

Wessex Water Services Limited
Environment and Public Value Committee

Terms of Reference

1. Purpose

1.1 The Environment and Public Value Committee is a Committee of the Board of Wessex Water Services Limited (the Company) from which it derives its authority and to which it reports.

1.2 The purpose of the Committee is

(a) to advise the Board on how the Company's purpose, strategy and values are developed and delivered and ensure that the Company's culture reflects the needs of all those in the communities that it serves and wider societal and environmental values.

(b) to focus on the emerging business issues and opportunities, particularly those that may have an impact beyond the AMP period and provide advice to the Company in relation to these issues.

(c) to discuss stakeholder engagement arrangements to ensure that this partnership work is effective, and views formally taken account of.

1.3 The Committee will advise the Board in particular on opportunities to increase both public and shareholder value, through its contributions to enhancing outcomes for people, environment, nature and water across the region.

2. Objectives

2.1 The objectives of the Committee are to advise the Board on:

(a) a social purpose that defines public value in the broadest terms, including the economic, environmental and social values the Company will deliver to meet the needs and expectations of its customers and communities and which delivers long term value to the shareholder;

(b) a clear strategy, supported by regulators and other stakeholders, to deliver the Company's social purpose;

(c) reporting against the delivery of the Company's social purpose;

(d) longer term strategic issues and challenges facing the Company; and

(e) the development, review, and promulgation of workplace policies and code of conduct in relation to people values, human rights, employee inclusion and diversity.

3. Functions

3.1 The functions of the Committee are to:

(a) oversee the development of an integrated social purpose that sets out clear goals for:

- (i) environmental leadership including exemplary delivery of environmental obligations in the Company's operations and across its catchments; and
 - (ii) the positive social and economic investment impact the Company will make for the communities it serves;
 - (iii) engage and inspire staff as ambassadors of the Company's social purpose with our customers and communities.
- (b) establish and lead an ongoing dialogue with staff, retail and business customers, communities, local authorities and other interested stakeholders about the Company's social purpose;
 - (c) identify and monitor external developments which are likely to be drivers of change that may have a significant influence on the Company's social purpose;
 - (d) develop and maintain a strategy to deliver the Company's social purpose and long-term shareholder value that includes:
 - (i) demonstration projects that exemplify the social purpose in action;
 - (ii) performance measures and KPIs for monitoring and reporting delivery;
 - (iii) actions, policies and procedures to embed the social purpose as a strategic objective;
 - (iv) a plan to secure a supportive regulatory environment for delivery of the outcomes of the social purpose and enhanced shareholder value;
 - (v) the approach to ongoing communication and engagement with customers, communities and stakeholders, including supervision and review of Customer Engagement Panels;
 - (e) ensure that the Company's social purpose is fully integrated with and shapes the strategy for the Price Determination Process; and
 - (f) develop socially responsible values and standards and regularly review performance measures and KPIs, including their independent audit, and verification to ensure their delivery.
 - (g) oversee the development of workplace policies and procedures that deliver the Company's people values, human rights, diversity and inclusion requirements.
 - (h) The Committee will advise the Audit and Risk Committee of the content, context and wording of any reporting required in the Annual Report which deals with the activities of the Committee

4. **Composition and Procedure**

- 4.1 The Committee will comprise of Independent Non-Executive Directors (iNEDs) and Executive Directors of the Company. The majority of members will be iNEDs. Four members will constitute a quorum.
- 4.2 The Board will appoint the chair of the Committee, who will be an iNED.

4.3 Only members of the Committee have the right to attend meetings. Other executives and senior management and external advisors may be invited to attend for all or part of any meeting as and when appropriate, particular care being taken to recognise and avoid any conflicts of interest.

4.4 Meetings will take place at least quarterly and 'as required', as determined by the Chair of the Committee.

5. **Secretary**

5.1 The Company Secretary or his or her nominee will act as the Secretary to the Committee.

6. **Notice of Meetings**

6.1 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, will be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than five working days before the date of the meeting, unless agreed otherwise in advance. Supporting papers will be sent to Committee members and to other attendees as appropriate, at the same time.

6.2 Members may participate in a meeting by means of telephone, video conferencing facility or other suitable communicating equipment.

7. **Minutes**

7.1 The Secretary will minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.

7.2 Minutes of Committee meetings will be circulated to all members of the Committee.

8. **Reporting**

8.1 The Committee Chair will report orally to the Board on its proceedings after each meeting on all matters within its terms of reference. Drafts of Committee minutes will be sent to the Committee Chair. Once approved they will be circulated with papers for the next Board.

8.2 The Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

8.3 The Committee will advise the Audit and Risk Committee of any matters to be included in the Annual Report dealing with the activities of the Committee.

9. **Resources and Review**

9.1 The Committee will:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretary and solicitors for assistance as required;
- (b) give due consideration to laws and regulations and other relevant guidance as necessary; and

- (c) arrange for periodic reviews of its own performance and, 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. Authority

10.1 The Committee is authorised:

- (a) to seek any information, it requires from any employee of the Company in order to perform its duties;
- (b) to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference. The appointment and performance of such advisors will be reviewed by the Committee on a regular basis and at least annually;
- (c) to invite external specialists and stakeholders to attend meetings to inform and contribute to discussions on any matter related to its functions; and
- (d) to call any employee to be questioned at a meeting of the Committee as and when required.

Change History Record

Issue	Description of Change	Approval	Date of Issue
1	Approved	Board	March 21