



**GLAS CYMRU HOLDINGS CYFYNGEDIG**  
**(GLAS CYMRU)**

**DŴR CYMRU CYFYNGEDIG**  
**(DŴR CYMRU)**

**ENVIRONMENTAL SOCIAL GOVERNANCE COMMITTEE**  
**TERMS OF REFERENCE**

Approved by the Board on 7 June 2023

**GLAS CYMRU HOLDINGS CYFYNGEDIG (Company No. 09917809)**

**DŴR CYMRU CYFYNGEDIG (Company No. 02366777)**

## **ENVIRONMENTAL SOCIAL GOVERNANCE COMMITTEE**

### **TERMS OF REFERENCE**

In this document:

- **'Group'** means Glas Cymru Holdings Cyfyngedig ("**Glas Cymru**") and its subsidiaries
- **'Company'** means Dwr Cymru Cyfyngedig ("**Dwr Cymru**")
- **'Board'** or **'Group Board'** means the Joint Board of Glas Cymru and Dwr Cymru
- **'Member(s)'** means the Members of Glas Cymru
- **'Executive Team'** means the Dŵr Cymru Executive Committee including the Company Secretary

## **1. PURPOSE**

- 1.1. The Board has established a Committee of the Board to be known as the Environmental Social Governance ("**ESG**") Committee (the "**Committee**").
- 1.2. The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference.
- 1.3. The responsibilities of the Committee are to:
  - 1.3.1 Provide oversight on behalf of the Board in relation to the Group's ESG strategies and activities and ensure they are aligned with and integrated into the broader business purpose and strategy.
  - 1.3.2 Once the ESG strategy and activities have been defined, ensure that resources are focussed on addressing the key issues which have been identified through that process, in a resource-efficient manner.
  - 1.3.3 Provide oversight of internal and external communications and engagement on ESG matters including engagement with stakeholders and the development of strategic relationships with partners that will support the achievement of the Company's ESG strategy.
  - 1.3.4 Review the ESG policies, processes, supporting framework documentation and initiatives of the Group ensuring they remain effective and up to date whilst identifying emerging trends and challenges that might impact on the Group's ESG strategy.
  - 1.3.5 Advise the Board as to what targets to set, and which ratings to adopt, in delivering the Group's ESG strategy and how most effectively to measure progress towards these targets in a manner capable of external benchmarking pay.
  - 1.3.6 Determine how best to consult with stakeholders and most effectively to report the Company's ESG position in a manner that ensures all stakeholders receive appropriate and proportionate information about the Group's ESG activities.
  - 1.3.7 Ensure compliance with all legal and regulatory requirements relevant to Environmental, Social and Governance issues, including corporate governance principles and industry standards, as applicable to the Company.
  - 1.3.8 [Monitor the year end carbon performance and note the progress against the 2023 target.](#)

## **2. THE COMMITTEE**

### **2.1. Membership**

- 2.1.1. Members of the Committee will be appointed by the Board and in consultation with the Chair of the Committee (the “**Committee Chair**”). The Committee will be made up of at least 3 members and have a majority of independent Non-Executive Directors.
- 2.1.2. Non-Executive Director appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the Director remains independent. In exceptional circumstances an appointment may be extended beyond this provided the Board considers that the individual remains independent.
- 2.1.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as members of the Executive Team, other senior managers or external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 2.1.4. The Chair will be the Committee Chair. In the absence of the Committee Chair, and/or their nominated alternate, who will also be a Non-Executive Director, the remaining members present shall elect one of themselves to chair the meeting.

### **2.2. Secretary**

The Company Secretary (or their nominee) shall be Secretary to the Committee (the “**Secretary**”) and attend all meetings. The Company Secretary will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to all matters considered by the Committee.

### **2.3. Quorum**

The quorum necessary for the transaction of business will be two Committee members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

### **2.4. Role of Committee Members**

Committee members will utilise their personal skills, knowledge and judgement to perform the responsibilities set out in these terms of reference.

## **3. MEETINGS**

### **3.1. Meeting Frequency and Schedule**

Meetings shall be held at least four times a year, and otherwise at such frequency as the Committee Chair shall require.

### **3.2. Notice of Meetings**

- 3.2.1. A meeting may be convened by any member of the Committee or by the Secretary at the request of the Committee Chair.
- 3.2.2. Unless otherwise agreed by the Committee, a notice of each meeting confirming the time and date, together with a physical venue or conference call, shall be sent to each member of the Committee, any other person required to attend no later than five working days before the date of the meeting or otherwise as agreed by the members of the Committee. Supporting papers shall be sent to Committee members and other attendees as appropriate.

- 3.2.3. Notices, agendas and supporting papers may be sent in electronic form.

### 3.3. **Minutes**

- 3.3.1. The Secretary shall keep appropriate written minutes of the proceedings and resolutions of the Committee, including recording the names of those present and in attendance.
- 3.3.2. Draft minutes of Committee meetings will be circulated promptly to promptly to all members of the Committee and once approved, to all members of the Board, unless a conflict of interest exists.

## 4. **DUTIES**

- 4.1. The Committee will carry out the duties detailed below for the Company and the Group, as appropriate.

- 4.1.1. The Committee is a Committee of the Board from which it derives its authority and to which it regularly reports. The Committee shall undertake its responsibilities for the Group as a whole and where relevant for the individual entities forming part of the Glas Group.

- 4.1.2. ESG is by definition very wide-ranging relating to almost every aspect of the company's activities and operations. This Committee is intended to have an overview as to how all the various elements fit together into a coherent set of ESG strategies and policies that address all the ESG aspects that deliver against our Purpose and strategy are required either by regulation, legislation, or developing corporate and social convention. Many of these aspects will, however, already be within the Terms of Reference of other Board Committees, or of the Board itself, in which case the Committee is not expected to become itself involved in the development of strategies and policies for these areas, nor for oversight of their implementation. Examples of such areas, and where responsibility lies for them, are identified in the References section below.

### 4.1.3. **ESG Strategy**

The Committee shall have oversight of:

- the ESG Strategy
- the Company's ESG targets and key performance indicators.
- third-party partnerships entered in relation to the ESG Strategy
- what reporting conventions and ESG metrics are adopted by the Company.
- how the ESG Strategy is communicated internally and externally.

### 4.1.4. **Monitor and Review**

The Committee shall have regard to how:

- the ESG Strategy is received and regarded by the Company's employees.
- the ESG Strategy is received and regarded by external stakeholders including the media, relevant regulators, local and national governments, and ESG rating agencies.
- the ESG Strategy and its ongoing implementation compares to ESG strategies adopted and implemented by competitors, the expectations of regulators, and more general ESG trends.

#### 4.1.5. **ESG Reporting**

The Committee shall have oversight of:

- how all elements of the ESG Strategy are reported in the Company's Annual Report and other public reporting, in particular which measures are adopted by the Company.
- the Company's reporting to ESG Rating Agencies, and the selection of rating agencies by which to be assessed.
- upcoming ESG reporting requirements and the Company's assessment of their implications, both strategically and operationally, for the Company's business and its reputation

#### 4.1.6. **Policies**

The Committee shall ensure:

- the Company maintains appropriate policies to effectively support the Company's ESG framework, in particular its environmental impact.
- that where possible, relevant ESG policies are publicly available.

#### 4.1.7. **References**

References in these terms of reference to **ESG matters** and **ESG** shall include, but not be limited to the following:

- **Environmental:** the Group's impact on the natural environment and its adaptation to climate change, in particular our progress towards carbon neutrality, including greenhouse gas emissions, both operational and embedded, energy consumption, generation and use of renewable energy, biodiversity and habitat, impact on water resources and the status of water bodies (QSC), pollution (QSC), resources efficiency and the reduction and management of waste.
- **Social:** the Group's interactions with employees (Board), governments (Board), commercial and state counterparties (Board), stakeholders and the communities in which it operates and the role of the Group in society (Board), workplace policies (for example, employee relations and engagement (Board), diversity (Nomco), non-discrimination, inclusivity and equality of treatment (Board), health and safety and well-being (Board/QSC)), ethical procurement, any social or community projects undertaken by the Group and social aspects of the supply chain, community and stakeholder engagement or partnerships; and
- **Governance:** the ethical conduct of the Group's business including its corporate governance framework (Board/Audit Committee); the diversity of candidates for Group roles (Nomco); and competencies available to the Group, both internally and from external partners, in relation to ESG matters, including through the delivery of appropriate training ;

where references above to QSC, Nomco and Audit mean the Quality and Safety Committee, Nomination Committee and Audit Committee of the Board.

## 5. **REPORTING**

- 5.1. The Committee Chair will report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 5.2. The Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is required.

- 5.3. The Committee shall be responsible to the Board for its work without prejudice to the Board's responsibility for such work or the duties and authority of the Committee.

## **6. ANNUAL GENERAL MEETING AND ANNUAL REPORT**

- 6.1. The Chair of the Committee shall attend the Annual General Meeting to respond to any Member questions on the Committee's activities.
- 6.2. The existence and membership of the Committee will be disclosed in each annual report and accounts of the Company. If the Committee and Board consider this appropriate, such disclosure will be accompanied by a summary of the Committee's activities during the relevant reporting year.

## **7. OTHER MATTERS**

- 7.1. The Committee is authorised to:

- 7.1.1. have access to sufficient resources to carry out its duties, including access to the Company Secretariat for assistance as required.
- 7.1.2. be provided with appropriate and timely training on an ongoing basis for all members. The induction programme for new members shall cover the role of the Committee, including its terms of reference and expected time commitment by members, an overview of the business, identifying the main business and financial dynamics and risks, and meeting staff, as appropriate.
- 7.1.3. give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Rules, Prospectus and Disclosure Guidance and Transparency Rules as appropriate.
- 7.1.4. monitor the progress of any relevant corporate governance or regulatory developments that may impact the Committee and recommend any action or changes it considers necessary to the Board for approval.
- 7.1.5. at least once a year, review its own performance, 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. The Board shall review the Committee's effectiveness annually.
- 7.1.6. work and liaise as necessary with all other board committees.