at which the executive directors are not present, as required to ensure that sufficient time and consideration is given to complex, contentious or sensitive issues.	Ensuring that the Chair is alerted to forthcoming complex, contentious or sensitive issues affecting the Company of which he might not otherwise be aware.
3.6	Proposing to the Board, in consultation with the Chief Executive Officer, Company Secretary and Committee Chairmen as appropriate: <ul style="list-style-type: none"> <li>• revisions to the Governance Code</li> <li>• a schedule of Matters Reserved to the Board for its decision;</li> <li>• Terms of Reference for each Board Committee; and</li> <li>• other Board policies and procedures.</li> </ul>	Providing input to the Chair and Company Secretary on appropriate changes to the Governance Code, schedule of Matters Reserved to the Board and Committee Terms of Reference.
3.7	Chairing the Nomination Committee, and, in that role, initiating change and succession planning in Board appointments to retain and build an effective and complementary Board, and to facilitate the appointment of effective and suitable members and Chairmen of Board Committees.	Providing information and advice on succession planning, to the Chair, the Nomination Committee, and other members of the Board, particularly in respect of executive directors.
3.8	Proposing, in conjunction with the Nomination Committee, the membership of Board Committees and their Chairmen.	If so appointed by the Board, serving on the Nomination Committee.
3.9	Ensuring that there is effective communication by the Company with its shareholders, including by the Chief Executive Officer, Chief Financial Officer, and other executive management, and ensuring that	Leading the communication programme with shareholders.

<b>3. Other Responsibilities</b>		
	members of the Board develop an understanding of the views of the major investors in the Company.	
3.10	Taking the lead in providing a full, formal, and tailored induction programme for new directors, facilitated by the Company Secretary	Commenting on induction programmes for new directors and ensuring that appropriate management and key stakeholder time across the business is made available for the process.
3.11	Taking the lead in identifying and seeking to meet the development needs both of individual directors and of the Board as a whole, assisted by the Company Secretary. Ensure directors continually update their skills and knowledge with the company.	Ensuring that the development needs of the executive directors and other senior management reporting to him/her are identified and met.
3.12	Ensuring that the performance of the Board as a whole, its Committees, and individual directors is formally and rigorously evaluated at least once a year.	Ensuring that performance reviews are carried out at least once a year for each of the executive directors. Providing input to the wider Board evaluation process.
3.13	Promoting the highest standards of integrity, probity, and corporate governance throughout the Company and particularly at Board level	Promoting, and conducting the affairs of the Company with the highest standards of integrity, probity, and corporate governance.
3.14	Developing excellent communications and relationships with shareholders, regulators and other stakeholders and supporting the Company's relationships with customers and communities	Performing such other duties and exercising such power as from time to time may be assigned to him by the Board
	The roles of chair and chief executive must not be exercised by the same person. The chief executive must not become chair of the same company. Any amendments to this statement is a matter reserved to the Board.	

**Approved by the Board of Affinity Water Limited**

**26 May 2023**

