


Meeting Date:	Fri, 25 Jul 2014 11:00am	Type:	AGM	Issue date:	Mon, 14 Jul 2014
Meeting Location:	Lowry Hotel, 50 Dearmans Place, Chapel Wharf, Manchester, M3 5LH				
Current Indices:	FTSE EuroFirst FTSE 100				
Sector:	Water				

	PROPOSALS	ADVICE
1	<p>Receive the Annual Report Strategic Report meets guidelines. The objectives for the Company are clearly stated and an adequate group-wide environmental policy has been published and some quantitative data is provided. A breakdown of gender is provided at board, senior management and on an organisational level. Acceptable proposal.</p>	For
2	<p>Approve the dividend The Board proposes a final dividend of 24.03p per share, making a total dividend for the year 36.04p per share. The dividend is covered by earnings.</p>	For
3	<p>Approve the Remuneration Report Rewards made to the Executive Directors for the year are considered excessive in comparison with their base salaries. However, the balance of CEO realised pay with financial performance is considered acceptable as the change in CEO total pay over the last five years is commensurate with the change in TSR over the same period. Fees paid to Directors who left office in the previous financial year are not disclosed. This gives a misleading year on year comparison of total fees. Outstanding share incentive awards are stated with award dates, however market prices at the date of grant are not provided. Pension contributions and entitlements are disclosed. Rating: B Based on the excessive rewards made to executives and the lack of disclosure, Triodos abstains on this resolution.</p>	Abstain

4	<p>Approve Remuneration Policy Disclosure is considered acceptable. The Company operates one long term incentive plan (LTP). Awards under the LTP are subject to three performance measures which include a non-financial criterion, which is welcomed. However, these performance conditions do not run concurrently which is against best practice. Performance targets are not stated for awards made under the dividend growth and dividend cover, which goes against best practice. The Committee has stated the targets are commercially sensitive. At three years, the performance period is not considered sufficiently long term. It is noted a two-year holding period applies. The use of a same performance measure for some of awards under both the bonus and LTP is not supported. This means that Directors would effectively be rewarded twice for the same outcome for awards under the Service Incentive Mechanism element. The Executive Directors' total potential awards under all incentive schemes are considered to be excessive. The balance of CEO awarded pay with financial performance is also not considered acceptable as the change in CEO total awards over the last five years is not commensurate with the change in TSR over the same period. The Company's recruitment policy allows for the replication of new appointees' forfeited schemes at their previous employers. This is considered an inappropriate practice as it undermines the rationale behind the remuneration policy to retain Executive Directors. Upside discretion may be used while determining severance. Awards may vest early in the event of cessation of employment for good leavers. Although awards would be subject to satisfactory performance, this practice is considered unacceptable as it contradicts the rationale of awards being granted to Executive for the achievement of long term objectives of the Company. The committee also retains the discretion not to time pro-rate. Mitigation arrangements are in place. A clawback policy exists for awards made to the Executive Directors. Rating: ADC Based on concerns over potentially excessive awards and the lack of balance between CEO pay and financial performance, Triodos opposes this resolution.</p>	Oppose
5	<p>To reappoint Dr John McAdam Incumbent Chairman. Independent upon appointment as Chairman.</p>	For
6	<p>To reappoint Steve Mogford Chief Executive. 12 Month rolling contract.</p>	For
7	<p>To reappoint Russ Houlden Finance Director. 12 Month rolling contract.</p>	For
8	<p>To reappoint Dr Catherine Bell Independent Non-Executive Director.</p>	For
9	<p>To elect Mark Clare Senior Independent Director. Considered independent.</p>	For
10	<p>To reappoint Brian May Independent Non-Executive Director.</p>	For
11	<p>To reappoint Sara Weller Independent Non-Executive Director.</p>	For
12	<p>Appoint the auditors KPMG LLP proposed. Non-audit fees represented 71.23% of audit services during the year under review and 51.52% on a three-year aggregate basis. This raises concerns about the independence of the statutory auditor. Triodos opposes this resolution.</p>	Oppose
13	<p>Allow the board to determine the auditors remuneration Standard proposal.</p>	For
14	<p>Issue shares with pre-emption rights The authority is limited to 33% of the share capital and another 33% in connection with a Rights Issue. This is in line with normal market practice and expires at the next AGM. All directors are standing for annual re-election. Acceptable proposal.</p>	For
15*	<p>Issue shares for cash The authority is limited to 5% of the share capital. This is in line with normal market practice and expires at the next AGM. Acceptable proposal.</p>	For

16*	Authorise Share Repurchase	For
	The authority is limited to 10% of the share capital. This is in line with normal market practice and expires at the next AGM. Acceptable proposal.	
17*	Meeting notification related proposal	Oppose
	The proposed resolution reflects the implementation of the EU Shareholder Rights Directive into English law, which took place on 3 August 2009 as implemented by the company in its Articles of Association. Under the regulations, the minimum notice period for general meetings (other than Annual General Meetings) will increase to 21 days unless shareholders agree on a shorter notice period, in which case it may be 14 days. Shareholder approval is sought to call general meetings on 14 clear days notice. All companies should aim to provide at least 20 working days notice for general meetings in order to give shareholders sufficient time to consider what are often complex issues. Although the proposed change is permissible by the Companies Act, Triodos votes against this resolution.	
18	Approve Political Donations	Oppose
	Proposal to make political donations to political parties and/or independent election candidates, political organisations other than political parties, and to incur political expenditure to total up to £50,000. The aggregate total is within recommended limits and the authority expires at the next AGM. The Company made no political donations during the year in line with its policy. Triodos does not support donations for political events and specific political parties as such contributions could be viewed as encouraging preferential treatment and interfering with the democratic process.	
	* = Special resolution	

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