



[date]

Dear

Appointment as an Independent Non-Executive Director of Thames Water Utilities Limited (the “Company”)

This letter confirms and outlines the terms and conditions of your appointment, effective from [date], as an Independent Non-Executive Director of the Company (the “Appointment”).

Nothing in this letter or the terms of the Appointment is intended to give rise to an employment relationship between you and the Company.

Appointment

1. The Appointment is for an initial term of three years ending on [date] (the “Termination Date”), unless otherwise terminated earlier by and at the discretion of either party upon one month’s written notice.

2. Continuation of the Appointment is contingent on satisfactory performance and re-election at forthcoming AGMs. At the end of the initial term, we will discuss with you whether you wish to renew the Appointment and whether it is in the best interests of the Company for the Appointment to be renewed. Such renewal would be for a further period of three years (subject to termination as aforesaid).

3. The Appointment will be subject to the Company’s Articles of Association (the “Articles”) and the provisions of the Companies Act 2006 in force from time to time (the “Companies Act”) relating to the retirement, re-election or removal of directors and their qualification or ability to hold office as a director. If the Appointment automatically terminates for one of the reasons set out in paragraph 26 of this letter you will resign forthwith and you will not be entitled to any notice, unexpired term or damages for breach or compensation for any such notice, unexpired term or breach or otherwise or for loss of office.

4. During the Appointment you will (subject to Board confirmation) serve as Chair of the [••] Committee and a member of any other committee agreed from time to time.

Thames Water Utilities Limited
Clearwater Court
Vastern Road
Reading
Berkshire
RG1 8DB

Registered in England and Wales
No. 2366661, Registered office
Clearwater Court, Vastern Road, Reading,
Berkshire RG1 8DB

5. You are considered to be an Independent Non-Executive Director and will be identified as such in the Company's annual report and other documentation. If circumstances change, and you believe that your independence may be in doubt, you should please discuss this with the Chairman of the Board as soon as practicable.

Time commitment

6. You should be able to allocate sufficient time to the Company to discharge your responsibilities effectively. It is anticipated that this will require around two days per month, disregarding your induction programme. You will also carry out such additional duties as may be agreed with the Board. You will be expected to prepare for and attend all Board meetings. Regular Board meetings are held once every two months. Additional Board meetings may be scheduled as and when required in which case you will be given as much notice as practicable and you will be expected to attend such Board meetings. You will also be expected to commit additional time to the business when the Company is undergoing a period of particularly increased activity. You will also be expected to attend general meetings of the Company as and when required.

7. By accepting the Appointment, you confirm that you are able to allocate sufficient time to perform your role and that you are not acting in breach of any obligation to any third party nor prevented by any agreement, arrangement, contract, understanding, court order or otherwise, from performing your duties in accordance with the terms and conditions of this letter.

Role

8. The Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The role of the Board is set out in Appendix 1.

9. Subject to paragraph 10, as an Independent Non-Executive Director you have the same general legal responsibilities to the Company and will be subject to the same legal constraints as any other director. In particular, you will comply with your duties and responsibilities as a director in force from time to time pursuant to common law and equitable principles and/or the Companies Act. The duties of a director are set out in Appendix 2 of this letter.

10. As an Independent Non-Executive Director, you do not have authority to commit the Company or any other Group Company to any contract or other arrangement whether legally binding or not without the express authorisation of the Board.

Fees

11. You will be paid a fee for your services of £70,000 per annum, which will accrue on a daily basis and will be subject to an annual review by the Board. The fee is inclusive of your position as an Independent Non-Executive Director and member of any committee (£60,000) and Chair of the [••] Committee (£10,000).

12. The fee will be paid in equal monthly instalments in arrears on or around the 20th calendar day of each month after deduction of PAYE and national insurance contributions (if applicable) through the Thames Water payroll.

13. During the Appointment, you will have no entitlement to receive any bonus or to participate in any pension scheme operated by the Company.

14. You agree to indemnify the Company on a continuing basis against any income tax (whether under PAYE or otherwise) or primary national insurance contributions (including any related interest, penalties or costs) which may at any time be levied, demanded or assessed on the Company by HM Revenue & Customs or other statutory authority for which the Company may otherwise be or become liable in relation to the fee paid for your services.

Expenses

15. In addition to the fee described in paragraph 11 above, the Company will reimburse you for all reasonable and properly documented expenses you incur in performing your role. You should submit any details of expenses incurred to the Company Secretary.

16. During the Appointment, circumstances may arise in the furtherance of your duties as a Director when it will be appropriate for you to seek advice from independent advisors at the Company's expense. Should any such circumstances arise, you should speak firstly to the Chairman before incurring any such additional expense. Reimbursement of fees under this paragraph will not be available where advice sought relates in any way to the termination of the Appointment or to any actual or potential impropriety, negligence, breach of duty or misconduct on your part.

Other directorships and business interests

17. The Company acknowledges that you have business interests other than those of the Company and that you have declared such interest and any conflicts (actual or potential) that are apparent at present. In the event that you become aware of any potential conflicts of interest, these should be disclosed to the Chairman and Company Secretary as soon as they become apparent.

18. During the Appointment you should consult with the Chairman prior to accepting any directorships of publicly quoted companies or any major external appointments.

Code of conduct

19. During the Appointment you will comply with every rule of law, any relevant regulations as may affect the Company and such other requirements as the Board may from time to time specify.

Confidentiality

20. You acknowledge that in the course of your Appointment you will have access to and be entrusted with information about the Company's and any Group Companies' business, financing, dealings, transactions, affairs, plans and proposals which is or may be secret, confidential or commercially sensitive (together "**Confidential Information**").

21. You must apply the highest standards of confidentiality and will not disclose to any person, company or other organisation (whether during the course of the Appointment or at any time after its termination) and in any manner, any Confidential Information acquired or discovered by you during the Appointment.

22. Your attention is drawn to the requirements under both legislation and regulation as to the disclosure of business-sensitive information. Consequently you should avoid making any statements that might risk a breach of these requirements without prior clearance from the Chairman or Company Secretary.

23. On termination of the Appointment you will deliver to the Company all books, documents, papers and other property of or relating to the business of the Company or any Group Company that are in your possession, custody or power by virtue of your position as an Independent Non-Executive Director of the Company. The Company is able to arrange the disposal of papers that you no longer require.

Review process

24. The performance of the whole Board and its Committees is evaluated annually. If, in the interim, there are any matters that concern you about your role you should discuss them with the Chairman as soon as is appropriate.

Insurance

25. The Company has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of the Appointment. Details of this insurance are available from the Company Secretary.

Termination

26. Your Appointment as an Independent Non-Executive Director of the Company will automatically terminate without payment of any compensation:

- (a) if the Appointment is not renewed on or prior to the Termination Date;
- (b) if you cease to be a director of the Company for whatever cause;
- (c) if you become prohibited by law or by virtue of any provision of the Articles from being a director;
- (d) if you become bankrupt or make any arrangement or composition with your creditors generally;
- (e) if you fail to perform the services specified in this letter for a continuous period of three months;
- (f) if you commit any material breach of your obligations during the term of your Appointment or you are guilty of any gross default or misconduct affecting the business of the Company or any Group Company or you are guilty of conduct tending to bring yourself or the Company or any Group Company into disrepute;
- (g) subject to paragraph 17 of this letter, if you accept a position with another company, which is not authorised by the Board and which in the reasonable opinion of the Board may give rise to a conflict or potential conflict of interest between your position as a director of the Company and your interest in such other company;
- (h) if you fail to be elected or re-elected as a director at a general meeting of the Company at which your election or re-election is a valid item of business;
- (i) if a registered medical practitioner who is treating you gives a written opinion to the Company stating that you have become mentally or physically incapable of acting as a director and may remain so for more than three months;
- (j) if you are or have been suffering from mental or physical ill health and the Board resolves that your office be vacated; or
- (k) on the instructions of any competent regulator.

27. Your Appointment as an Independent Non-Executive Director of the Company may be terminated by you immediately upon written notice if:

- (a) the Company fails to effect and maintain in force (at the Company's cost) directors' and officers' liability insurance cover for you on terms reasonably satisfactory to you (in which case you shall be entitled to the balance of all fees which would have been payable for the rest of the period of appointment); or
- (b) a conflict of interest arises between your position as a director of the Company and your interests in any other company in which you may be interested in which case no payment of any compensation will be payable by the Company.

28. Upon termination of the Appointment or resignation for any reason, you shall only be entitled to accrued fees as at the date of termination together with reimbursement of any expenses properly incurred to that date. You expressly acknowledge and agree that you shall not be entitled to any damages for loss of office and no fee will be payable to you in respect of any unexpired portion of the term of the Appointment.

29. If you resign as an Independent Non-Executive Director of the Company, you should provide to the Chairman (or Senior Independent Director) a written statement, for circulation to the Board, setting out any concerns you may have about either the running of the Company or any proposed action by the Board.

Data Protection

30. You are required to familiarise yourself with and at all times adhere to the Company's rules, guidelines and instructions relating to data protection and undertake to:

- (a) treat all Company personal data used by you as a result of or in relation to the Appointment as confidential information;
- (b) take all reasonable steps to ensure that confidential information relating to or belonging to the Company or any Group Company or personal data which you access, hold or process as a result of or in relation to the Appointment will be kept securely by you, particularly if such information is accessed by or accessible to you via a mobile device; and
- (c) immediately notify the Company if you become aware of any unauthorised disclosures of any such confidential information or personal data or any other breaches of the Company's rules, guidelines and instructions relating to data protection.

Third party rights

31. 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.

Miscellaneous

32. The termination of your Appointment (howsoever arising) is without prejudice to the rights, duties and liabilities of either party accrued prior to termination. The paragraphs in this letter which expressly or impliedly have effect after termination will continue to be enforceable notwithstanding termination.

33. If any term of this letter is found by any court or body or authority of competent jurisdiction to be illegal, unlawful, void or unenforceable, such term will be deemed to be severed from this letter and this will not affect the remainder of this letter which will continue in full force and effect.

34. This letter constitutes an agreement between you and the Company and no variation to this letter will be effective unless it is in writing and signed by you and the Company or unless it is by notice in writing given to you by the Company where amendment is required in order for this letter to comply with the Companies Act.

35. This letter constitutes the entire agreement between you and the Company and supersedes any prior agreement or arrangement in respect of its subject matter and:

- (a) you have not entered into this letter in reliance upon, and will have no remedy in respect of, any representation or statement (whether made by the Company or any other person) which is not expressly set out in this letter;
- (b) the only remedies available for breach of any representation or statement which was made prior to entry into this letter and which is expressly set out in this letter will be for breach of contract; and
- (c) nothing in this paragraph 35 will be interpreted or construed as limiting or excluding the liability of any person for fraud or fraudulent misrepresentation.

36. This letter may be executed in any number of counterparts, each of which will constitute an original, but which will together constitute one agreement.

37. This letter and the terms of agreement within it will be governed by English law. You and the Company agree that the courts of England and Wales have exclusive jurisdiction to determine any dispute arising out of or in connection with this letter.

38. For the purposes of this letter Group Company shall mean the Company and any of its subsidiaries or holding companies from time to time (and any other subsidiary of any of its holding companies), and holding company and subsidiary shall be as defined in section 1159 Companies Act.

Please confirm your agreement to the above by signing and returning to me the enclosed duplicate of this letter.

Yours sincerely,
For and on behalf of Thames Water Utilities Limited

Ian Marchant
Chairman

Agreed by

Date:

Appendix 1

Role of the Board

The Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.

The Board:

- provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance; and
- sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

You will be expected to participate fully in ensuring that the Board exercises effective leadership of and control over the Company and Group Companies and monitors its executive management. You will also be expected to support the Chairman and executive Directors in instilling appropriate culture, values and behaviours in the boardroom and beyond. In addition to these requirements of all Directors, the role of the Independent Non-Executive Director has the following key elements:

- **Strategy:** Independent Non-Executive Directors should constructively challenge and contribute to the development of strategy;
- **Performance:** Independent Non-Executive Directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- **Risk:** Independent Non-executive Directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and
- **People:** Independent Non-executive Directors are responsible for determining appropriate levels of remuneration of executive Directors and have a prime role in appointing and, where necessary, removing senior management, and in succession planning.

You will be required to accept responsibility publicly and, where necessary, in writing when required to do so by the Companies Act.

Appendix 2

Role of the directors

Independent Non-Executive Directors have the same general legal responsibilities to the Company and will be subject to the same legal constraints as any other director. In particular, Independent Non-Executive Directors must comply with the duties and responsibilities as a director in force from time to time pursuant to common law and equitable principles and/or the Companies Act. Without prejudice to those duties and responsibilities, Independent Non-Executive Directors undertake as follows:

- (a) to act within powers, ie in accordance with the Company's constitution and to only exercise powers for the purposes for which they are conferred;
- (b) to act in a way you consider, 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 to the following (non-exhaustive) factors:
 - (i) the likely consequences of any decision in the long term;
 - (ii) the interests of the Company's employees;
 - (iii) the need to foster the Company's business relationships with suppliers, customers, relevant regulators and others;
 - (iv) the impact of the Company's operations on the community and the environment;
 - (v) the desirability of the Company maintaining a reputation for high standards of business conduct; and
 - (vi) the need to act fairly as between members of the Company;
- (c) to exercise independent judgment;
- (d) to exercise reasonable care, skill and diligence; and
- (e) to avoid conflicts of interests.