

ANGLIAN WATER SERVICES LIMITED (THE “COMPANY”)
REGULATORY COMPLIANCE COMMITTEE (THE “COMMITTEE”)

TERMS OF REFERENCE

1. Constitution and Purpose

- (a) The Committee is constituted by the Board of Directors with the purpose of assisting the Board in providing leadership, direction, assurance and oversight of compliance with key regulatory reporting requirements and compliance with key regulatory risk areas.
- (b) Where there is a perceived overlap of responsibilities between the Audit and Risk Committee (“ARC”) and the Committee, the respective committee chairs will have the discretion to agree the most appropriate committee to fulfil any obligation.
- (c) Where the Committee requests any reviews to be carried out which have an impact on ARC, the Committee Chair will liaise with the ARC Chair to determine the most appropriate way to update the ARC and Committee.

2. Membership and quorum

- (a) The Committee will comprise at least three directors appointed by the Company’s Board of Directors, on the recommendation of the Nomination Committee. At least two of the members should be independent non-executive directors. One member of the Committee should be the ARC Chair. The Chair of the Board should not be a member of the Committee.
- (b) The Chair of the Committee shall be appointed by the Company’s Board of Directors, following consultation with the Nomination Committee and shall be an independent non-executive director. In the absence of the Committee’s Chair, the Committee will appoint one of its members to be chair of the Committee.
- (c) The quorum shall be two directors.
- (d) Only members of the Committee have the right to attend Committee meetings. However, with the consent of the Committee Chair, a standing invitation will be issued to all non-executive directors to attend, together with such investor representatives as are considered appropriate and the following individuals, which would be expected to attend meetings on a regular basis:
 - the Chief Financial Officer;
 - the Director of Environment, Quality and Assurance;
 - the Regulation Director; and

- the Legal Director/General Counsel.
- (e) A duly convened meeting of the Committee at which a quorum is present shall be authorised to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

3. Secretary

The Company Secretary or their nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the business of the meeting.

4. Meetings

- (a) The Committee will meet at least three times a year and otherwise as required.
- (b) Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chair or any of its members.
- (c) Unless otherwise agreed, reasonable notice of each meeting together with an agenda of items to be discussed and supporting papers shall be provided to each member of the Committee and any other attendee as required.

5. Minutes

- (a) The secretary or their nominee shall minute the proceedings and decisions of all Committee meetings and retain copies of the papers.
- (b) Minutes of Committee meetings shall be circulated to Committee members and, where appropriate, other meeting attendees.

6. Duties

(i) Review and approval of key regulatory submissions

Prior to submission to the Board for approval, the Committee will review the Company's regulatory submissions to the Environment Agency, Ofwat and the Drinking Water Inspectorate in order to satisfy itself (i) that the Company has taken all reasonable steps to meet the relevant regulatory reporting requirements and (ii) as to the adequacy of the governance and assurance processes which are in place to support those regulatory submissions. Key submissions will include (but are not limited to):

- (a) Charges Schemes;
- (b) Annual Performance Report and associated regulatory accounts;
- (c) WINEP submissions;
- (d) DWMP assurance documents;

- (e) WRMP assurance documents;
- (f) Pollution Incident Reduction Plans (PIRPs) the delivery of which is mandated under the Water (Special Measures) Act 2025;
- (g) Annual service commitment plans; and
- (h) Delivery Plans to be submitted to Ofwat.

(ii) Review and approval of key submissions to third parties in relation to major projects

Prior to submission to the Board for approval, the Committee will review the Company's submissions to RAPID and other regulatory bodies in respect of the development of the Fens and Lincolnshire Reservoirs.

(iii) Oversight of key regulatory risk areas

Receive reports and data in relation to:

- (a) investigations threatened or ongoing in relation to the Company where the focus of such regulatory investigations relates to an Operational Area;
- (b) material investigations undertaken by regulators in relation to other water/water and sewerage companies where the focus of such investigations relates to an Operational Area;
- (c) compliance with any undertakings given to Ofwat pursuant to WIA s19 insofar as such undertakings relate to compliance failures;
- (d) feedback provided by any regulator on a regulatory submission.

(iv) Oversight of compliance with key duties under the Water Industry Act ("WIA") and associated legislation

- (a) Review compliance (and any supporting assurance) in respect of such areas of legislation or regulation as the Committee sees fit, including:
 - WIA Section 37 (General duty to maintain water supply system);
 - WIA Section 94 (General duty to provide sewerage system);
 - Urban Waste Water Treatment Regulations 1994;
 - Environmental Permitting (England and Wales) Regulations; and
 - Water Supply (Water Quality) Regulations 2016
- (b) Review emerging regulations, regulatory risks and changes in the regulatory environment which are liable to lead to a requirement for new or revised compliance activity.

- (c) Advise the Board on the implementation of regulations and regulatory changes.
- (d) Receive and review reports (including, where applicable, internal audit and assurance reports) on:
 - compliance with key parameters in environmental permits including, but not limited to, FFT and DWF compliance;
 - pollution incidents (including legally privileged reports on incidents at higher risk of enforcement action by the EA);
 - dry day spills;
 - water quality non-compliance which is at higher risk of prosecution pursuant to the Water Supply (Water Quality) Regulations 2016
 - any other matter which is at risk of regulatory enforcement action including (for example) alleged instances of mis-reporting of regulatory data.
- (e) Report to the Board on any areas of non-compliance identified and, if appropriate, make recommendations regarding areas for consideration.

7. Areas excluded from the scope of the Committee

The Committee shall not have oversight of following areas:

- (a) The Price Review submission to Ofwat (five year business plan) including any representations or other responses to Ofwat;
- (b) Performance data insofar as such data relates to the delivery against ODIs, PCDs or financial targets;
- (c) Compliance with financial reporting requirements;
- (d) Compliance with the Company's corporate governance code;
- (e) Whistleblowing reporting (save to the extent that the subject matter of a whistleblowing complaint is remitted by the ARC Chair to the Committee for review);
- (f) Compliance with lending documentation (including the CTA);
- (g) Compliance with policies in relation to dividend payments;
- (h) Compliance with remuneration policies or regulations;
- (i) Compliance with Health & Safety legislation; and
- (j) Compliance with "general" legislation (i.e. legislation which is not specific to the Water Industry) including legislation to combat financial crime, money-

laundering activities, fraud, sanctions and bribery, and the Competition Act 1998.

8. Reporting responsibilities

- (a) The Committee Chair shall report to the Board after each meeting on the nature and content of the discussion, recommendations and actions to be taken.
- (b) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9. Other matters

The Committee will:

- (a) Have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for advice and assistance as required.
- (b) 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.
- (c) Ensure that a periodic evaluation of the Committee's own performance is carried out.
- (d) At least annually, review its terms of reference in conjunction with the ARC chair and recommend any changes it considers necessary to the Board for approval.

10. Authority

- (a) The Committee is authorised to select, appoint and agree the terms of appointment of any advisers deemed appropriate by the Committee to provide advice to the Committee, including those used by management provided no conflict of interest arises, and invite such advisers to attend meetings to assist the Committee, at the Company's expense and through the Company Secretary's office where applicable. It is anticipated that such advisers may include an individual with water sector experience.
- (b) The Committee is authorised to investigate any matter within its remit, seek any information from any of the Group's directors and/or employees which is necessary to enable it to satisfactorily discharge its duties and make recommendations to the Board where action or improvement is needed, and commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company.