



Thames Water Utilities Limited

Regulatory Strategy Committee Terms of Reference

June 2023

Regulatory Strategy Committee

Terms of Reference

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

1. Overview

1.1 The main objective of the Committee is to assist the Board in reviewing any matters of significance affecting current and future strategy and business planning matters and the application of appropriate policies and practices.

The Regulatory Strategy Committee will:

- (i) consider the future challenges to the business and such matters defining the long-term corporate strategy;
- (ii) review and challenge the business planning process and assumptions; and
- (iii) have specific oversight for the regulatory price control submission process.

The Committee will advise the Board on matters falling within the scope of its responsibilities. Such advice may be in the form of minutes of its meetings, supporting papers and written and oral reports at Board meetings.

2. Membership

- 2.1. The Committee shall comprise at least three independent non-executive directors and up to two 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 Chairman who must be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 2.4. The Committee may invite any persons (including the CEO, CFO and external advisers) to attend any meetings or parts of meetings.
- 2.5. Each member of the Committee shall be entitled to one vote.
- 2.6. The Chairman 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

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- 4.1. The quorum for Committee meetings shall be three members, one of whom must be an independent non-executive director.

5. Meetings

- 5.1. The Committee shall meet at least 4 times a year at appropriate times in the regulatory price control and business planning cycles and otherwise as required.
- 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, no later than five working days before the date of the meeting. Relevant supporting papers shall be sent to Committee members and other attendees at the same time.
- 5.4. The attendance of any non-Committee person at the meeting shall be at the invitation of the Committee Chairman.

6. Minutes of meetings

- 6.1. The secretary 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.

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

7. Annual General Meeting

- 7.1. The Chairman of the Committee shall attend the Annual General Meeting, in the event that such a meeting is held, and be prepared to respond to any shareholder questions on the Committee's activities

8. Duties

The Board shall from time to time determine the terms of reference, scope, duties and powers of the Committee. The Committee shall undertake the duties set out below for the Company.

The Committee shall:

- 8.1. oversee the preparation, and recommend to the Board the approval, of:

- (i) the Company's Strategy;
- (ii) the Company's future business plans; and
- (iii) the Company's regulatory price control submissions

- 8.2. oversee the preparation, and approve the submission, where appropriate, of:

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- (i) information associated with the regulatory price control process;
- (ii) responses to regulators' consultations;
- (iii) the principal statement required by Ofwat;
- (iv) the Annual Performance Report (APR) required by Ofwat
- (v) information relating to performance against the AMP Monitoring Plans; and
- (vi) action plans (as required by Ofwat) and performance monitoring against these plans

- 8.3. review the governance, policy and strategy of decisions with regulatory implications.
- 8.4. provide guidance on current, emerging and future regulatory matters to the board.
- 8.5. focusing on customer satisfaction, incident management, leakage, resilience, complaint resolution, affordability and vulnerability; and
- 8.6. reviewing and advising on the approach and delivery of the customer commitments (e.g. in the Section 19 undertakings)

9. Reporting

- 9.1. The Committee shall report, through the Committee Chairman, on its activities and how it has discharged its responsibilities to the Board after each committee meeting.
- 9.2. The Committee shall produce a report to be included in the Company's Annual Report on its activities.

10. Authority and legal advice

The Committee is authorised to:

- 10.1. Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required.
- 10.2. Obtain, at the company's expense, independent legal, accounting or other professional advice on any matter if it believes it necessary to do so.
- 10.3. 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.
- 10.4. Give due consideration to all relevant laws and regulations, the provisions of the UK Corporate Governance Code and published guidance.

11. Terms of reference and performance

The Committee is authorised to:

- 11.1. 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.
- 11.2. Ensure that a periodic evaluation of the committee's performance is carried out.

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11.3. 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 control

Version	Date Approved	Comments
1.0	June 2018	Approved by TWUL board
2.0	March 2022	Approved by TWUL board (formatted onto new template. Minor amendments).
3.0	June 2023	Approved by TWUL board

