

## BRITISH WATERWAYS BOARD

### FAIR TRADING SUB-GROUP – TERMS OF REFERENCE

#### 1. **MEMBERSHIP**

- 1.1 The sub-group shall comprise 2 or more members of the board all of whom shall be appointed by the Board (usually on recommendation of the Nominations Committee). The Chairman of the Board may attend the sub-group but shall not be a member.
- 1.2 The quorum for meetings shall be 2 members of the sub-group.
- 1.3 If a regular member is unable to act due to absence, illness or any other cause, the chairman of the Audit Committee may appoint another member of the Board to serve as an alternative member.
- 1.4 If at any time the membership of the sub-group is greater than two, one of its members shall be appointed chairman of the sub-group by the Board.

#### 2. **ATTENDANCE AT MEETINGS**

- 2.1 The sub-group may invite other Board members, the Chief Executive, other executive directors and/or advisers to attend meetings whenever appropriate.
- 2.2 The Secretary to the Board (or his nominee) shall act as the secretary of the sub-group.

#### 3. **FREQUENCY OF MEETINGS**

- 3.1 The sub-group shall meet not less than four times a year and at such other times as it considers necessary.
- 3.2 A meeting of the sub-group may be called by any member of the sub-group or by the secretary.
- 3.3 Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to each member of the sub-group prior to the date of the meeting in a timely manner.

#### 4. **AUTHORITY**

- 4.1 The sub-group shall (subject to the concurrence of the chairman of the Audit Committee) have the power to employ at BW's expense, the services of such advisers as it deems necessary to fulfil its responsibilities. Those advisers may include auditors (external or internal), economists, lawyers or other relevant professionals.
- 4.2 The sub-group is authorised to seek any information it requires from any employee of BW in order to perform its duties.

## **5. DUTIES**

The sub-group shall provide to the Audit Committee and/or Board as appropriate a non-executive informed scrutiny and oversight of compliance by BW and its subsidiaries of their fair trading commitments and obligations; and in particular it shall:

- 5.1 to review from time to time the policies, plans and business procedures of BW and its subsidiaries in order to anticipate any risk of material non-compliance and to make recommendations for the elimination or mitigation of that risk;
- 5.2 from time to time consider and make recommendations to the Board on the formal adoption of fair trading commitments additional or ancillary to the requirements of domestic and European competition law;
- 5.3 make or commission such inquiries, audits or investigations as it considers necessary to provide reasonable assurance of the compliance by BW and its subsidiaries with the fair trading commitments of the Board and/or the requirements of domestic and European competition law;
- 5.4 to monitor any complaints of non-compliance made under the internal complaints procedure or Waterways Ombudsman Scheme and where considered appropriate to make recommendations in a timely manner; and
- 5.5 to review, and challenge where necessary, the actions and judgements of management in relation to fair trading obligations and any actual or potential risk of material non-compliance.

## **6. REPORTING PROCEDURES**

- 6.1 A report of the proceedings of the sub-group shall be made to the next following meeting of the Audit Committee. The sub-group may report direct to meetings of the Board whenever it considers it to be appropriate or necessary.
- 6.2 The sub-group shall provide a written report on its activities in each financial year that shall be published in the Annual Report of the Board.
- 6.3 The Secretary shall minute the proceedings and resolutions of all meetings as well as keep appropriate records.
- 6.4 Copies of the minutes of the meetings shall be circulated to all members of the sub-group, and to the other members of the Board;