

BRISTOL WATER PLC (the "Company")

TERMS OF REFERENCE FOR THE NOMINATION COMMITTEE

1. CONSTITUTION

The Committee has been established by resolution of the board of directors of the Company (the "Board") and is to be known as the Nomination Committee.

2. MEMBERSHIP

- 2.1 The members of the Nomination Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three members.
- 2.2 A majority of the members of the Nomination Committee shall be independent non-executive directors in the view of the Board. Each of the current shareholders in CSE Water UK Limited (namely iCON III Bristol Limited (iCON Bristol), iCON III Water Investments Limited (iCON Water) and I-Environment Investments Limited (Itochu)) is entitled to appoint a member of the Committee. However, Itochu shall be entitled to appoint one representative to the Nomination Committee for so long as there is at least one representative appointed by a shareholder other than Itochu.
- 2.3 The Board shall appoint a chair of the Nomination Committee (the "Chair") and shall decide his period of office. The Chair shall be the Chair of the Company or an independent non-executive director of the Company.
- 2.4 The Board shall regularly review the membership of the Nomination Committee to ensure that membership is refreshed and undue reliance is not placed on particular individuals as regards membership of the Nomination Committee and other Board committees.
- 2.5 The Nomination Committee may invite the Chair, the chief executive of the Company or any other person to advise and/or to join meetings of the Nomination Committee when required notwithstanding that they are not members of the Nomination Committee.

3. QUORUM

A quorum shall be two members of which one must be an independent non-executive director appointed to the Committee. A duly convened meeting of the Nomination Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Nomination Committee.

4. ATTENDANCE AT MEETINGS

- 4.1 No one other than the Nomination Committee Chair and members is entitled to attend or vote at a meeting of the Nomination Committee, although executive directors, members of senior management and other third parties may attend if invited to do so by the Nomination Committee.

- 4.2 The Chair of the Company, chief executive, and any other executive or member of senior management may be called upon or shall be able to speak at any meeting of the Nomination Committee by prior arrangement with the Chair.

5. SECRETARY

- 5.1 The Company Secretary shall act as the secretary of the Nomination Committee ("Secretary").

6. FREQUENCY OF MEETINGS

Meetings shall normally be held at such times as the Nomination Committee deems appropriate.

7. PROCEEDINGS

- 7.1 Unless varied by these terms of reference, meetings and proceedings of the Nomination Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of directors.
- 7.2 Meetings of the Nomination Committee shall be summoned by the Secretary at the request of any member thereof.
- 7.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be sent to each member of the Nomination Committee and any other person required to attend not later than 72 hours (where possible) prior to the date of the meeting.
- 7.4 The Secretary shall record the proceedings and resolutions of meetings of the Nomination Committee and shall circulate the minutes of such meetings to all members of the Nomination Committee and to all members of the Board.

8. AUTHORITY

- 8.1 The Nomination Committee is authorised by the Board at the reasonable expense of the Company to investigate any matter within its terms of reference.
- 8.2 The Nomination Committee is authorised by the Board to obtain external professional advice at the reasonable expense of the Company and to secure the attendance of third parties with relevant experience and expertise at meetings of the Nomination Committee if it considers this necessary.
- 8.3 These terms of reference may be amended from time to time as required, subject to approval by the Board. These terms of reference will be reviewed every three years.

9. DUTIES

- 9.1 Whilst having regard to the Company's position as a subsidiary of the iCON group and with Itochu also retaining an interest, the Nomination Committee shall be responsible for all aspects of the appointment of directors of the Company and the duties of the Nomination Committee shall be:
- 9.1.1 to regularly review the structure, size and composition of the Board (including skills, knowledge and experience) taking into account the current requirements and future development of the Company, and make

recommendations to the Board with regard to any adjustments that are deemed necessary;

- 9.1.2 to identify, nominate and recommend for the approval of the Board, candidates to fill board vacancies as and when they arise;
- 9.1.3 before beginning to search for candidates for a particular appointment, to prepare a written description of the role and capabilities required for that appointment having evaluated the balance of skills, knowledge and experience already on the Board;
- 9.1.4 to seek advice from external advisers and/or use open advertising, if appropriate, in relation to seeking and selecting candidates for any appointments, having regard to the requirement to give an explanation in the annual report if neither external consultants nor open advertising have been used;
- 9.1.5 to ensure that all searches for Board candidates and appointments made are on merit against the objective search criteria and to take due regard of the Board's Diversity Policy including but not limited to race, ethnicity, gender, physical ability, socio-economic status; and other relevant personal attributes;
- 9.1.6 to review a candidate's other commitments and ensure that, on appointment, a candidate has sufficient time to undertake the role. In particular, if the candidate is a full-time executive director of another company, to ensure that his appointment to the Company is his sole non-executive appointment and that he is not Chair of a FTSE 100 company;
- 9.1.7 to satisfy itself with regard to succession planning, that processes and plans are in place with regard to both Board and senior management appointments;
- 9.1.8 to ensure that on appointment, all non-executive directors receive formal written terms of appointment;
- 9.1.9 to make recommendations regarding the membership of the Audit and Risk Assurance Committee in consultation with the Chair of the Audit and Risk Assurance Committee;
- 9.1.10 to review annually the time needed to fulfil the role of Chair, senior independent director and each non-executive director (taking into account committee memberships) and, with reference to the annual performance evaluation, to review whether all members of the Board have devoted sufficient time to their duties;
- 9.1.11 to investigate and make recommendations to the Board concerning any matters relating to the continuation in office as a director of any director at any time;
- 9.1.12 as regards the re-appointment of any non-executive director, to review performance, at the conclusion of his or her specified term of office; particularly once a second term of office has been completed;
- 9.1.13 to recommend the re-election (or not) by shareholders of any director under the retirement and re-election provisions in the Company's Articles of Association;

- 9.1.14 to make recommendations to the board regarding the appointment of any director to executive or other office (except for the positions of Chair and chief executive, which shall be matters for the Board);
- 9.1.15 to ensure that items that should be published in the Company's Annual Report relating to the activities of the Nomination Committee, are included in that Report;
- 9.1.16 to review and, where necessary, update these terms of reference (subject to the approval of the Board) and make them publicly available; and
- 9.1.17 generally, to have regard to the UK Corporate Governance Code and to the Company's Corporate Governance Code in carrying out the duties specified above.

10. ANNUAL GENERAL MEETING

In the event that a shareholder other than the immediate holding company is entitled to attend an Annual General Meeting ('AGM'), The Chair may need to be available at the AGM to answer questions on the Nomination Committee's activities and procedures. He or she should also ensure that the Company maintains good contact with shareholders about the appointment of directors in the same way as for other matters.

Approved by the Board 22 March 2018