

## **SCHEDULE OF MATTERS RESERVED FOR DECISION BY THE BOARD**

### **Preamble**

(Adopted by the Board on 29 October 2019)

(The matters referred to below are matters of or relating to United Utilities Group PLC ('the Company') or where reference is made to 'Group', of or relating to the company and any or all of its subsidiary and associated undertakings. 'Code' refers to the UK Corporate Governance Code 2018. )

Having regard to the Code, and to the duty (contained within Section 172 Companies Act 2006) for each of the directors to promote the success of the Company for the benefit of its members as a whole, and in doing so, to 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.

The Board has the following matters reserved to it:

### **Strategy, management and structure**

1. Approval of the Company's purpose, values and strategy.
2. Approval of the Group's business plan and annual budget.
3. Approval of significant changes to the Group's management and control structure.
4. Changes relating to the Company's capital structure, its listings or its status as a public limited company.

### **Financial and reporting**

5. Approval of half-year and full-year financial statements of the Company, together with the strategic report, the directors' report, the statement of directors' responsibilities in respect of the annual report and financial statements, and the reports on remuneration and corporate governance.
6. Approval of the Company's dividend policy, the interim dividends and recommendation of the Company's final dividends and any proposal to offer shares instead of a cash dividend.
7. Approval of significant changes in the Group's accounting policies or practices which the auditors have advised would be a material change.
8. Approval of all circulars to shareholders (where the directors expressly accept responsibility for the accuracy/ completeness of the contents) and approval of any listing particulars.
9. Approval of resolutions and corresponding documentation to be put forward to

shareholders at a general meeting and of all circulars to shareholders and listing particulars.

10. Approval of press releases or announcements on any matters referred to in paragraphs 4, 5, 6 and 8 in this Schedule.

### **Board and committee membership and other appointments and corporate governance**

11. Appointments to and removals from the board of the Company and to the chairs of its audit, corporate responsibility, remuneration and treasury committees.
12. Approvals of the terms of reference of the chairman, the senior independent non-executive director, the chief executive officer and other executive directors.
13. Approval of the terms of reference, authorities and membership of committees of the board of the Company and any changes thereto.
14. To review from time to time recommendations made by the nomination committee in respect of existing and prospective directors': conflict authorisations as required by the Companies Act 2006 and appointments to the boards of other companies.
15. Appointment or removal of the secretary of the Company.
16. Appointments to and removals from the boards of United Utilities Water Limited, United Utilities PLC, United Utilities North West Limited and United Utilities Water Finance PLC.
17. Undertaking a formal and rigorous review annually of its own performance and that of its principal committees, the Chairman and each individual director.
18. Determining the independence of directors.
19. Reviewing and amending as necessary this schedule of matters reserved for decision by the board.

### **Corporate governance, risk management and audit**

20. Reviewing the Company's overall corporate governance arrangements, including:
  - determining the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives; and
  - the oversight and monitoring of the framework, policies and procedures for risk management, internal control and the internal and external audit functions.
21. On the recommendation of the Audit Committee, the appointment, reappointment or removal of the Company's auditors to be put to shareholders for approval.
22. Approval of the Group's insurance programme (including directors' and officers' liability insurance) and indemnification of directors.

### **Transactional approvals**

23. Approval of revenue and capital expenditure, bid submissions and the acquisition or disposal of land, property or other capital assets where the cost or consideration exceeds the respective amounts delegated in the Internal Control Manual.

24. Notwithstanding the delegated approvals contained in the Internal Control Manual, the approval of any project which materially increases the Group's risk profile and/or which involves any obligations, restrictions or liabilities of an unusual, onerous or exceptional nature not in the ordinary course of the Group's business.
25. Approval in respect of the appointment or termination of appointment of bankers; bank mandates; bank accounts; other banking facilities, lending, borrowing and leasing; the issue of guarantees, bonds, indemnities and letters of comfort; the management of interest rate or currency exposures; and in respect of subsidiary and associated undertakings the issuing of shares or other securities and the making of inter Group loans, where such approvals are not already delegated to the treasury committee or otherwise the subject of delegated authority in accordance with the Internal Control Manual.
26. Approval of the acquisition or disposal by the Group of the whole or any part of a business or shares in a Group company or the establishment of a joint venture Company or partnership or the disposal of the whole or any part of any such venture, or any similar business development (except where such approvals are already delegated to the treasury committee or are otherwise delegated in the Internal Control Manual).
27. The approval of any investment, or the acquisition of any asset or business by the Company or any of its subsidiaries which would involve the commencement of an activity of a substantially different nature or character to any activity from time to time carried on by the Company or any of its subsidiaries (no matter what its value).
28. The consideration and, if necessary, defence against any offer to purchase the Company or a majority of its shares except where delegated to the Defence Committee.
29. Oversight of the prosecution, defence or settlement of any litigation which is likely to or would require disclosure in the Company's annual report and accounts.

### **Policies and other approvals**

30. Approval of the Group's policies including but not limited to health and safety, corporate social responsibility, environmental, ethical issues, directors' expenses, share dealing and the release of inside information.
31. Approval annually of the Group's tax strategy.
32. Reviewing the Group's Whistleblowing procedures and ensure that arrangements are in place for the proper investigation and follow-up of such matters.
33. Formulation of policy regarding charitable donations by the Group.
34. Approval of any political donations within the limits imposed by the 2006 Companies Act.

### **Remuneration**

35. Approval of major changes in the rules or (when this is subject to the approval of the Company) the funding arrangements of the Group's pension schemes.
36. Approval of major changes in the Group's employee share schemes.

37. Approval of all new long-term incentive schemes.

38. Approval of the Group's directors' remuneration policy.