



# Thames Water Utilities Limited

## Restructuring Committee Terms of Reference

August 2024

# Restructuring Committee

## Terms of Reference

These Terms of Reference set out the specific responsibilities delegated by the Board to the Restructuring Committee (the “Committee”) of Thames Water Utilities Limited (the “Company”) and detail the manner in which the Committee will operate.

### 1. Overview

The objective of the Committee shall be the provision of oversight and effective governance of the matters set out in paragraph 1.1 (the “**Finance Matters**”) and the provision of oversight and effective governance of the matters set out in paragraph 1.2 (the “**Restructuring Matters**”)

#### 1.1. The Finance Matters:

- Funding strategy, capital structure and general liquidity management;
- Funding transactions;
- Covenant compliance;
- Liability management (interest rate, currency and inflation hedging);
- Whole business securitisation documentation, including amendments; and
- Review of distribution proposals prior to submission to the Board.

#### 1.2. The Restructuring Matters:

- Monitoring relationships with the Company’s lenders and past and future equity holders on behalf of the Board (the “**Project**”) including:
  - Any proposed, potential and/or actual recapitalisation of the Company (including the incurrence of new debt and/or equity financing);
  - Any proposed, potential and/or actual modifications, waivers, amendments, consents, approvals and/or adjustments to the terms of the financial indebtedness or any other contractual arrangements of Thames Water Utilities Holdings Limited and its subsidiaries (the “**Group**”); and
  - Considering the liquidity of the Group and any proposed, potential and/or actual transaction or series of transactions to raise or extend liquidity in this context;
  - Assessing the sustainability of and proposed, potential and/or actual amendments to the capital and/or corporate structure of any member of the Group;
  - Approve the strategy of engagement with creditors, shareholders and other stakeholders of the Group (and their respective advisers) in respect of discussions, negotiations and documentation in connection with any liquidity raising initiatives and/or amendments to or restructuring of the capital or corporate structure of the Group; and

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- Any proposed, potential and/or actual equity raise of the Company, including monitoring the status, progress and bids in connection with such equity raise process and the associated liquidity needs and corporate and/or capital structure requirements of the Group to facilitate the process.
- Any necessary preparation in respect of a special administration or other contingency planning with respect to Company and/or any member of the Group.

## 2. Membership

- 2.1. The Committee shall comprise a minimum of three, non-executive directors.
- 2.2. Members of the Committee shall be appointed by the Board, on recommendation of the Nomination Committee.
- 2.3. The Board shall appoint the Committee Chair who must be a non-executive director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 2.4. The CEO, CFO, TWUL Board Advisor and Director of Corporate Finance shall be entitled to attend any meetings and the Committee may invite external advisors to attend any meetings or parts of meetings, as appropriate.
- 2.5. Each member of the Committee shall be entitled to one vote.
- 2.6. The Chair of the Committee shall not be entitled to a second or casting vote in the case of an equality of votes on any matter.

## 3. Secretary

- 3.1. The Company Secretary or their nominee shall act as the Secretary of the Committee.
- 3.2. The Secretary shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to all such matters.

## 4. Quorum

- 4.1. The quorum for Committee meetings shall be two members.

## 5. Meetings

- 5.1. The Committee shall meet fortnightly or at such other interval as may be agreed by a majority of Committee members.
- 5.2. Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members.
- 5.3. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded in electronic form to each member of the Committee, and any other person required to attend, in a suitable and reasonable timeframe prior to the meeting. Relevant supporting papers shall be sent to Committee members and other attendees at the same time or such other suitable time prior to the meeting.

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5.4. The attendance of any non-Committee person (other than advisors of the Company) at the meeting shall be at the invitation of the Committee Chair.

5.5. Advisors will be invited to attend meetings of the Committee on a regular basis.

### 6. Minutes of Meetings

6.1. The Secretary or the Company's legal adviser shall minute the proceedings and decisions of all committee meetings, including recording the names of those present and in attendance and the existence of any conflicts of interest.

6.2. Draft minutes of the Committee meetings shall be agreed with the Committee Chair and then circulated to all members of the Committee and once agreed, to all members of the Board.

### 7. Duties

The duties of the Committee shall include:

7.1. Making recommendations to the Board in respect of any of the Finance Matters, including:

7.1.1. on the content of the financing plan to be incorporated into the financial budget covenant compliance monitoring and longer-term business plan;

7.1.2. on the content of reports to the Board on financing, liquidity, capital structure and whole business securitisation documentation, including any risks therein;

7.1.3. on payment of dividends or changes in capital structure;

7.1.4. on financing strategy for the Group; and

7.1.5. on borrowing, hedging and management of interest rate, inflation and currency exposure risks, including the use of swaps and/or options;

7.1.6. credit rating developments and strategy; and

7.1.7. oversight of compliance with Group Treasury procedures;

7.2. Monitoring and making recommendations to the Board on the status of the Project and in respect of the Restructuring Matters including:

7.2.1. discussion and negotiations with the Group's creditors, shareholders and other stakeholders (including regulators) in respect of the Restructuring Matters;

7.2.2. on appropriate contingency planning measure in light of any potential special administration or administration or other insolvency of the Company or any other member of the Group; and

7.2.3. on strategies to improve liquidity, amend or restructure the capital or corporate structure of the Company or any other member of the Group;

7.3. Approving on behalf of the Board the terms of any proposed recapitalisation(s) of the Group and amendments and waivers to the Groups financing in line with agreed parameters and pre-authorisation levels;

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- 7.4. Ensuring that all strategic planning and decision making undertaken in the course of the Restructuring Matters are in accordance with the Board's duties as Directors in distressed situations; and
- 7.5. Considering any other matters regarding the financing arrangements of the Group or the Project referred to it by the Board.

## 8 Reporting

- 8.1 The Committee shall report, through the Committee Chair, on its activities and how it has discharged its responsibilities to the Board at each scheduled Board meeting of the Company.
- 8.2 The Committee shall produce a report to be included in the Company's Annual Report on its activities.

## 9 Authority and Legal Advice

The Committee is authorised to:

- 9.1 Amend the Project timeline and plan (in each case subject to approval by the Board).
- 9.2 Agree a series of steps to mitigate or manage any potential liquidity shortfall, default or event of default under the Groups financing.
- 9.3 Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for advice and assistance as required.
- 9.4 Obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter if it believes it necessary to do so.
- 9.5 Providing instructions to the Company's advisers in connection with the Project.
- 9.6 Undertake any other duties as requested by the Board from time to time and to investigate any activities it deems necessary to carry out its duties and to seek information from any employee.
- 9.7 Give due consideration to all relevant laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of any other applicable rules, as appropriate.

## 10 Terms of Reference and Performance

The Committee is authorised to:

- 10.1 At least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 10.2 Ensure that a periodic evaluation of the committee's performance is carried out.

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10.3 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

Version	Date Approved	Comments
1.0	August 2024	Approved by TWUL Board

