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## Division of responsibilities between Chairman and Chief Executive Officer

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Affinity Water Limited

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## Division of responsibilities between Chairman and Chief Executive Officer

1. Reporting Lines		
1.1	The Chairman reports to the Board.	The Chief Executive Officer reports to the Chairman (acting on behalf of the Board) and to the Board directly.
1.2	The Chairman 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 Chairman, other than through the Board. The Chairman 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 Chairman'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 Chairman 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 Chairman and the Board.
2.3	The Chairman is the guardian of the Board's decision-making processes.	The Chief Executive Officer is responsible, with the executive team, for implementing the decisions of the Board and its Committees.

3. Other Responsibilities		
3.1	Running the Board and setting agenda.	Providing input to the Board's its agenda from himself 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 maintains a dialogue with the Chairman on the important and strategic issues facing the Company, and proposing Board agendas to the Chairman which reflect these.
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>	Ensuring that the executive team gives appropriate priority to providing reports to the Board which contain accurate, timely and clear information.

3.	Other Responsibilities	
3.4	Ensuring, with the advice of the company secretary where appropriate, compliance with the Board's approved procedures, including the schedule of Matters Reserved to the Board for its decision and each Committee's Terms of Reference.	Ensuring, in consultation with the Chairman and the company secretary as appropriate, that he and the executive team comply with the Board's approved procedures, including the schedule of Matters Reserved to the Board for its decision 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 Chairman 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:  a schedule of Matters Reserved to the Board for its decision  Terms of Reference for each Board Committee and other Board policies and procedures.	Providing input to the Chairman and company secretary on appropriate changes to the 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 Chairman, 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 members of the Board develop an understanding of the views of the major investors in the Company.	Leading the communication programme with shareholders.
3.10	Taking the lead in providing a properly constructed induction programme for new directors, facilitated by the company secretary.	Commenting on induction programmes for new directors and ensuring that appropriate management time 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.	Ensuring that the development needs of the executive directors and other senior management reporting to him 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.	Other Responsibilities	
3.13	Promoting the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level and being responsible for interactions concerning governance matters that would, for a listed company, be discharged by a senior independent non-executive director	Promoting, and conducting the affairs of the Company with the highest standards of integrity, probity and corporate governance.
3.14	Chairing the Remuneration Committee of the Company	
3.15	Developing excellent communications with shareholders and other stakeholders and supporting the Company's relationships with customers and communities	

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