



**Private & Confidential**

Mr P F J O'Donnell Bourke



30 January 2014

Dear Patrick

**Appointment as a non-executive director of Affinity Water Limited**

I am pleased to confirm that the board of the Company ("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, your appointment is effective from 1 December 2013 and the terms of your appointment recorded in this letter are effective from 1 December 2013 and your appointment will continue until the conclusion of the next annual general meeting ("AGM"), unless terminated earlier by either party giving to the other party three month's written notice.

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 any subsequent AGM at which either the articles of association of the Company require, or the Board resolves, that you stand for re-election. 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. You will be provided with the relevant terms of reference on your appointment to such a committee.
- 1.6 Notwithstanding clauses 1.1-1.5 above, we 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 include 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 without any 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 my authorised designee. 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 my authorised designee 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

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 will be required to exercise relevant powers under, and abide by, the Company's articles of association.
- 3.5 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.
- 3.6 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.
- 3.7 You will immediately report to me your own wrongdoing or the wrongdoing or proposed wrongdoing of any employee or director of which you become aware.
- 3.8 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 Remuneration and expenses**

- 4.1 The annual fee rate effective from 1 December 2013 is £ [REDACTED] gross per annum, paid monthly on 15<sup>th</sup> of each month. This fee covers all duties, including service on any company subsidiary. A further fee of £ [REDACTED] gross per annum is payable for chairing a Board committee, and an additional fee of £ [REDACTED] gross per annum is payable for being a member of a Board committee.
- 4.2 All fees will be paid through PAYE and are subject to income tax and national insurance.
- 4.3 Fees will be subject to an annual review by the Board.
- 4.4 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.
- 4.5 On termination of the appointment you shall only be entitled 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.

## 5 **Independence and outside interests**

- 5.1 The Board has determined you to be independent.
- 5.2 You have already disclosed to the Board the significant commitments you have outside this role. You must inform me or my authorised designee 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.
- 5.3 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.

## 6 **Confidentiality**

- 6.1 You acknowledge that all information acquired during your appointment is confidential to the Company 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.
- 6.2 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.
- 6.3 You acknowledge the need to hold and retain company information (in whatever format you may receive it) under appropriately secure conditions.

## 7 **Review process**

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

## 8 **Training**

On an ongoing 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.

9 **Insurance and indemnity**

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.

10 **Independent professional advice**

Circumstances may occur when it will be appropriate for you to seek advice from independent advisers at the Company's expense. A copy of the Board's agreed procedure under which directors may obtain independent advice will be provided by the Company Secretary. The Company will reimburse the reasonable cost of expenditure incurred by you in accordance with its policy.

11 **Changes to personal details**

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

12 **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.

13 **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 which is similar to or competes with any business being carried on by the Company.

14 **Data protection**

- 14.1 By signing this letter you consent to the Company holding and processing information about you for legal, personnel, administrative and management purposes and in particular to the processing of any sensitive personal data (as defined in the Data Protection Act 1998) including, as and when appropriate:

- 14.2 information about your physical or mental health or condition in order to monitor sick leave and take decisions as to your fitness to perform your duties;
- 14.3 information about you that may be relevant to ensuring equality of opportunity and treatment in line with the Company's equal opportunities policy and in compliance with equal opportunities legislation; and
- 14.4 information relating to any criminal proceedings in which you have been involved, for insurance purposes and in order to comply with legal requirements and obligations to third parties.
- 14.5 You consent to the Company making such information available to those who provide products or services to the Company (such as advisers and payroll administrators), regulatory authorities, potential or future employers, governmental or quasi-governmental organisations and potential purchasers of the Company.
- 14.6 You also consent to the transfer of such personal information to the Company's business contacts outside the European Economic Area in order to further its business interests even where the country or territory in question does not maintain adequate data protection standards.

## 15 **Rights of third parties**

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.

## 16 **Entire Agreement**

- 16.1 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.
- 16.2 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.

## 17 **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).

18 **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



Dr Phil Nolan  
Executive Chairman, Affinity Water Limited

-----

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.

  
Mr Patrick O'Donnell Bourke

  
Date