



Risk, Health, Safety, Security & Environment Committee

Terms of Reference

1. Purpose

- 1.1 The purpose of the Risk, Health, Safety, Security & Environment Committee is to assist the Board in fulfilling its oversight responsibilities in respect of:
- risk management, mitigation and internal control; and
 - reviewing Tideway's health, safety, security and environmental strategy and objectives and overseeing significant Tideway actions relating to HSSE.
- 1.2 The Committee aims to satisfy itself that the sources of assurance and information it has used to carry out its roles to review, monitor and provide assurance or recommendations to the Board in respect of 1.1 above are sufficient and objective.

2. Constitution

- 2.1 The Risk, Health, Safety, Security & Environment Committee (the Committee) is a committee of the Bazalgette Tunnel Limited (the Company) Board (the Board). The Committee has delegated authority of the Board in respect of the functions and powers in these Terms of Reference. The Committee may sub-delegate any or all of its powers and authority as it sees fit, including, without limitation the establishment of sub-committees to analyse particular issues or themes and to report back to the Committee.
- 2.1 The Committee should have oversight of the whole group in relation to the matters within the remit of these terms of reference and, unless required otherwise by regulation, carry out the duties set out below for the Company and the group as a whole, as appropriate.
- 2.2 The Committee's terms of reference may be amended at any time by the Board.
- 2.3 The Committee may from time to time investigate, discuss or review matters outside its terms of reference if required to do so by the Board.

3 Membership and appointment

- 3.1 The Board shall appoint the Committee. The Committee shall comprise not less than three members.
- 3.2 Each Shareholder Director shall have the right to appoint its Shareholder Director as a member to the Committee.
- 3.3 The Board shall appoint the Chair of the Committee from amongst the independent non-executive directors.

3.4 A quorum shall be three members and shall include at least (a) at all times one Shareholder Director; (b) one independent Non-Executive Director; and (c) the Chair of the Committee. As the Chair is also an independent Non-Executive Director, they shall only count towards one of the three required members. Any Shareholder Director or independent Non-Executive Director shall have the ability to waive their right to need to be present for quorum requirements or to give a proxy to another Director or Shareholder representative. A meeting shall not proceed with only one member.

3.5 Appointments to the Committee shall be for a period of up to three years or to the end of the relevant director's term of appointment, whichever is shorter, and may be extended for further periods of up to three years, provided the Director still meets the criteria for membership of the Committee.

4 Secretary

4.1 The Deputy Company Secretary of the Board shall be the Secretary of the Committee.

5 Attendance at meetings

5.1 The Chair shall invite all Directors to attend Committee meetings, together with any other attendees as the Chair may consider appropriate from time to time, including but not limited to the Director of Business Services & HSW, representatives of the Corporate Risk Committee, the Executive Risk Committee and Internal Audit.

6 Frequency of meetings

6.1 Meetings shall be held not less than three times a year or otherwise as required.

6.2 At the discretion of the Chair and by exception, decisions may be made by email circular, or similar electronic means, provided all members are copied into the electronic exchange. In such instances, for such a decision to be valid, not less than 75% must reply to the Secretary to confirm their agreement. The Secretary shall be responsible for ensuring that decisions made by email are reported to the next meeting and for retaining an appropriate record.

7 Notice of meetings

7.1 Meetings of the Risk Committee shall be called by the Secretary of the Committee at the request of any of its members.

7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee and any other person required to attend, no later than five working days before the meeting.

8 Minutes of meetings

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

8.2 The principal points discussed at each Committee meeting shall normally be considered at the Board meeting following the Committee meeting.

9 Duties

The responsibilities of the Committee shall be

9.1 As regard to risk to:

- 9.1.1 oversee the development, implementation, revisions and maintenance of the Company's overall risk management framework (including programme and corporate risks) and its risk policy, appetite and strategy to ensure they are in line with emerging regulatory, corporate governance and industry best practice;
- 9.1.2 review, on behalf of the Board, the management and mitigation of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency, liquidity or reputation;
- 9.1.3 review, on behalf of the Board, the effectiveness of the Company's systems of planning and internal control as it pertains to risk management, to ensure they are adequate and in line with any guidelines on systems of planning and internal control which may be published by Ofwat and revised from time to time having consulted the Company;
- 9.1.4 oversee the Company's risk exposures and risk/return;
- 9.1.5 make recommendations to the Board regarding formal sign-off for the risk related sections within the Annual Report & Accounts;
- 9.1.6 facilitate the effective contribution and involvement of non-executives and aid their understanding of risk issues and the Company risk management framework;
- 9.1.7 provide input to the Remuneration Committee on the alignment of remuneration to risk performance
- 9.1.8 review new risk policy and material amendments to risk policy recommended by the CEO and CFO, for approval by the Board;
- 9.1.9 oversee adherence to risk policies and standards and any action taken resulting from material policy breaches across the Company, based upon reports from the CEO;
- 9.1.10 review the adequacy of the Company Risk Function's resources, and its authority and standing within the Company;
- 9.1.11 review co-ordination between the Company Risk Function and the results of internal and external audits;
- 9.1.12 review and challenge management on the assurance status derived from the quarterly reviews of the Integrated Assurance Framework conducted by the Monthly Management Review;

9.2 As regards to health, safety, security and the environment, to:

- 9.2.1 Review and recommend to the Board the HSSE Strategy including objectives.
- 9.2.2 Provide advice, assistance, recommendations and reports, as the context requires, to the Board in order to facilitate the Board's understanding,

reviewing and monitoring of the implementation of the Company strategy relating to HSSE, including:

- (i) Best practice comparator(s);
- (ii) Legal compliance;
- (iii) Interface issues, including:
 - Delivery agents
 - Industry partners
 - Sponsors
 - Stakeholders;
- (iv) Third Party and general public protection
 - On site
 - Abutting the site
 - Off site (but resulting from Programme delivery);
- (v) Any issues and concerns raised by enforcing authorities (inclusive of proposals to address those issues and/or concerns); and
- (vi) HSSE risk mitigation strategies.

9.2.3 Review of the Company Integrated Management Systems to ensure legal compliance.

9.2.4 Trend Analysis, inclusive of:

- (i) audits, inspections and safety tours carried out;
- (ii) Third party audits carried out;
- (iii) Non-compliance report analysis;
- (iv) Incident and near miss analysis;
- (v) Reaction time and close out; and
- (vi) Occupational health analysis.

9.2.5 Reviewing and approving significant Company actions relating to HSSE.

9.2.6 Review incident investigation reports and the close out of resulting actions for all incidents involving fatalities and any other serious incident as the Committee sees fit.

9.2.7 Reviewing the Company's security policy, strategy and actions.

9.3 The Committee will provide reports to the Board as contemplated in paragraph 8.2; and periodically review and update its own terms of reference to reflect best practice, requesting Board approval for all proposed changes and, at appropriate intervals, evaluate its own performance against the terms of reference.

10 Reporting Procedures

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

10.2 The Committee shall produce a report on its activities for inclusion in the directors' annual report.

11 Other matters

- 11.1 The Committee shall have access to sufficient resources to carry out its duties, including access to the executive management team of the Company; relevant written materials and other communications; and also access to the Deputy Company Secretary for assistance as required.
- 11.2 The Committee shall 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.
- 11.3 Subject always to any applicable legal or regulatory restrictions or limitations, the Committee shall oversee any investigation of activities relating to the group which are within its terms of reference and to obtain such information as it may require from any Director, officer or employee of the group.
- 11.4 The Committee shall 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.

12 Authority

- 12.1 The Committee is authorised by the Board to obtain, at the Company's expense and in consultation with the Chair of the Board and/or the Chief Executive, outside legal or other professional advice on any matters within its terms of reference.