Affinity Water

The Affinity Water Pension Plan (the "Plan")

The Trustee's arrangements for the nomination and selection of Member Nominated Directors under the Pensions Act 2004

The arrangements set out in this note make provision for the nomination and selection of the Member Nominated Directors of the Trustee.

The role of each Trustee Director is to represent the interests of the membership as a whole.

The Trustee

The Plan has a sole corporate Trustee. Under the Pensions Act 2004, a minimum of one third of the total number of Directors ("**Trustee Directors**") of the Trustee must be nominated by the members of the Plan and selected in accordance with these arrangements. Trustee Directors nominated and selected in this way are called Member Nominated Directors ("**MNDs**").

There will be six Trustee Directors in total, four of whom will be nominated by Affinity Water Limited and two will be MNDs.

Eligibility Requirements to be an MND

In order to be nominated as an MND an individual must be an active member of the Plan or a pensioner member of the Plan.

Notification

Members will be notified as follows:

- Active members will receive an individual communication at their place of work or home address; and
- Pensioners will receive a letter at the last address they gave for communications.

Nomination and selection arrangements

1. Nominations for MNDs will be sought as soon as reasonably practicable:
   a. 3-4 months before the end of an MND's 5-year term, regardless of whether the incumbent MND intends to stand for another term; or
   b. within two months after an unplanned vacancy arises.

2. The Trustee will invite nominations to be made to fill any MND vacancies by giving notice in writing to the relevant members. A date will be specified for nominations to be received which shall be not earlier than 21 days after the date on which the notice is given inviting nominations.

3. Nominations for MNDs must be made:
   a. by notice in writing to the Trustee on a form, which will be sent to active and pensioner members, that requires a summary of relevant experience that would assist in the role of a Trustee Director;

b. with the consent in writing of the person nominated; and

c. with the support in writing of 3 other members.

4. If there are more nominations than vacancies then a panel will carry out a selection process. The panel shall consist of the independent Trustee Director (as Chair of the panel), the Trustee Chair, and one of the existing MNDs, where possible. To comply with legal requirements, at least one of the panel must be a member of the Plan. Where there are no MNDs on the Board a third employer nominated Trustee Director who is also a member of the Plan should join the selection panel. There may be a constitution which outlines the broad aims of the selection panel. This may include the criteria which a nominee must satisfy in order to be selected as an MND.

5. If there is only one nomination for a vacancy then the nominee shall be appointed as the MND in respect of that vacancy so long as they demonstrate that they meet the criteria determined by the selection panel. The Trustee will then inform the members that the vacancy has been filled.

6. The makeup and constitution of the selection panel will be determined by the Trustee Chair. The Trustee Chair shall aim for the panel to be diverse. Selection will be proportionate, fair and transparent.

7. During the selection process the Trustee shall take into account the need to represent the diversity of our members and the current Board Equality Diversity Inclusion (EDI) makeup and identify any skills shortage.

8. The Trustee will notify the relevant members of the result of the selection process within 28 days of the decision being made. Once nominated and selected, MNDs will be formally appointed as Trustee Directors at the next Board meeting. To aid the requirement for the Board to contain two MNDs, one or more unsuccessful applicants may be designated as replacement MNDs should a vacancy arise prior to the expiry of an MND's 5-year period of service.

Unfilled vacancies

Where any vacancy for an MND is not filled because insufficient nominations are received:

a. the Trustee will open the nomination and selection process again 1 year after the last date on which nominations could have been made for that vacancy; and

b. if that vacancy is again not filled on the second occasion that the nomination and selection process has been opened, because insufficient nominations have been received, the Trustee will re-open the nomination and selection process at yearly intervals thereafter until that vacancy is filled.

The Trustee will, however, be free to re-open the nomination and selection process at any time to fill any vacancies for MNDs which may exist. If there are any significant changes

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to the Plan's membership which the Trustee considers may lead to more nominees being forthcoming the Trustee may re-open the nomination and selection process with a view to filling such vacancies as may then exist.

The Trustee has discretion to allow an incumbent MND to remain in post for up to 12 months beyond the period of service, with the agreement of all Trustee directors, whilst the nomination process continues for a replacement.

Responsibilities of MNDs

MNDs shall have the same responsibilities as Trustee Directors nominated by the Employer and shall not - just because they are MNDs - be excluded from the exercise of any functions which may be exercised by other Trustee Directors.

MND period of service

MNDs will remain in office for 5 years. An MND who ceases to satisfy the eligibility criteria for the MND position will cease to be a Trustee Director at that time, but will not be prohibited from re-applying for an MND vacancy in the future should they become eligible again. An MND may resign as a Trustee Director at any time by giving one month's notice in writing to the Trustee. This requirement for notice may be waived by the Trustee in writing. In exceptional circumstances, an MND reaching the end of their 5-year term may remain in post, and the selection of a replacement deferred, for up to 12 months, if all other Trustee Directors agree.

Removal of MNDs

An MND may not be removed from their position before the end of their term of appointment other than with the agreement of all the other Trustee Directors.

Effective date

These arrangements became effective from 28 March 2013 and will continue until further notice. The arrangements will be subject to regular review, at least every 4 years. The Trustee may also undertake a review if circumstances change such that a review would be beneficial or necessary.

Approved by the Board: May 2013
Revised and approved by the Board: September 2024