

INDEPENDENT CUSTOMER CHALLENGE GROUP – SOUTH EAST WATER



ENGAGEMENT SUB GROUP TERMS OF REFERENCE June 2017

1.INTRODUCTION

These Terms of Reference for South East Water's Customer Challenge Group Engagement Sub-Group (ESG) have been developed by the main CCG and agreed by them.

This document should be read in conjunction with the Terms of Reference for the main Customer Challenge Group (CCG).

2.ROLE

The ESG has three distinct functions:

- I. To support the main CCG in its duties in relation to the challenge and assessment of the Company's PR19 engagement as set out in Ofwat's May 2016 customer engagement policy statement and related guidance.
- II. To undertake a more detailed review of the research methods, topic guides and questionnaires that are included within the Company's research programme
- III. To share knowledge and insight with CCG members and the Company on other external research methods and studies that may be relevant to the Company's research programme

The following items will remain in the scope of the main CCG:

- I. Review and critique of the Company's overall research and engagement programme, its aims and objectives.
- II. Review and critique of the findings from each stage of the research.

3. AUTHORITY AND POWERS

As outlined in Section 2 the ESG will provide feedback to the Company on its proposals in relation to suggested research methods, topic guides and questionnaires.

Any significant changes to overall research programme or the aims and objectives of the programme will be discussed with the main CCG to allow all members to provide comment and challenge.

The Company is not obliged to adopt all of the recommendations or act in response to the challenges from the ESG. The ESG or CCG may escalate issues to the SEW Board to make a formal Challenge. Where this is the case, and the Board rejects taking action, it will publish its reasons.

4. CHAIR

The Chair of the main CCG will act as the Chair of the ESG, unless otherwise agreed with the members of the ESG.

In between meetings of the Sub Group, the Chair will be the principal link between the Group and the Company but will ensure that all Group members are kept informed and involved.

5. MEMBERSHIP

The ESG should have a minimum of 4 members of the CCG including the Chair.

The Chair shall determine the appointment of CCG members on to the ESG.

The quorum necessary for the ESG will be 3 members of the Sub Group. In the absence of the Chair, the Chair may nominate a deputy to chair a meeting. If the chair is unable to do so, the members may elect a Chair for the meeting.

6. FREQUENCY AND LOCATION OF MEETINGS

The ESG will meet at least 6 times a year when performing its role. Meetings will also be convened when a need arises.

Meetings will be held either by conference call, webex or in person. The format of each meeting will be agreed with the Chair in advance of each meeting.

Communication and decisions will also take place remotely including by telephone and email between meetings as necessary.

7. SECRETARY

To ensure its efficient operation the Company will provide sufficient secretariat function for the ESG.

8. NOTICE OF MEETINGS

Meetings of the ESG, other than those regularly scheduled as above, shall be summoned by the Secretary of the CCG at the direction of the Chair.

Meeting dates, times and venues shall be advised wherever possible, no less than twenty-one days in advance of the meeting. In exceptional circumstances, meetings can be called at shorter notice, at the discretion of the Chair.

Unless otherwise agreed, an agenda of items to be discussed and supporting papers shall be forwarded to each member of the ESG and any other person required to attend in advance of the meeting.

9. MINUTES OF MEETINGS

The secretary shall provide summary minutes of all meetings of the ESG highlighting any challenges made, key issues discussed and any other actions.

Minutes of the meeting will be provided to the main CCG and the Chair will provide an update to the main CCG on key issues or points of discussion at each CCG meeting.

10. CHALLENGE LOG AND FEEDBACK

Challenges made by the ESG will be recorded on the main CCG Challenge Log. This includes challenges made outside of the formal ESG meetings. The ESG will also document advice given and feedback.

11. STYLE AND CONDUCT OF MEETINGS

It is expected that:

- Group discussions will be robust and challenging but should always be conducted with civility and respect.
- All participants both the Company and the members, contribute fully and candidly to all discussions.
- Wherever possible the ESG will reach a consensus position. Where this is not possible the divergent views will be captured. It will not

prevent a member or organisation represented from making direct representations to the company or regulators.

12. ATTENDEES AND OBSERVERS

Two members of the company will normally be in attendance at Sub Group meetings and discussions but will withdraw whenever the Sub Group needs to deliberate without company representatives.

Other company staff may attend the Sub Group for particular agenda items where they have relevant responsibility or knowledge.

Organisations other than the Company - such as Ofwat and consumer or community groups - will attend meetings by invitation where this would facilitate the work of the Group.

13. MEMBERS RESPONSIBILITIES

- All members will act in an independent capacity in carrying out the duties of the ESG as outlined in this Terms of Reference.
- ESG members should never substitute their views for customer views.
- While members are not asked to sign a formal agreement, ESG members must maintain appropriate commercial, intellectual property and personal property data confidentiality. The Company will flag documents and information shared which is sensitive.
- All conflicts of interest must be declared. A conflict of interest register will be maintained and published on the website. This will be updated annually by the Secretariat. Members will be invited to declare any specific conflicts of interest arising at each meeting.
- The ESG will take responsibility individually and collectively to ensure members have a good understanding of the main obligations, issues and priorities needed to carry out their role on the ESG.
- All members will ensure any challenges they have made or advice given to South East Water is captured in the Challenge Log.
- All members will work collaboratively, proactively sharing relevant learning and information.

14. GOVERNANCE

The ESG shall be responsible for periodic reviews of its operational performance and, at least annually, review its Terms of Reference to ensure it is operating at maximum effectiveness. Changes can be recommended by any CCG or ESG member, South East Water or Ofwat and will be agreed by the CCG and the ESG.