GLAS CYMRU HOLDINGS CYFYNGEDIG

(GLAS CYMRU)

DŴR CYMRU CYFYNGEDIG

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TECHNOLOGY COMMITTEE

TERMS OF REFERENCE

Approved by the Board on 2 May 2024

GLAS CYMRU HOLDINGS CYFYNGEDIG (Company No. 09917809)

DŴR CYMRU CYFYNGEDIG (Company No. 02366777)

TECHNOLOGY 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
- '**Executive'** means the Executive Committee of Glas Cymru

1. PURPOSE

1.1 The Board has established a committee of the Board to be known as the Technology Committee ("***Committee***") for the purpose of ensuring that the Group's information technology (IT) and operational technology (OT) and information security provision is subject to appropriate oversight in supporting the achievement of the Group's medium to long-term business objectives, including reviewing and tracking progress of the Group's obligations under the Network and Infrastructure Systems (NIS) Regulations 2018, in the most efficient manner and in accordance with the Group's identified risk appetite. In this context, technology refers to systems, infrastructure and methodologies used to provide effective and innovative digital and data-driven solutions across the Group whilst security refers to the security infrastructure process and procedures used to provide protection to Glas Cymru's IT and OT assets.

1.2 The Committee provides oversight of the Group's cyber risk management and mitigation activities. It reviews respective contingency planning other key actions such as testing and independent assessment of security measures.

2. COMMITTEE

2.1 Membership

2.1.1. The Committee shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the Chair of the Committee ("***Committee Chair***") and shall comprise a majority of independent Non-Executive Directors, the Chief Executive Officer and Chief Technology Officer. The Managing Directors of the business divisions may also be invited to attend meetings of the Committee.

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 Committee member remains independent.

2.1.3. No one other than a member of the Committee is entitled to be present at a meeting of the Committee, however, the Head of Data, Chief Information Security Officer (CISO) or other senior managers and advisors to the Committee may attend all or part of any meeting by invitation of the Committee Chair as and when appropriate and necessary.

2.1.4. The Board will appoint the Committee Chair who will be an independent Non-Executive Director. In the absence of the Committee Chair, and/or an appointed deputy 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 ("***Secretary***").

2.3 **Quorum**

The quorum for a valid meeting shall be two Committee members, both of whom must be independent Non-Executive Directors. 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**

Meetings shall be held three times a year, and otherwise at such frequency as circumstances demand.

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, a notice of each meeting (confirming the venue, date and time, together with an agenda of items to be discussed, shall be sent 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. Supporting papers shall be sent to Committee members and other attendees as appropriate.

3.3 **Minutes**

3.3.1. The Secretary shall keep appropriate written minutes of the proceedings and decisions of the Committee, including the names of those present and in attendance.

3.3.2. Draft minutes of Committee meetings will be circulated promptly to the Chair of the Committee and once approved by the Committee Chair, to all Board directors at the next Board meeting, unless in the opinion of the Committee Chair it would be inappropriate to do so.

3.4 **Duties**

3.5 The Committee should carry out the duties below for the Company and the Group as appropriate:

3.6 **Strategy**

3.6.1. To agree the components of the Group's information and operational technology strategy ("the Strategy") and its interaction with other business strategies.

3.6.2. To oversee how the Strategy has been defined in the context of business requirements.

3.6.3. To oversee the Strategy proposed to support the achievement of the Group's medium-term digital business objectives, considering in particular the suitability of its systems, architectures and processes to enable the delivery of its operational requirements.

3.6.4. To assess the effectiveness of the Group's technology contribution to the development of the business strategy and medium-term plans including assessing the potential for technology to improve business efficiency, reduce security risks and reduce costs.

3.6.5. To receive and consider horizon-scanning reports to take into account likely medium- to long-term developments relevant to the Strategy.

3.6.6 To oversee innovation plans in relation to the medium to long-term Strategy

3.6.7. To recommend the agreed Strategy and risk appetite to the Group Board.

3.6.8 Challenge and encourage smart use of data and reporting information.

3.7 **Architecture**

To oversee, and make constructive input into, the design principles of the data and systems architectures, considering how they make most effective use of technological development and demonstrate the agility to respond to future change.

3.8 **Application Platforms (Including Cloud)**

3.8.1. To oversee, and make constructive input into, the selection of application platforms in the context of the Group's medium-term business requirements and available offerings, within the context of the platforms in use in other relevant organisations both in the UK and internationally.

3.9 **Systems**

3.9.1 To receive and consider information in respect of the Group's systems requirements in the context of the agreed Strategy, architecture, and application platforms and the choices that have been made by the Executive as to what best delivers against these requirements.

3.9.2 To oversee the process by which business systems requirements are understood and analysed in order to ensure that the technology provided best meets the needs of the business.

3.10 **Infrastructure (Including Cloud Hosting)**

3.10.1. To maintain an up-to-date understanding of material developments in available technology infrastructure.

3.10.2. To oversee, and make constructive input into, the selection of the framework of operational and informational technology infrastructure.

3.10.3 To oversee the Group's future technology capacity requirement in order to meet its -term objectives and to consider the alternative ways in which that capacity might be delivered.

3.10.4. To oversee information concerning periods of system uptime and availability, including the acceptability to the business of the frequency and length of any periods of downtime, whether or not agreed in advance, and the appropriateness of any plans to reduce these.

3.11 **Operating Model**

3.11.1. To oversee the sourcing arrangements for IT services as these evolve in line with the strategies for IT and OT.

3.12 **Employee Engagement**

3.12.1. To promote and support a positive, open and innovative culture to foster the effective application of digital and data-driven solutions to further the long-term Company objectives while recognising the importance of embedding a cyber security culture.

3.13 **Security**

3.13.1. To oversee the threats inherent within the Group's IT and OT provision to the security of its data, systems and infrastructure having regard to relevant regulatory and legal requirements.

3.13.2. To oversee the appropriateness and effectiveness of the controls established in the business and by third party technology partners and suppliers to maintain the confidentiality, integrity and availability of information services in the context of global best practice.

3.13.3. To oversee the appropriateness of the security established over the Group's infrastructure and applications, whether in-house or provided by third parties, in accordance with the identified risk appetite.

3.13.4. To receive reports in relation to the level of "Security Risk" within the business and to oversee the Group's plans to address this.

3.14 **Budget**

3.14.1. To understand, against comparable industry benchmarking, what is an appropriate cost of IT and OT delivery, given the nature and extent of business requirements.

3.14.2. To oversee and challenge constructively the total cost of IT, OT and Security provision order to ensure the most effective application of innovation to promote efficiency and reduce operating costs whilst not compromising security risk.

3.14.3 To oversee IT and OT investments that require Board authorisation under the Group's structure of delegated authorities.

3.15 **Risk**

3.15.1. To ensure that all considerations taken by the Committee are accompanied by an effective and comprehensive assessment of the inherent and consequential risks, how they might be mitigated, and the level of post-mitigation residual risk.

3.15.2. To oversee the inherent resilience of the Group's IT and OT provision and the associated risks including disaster recovery and business continuity arrangements.

3.15.3. To oversee the circumstances giving rise to any loss of service that has material business consequences and assess the effectiveness of the Group's response and the appropriateness of lessons learned.

3.15.4. To oversee the process for establishing an appropriate IT and OT risk appetite and to review the identified risk appetite and recommend it to the Group Board for approval.

3.16 **Reporting**

3.16.1. The Committee will agree the measures to be reported to the Committee and the Board as appropriate key performance indicators of the effectiveness of the Group's technology provision and the implementation of the agreed Strategy including the cost of such provision and implementation.

3.16.2 To oversee the agreed measures on a Quarterly basis and the action plans developed by the Executive to address any discrepancies between planned and actual performance and progress with the implementation of the Strategy.

3.16.3. The Committee Chair shall report and make recommendations to the Board on its proceedings after every meeting.

3.16.4. The Committee shall produce a report of its activities in the Annual Report.

4. OTHER MATTERS

4.1 The Committee shall:

4.1 have access to sufficient resources in order to carry out its duties, including access to the Group Company Secretariat for assistance as required;

4.2 be provided with appropriate and timely training, both in the form of an induction programme for new Committee members and on an on-going basis for all Committee members;

4.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules, Ofwat's principles on Leadership, Transparency and Governance and any other applicable rules, as appropriate;

4.4 work and liaise as necessary with all other Board Committees; and

4.5 arrange for the 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.

5. AUTHORITY

5.1 The Committee is authorised to:

5.1.1. investigate any activity or state of affairs within its terms of reference.

5.1.2. at the Group's expense, seek such information as it requires from the Group and its employees, and/or to take such internal and external professional advice, as it shall consider appropriate in connection with the performance of its duties.