

**2021 ANNUAL GENERAL MEETING  
OF  
PENNON GROUP PLC  
22 JULY 2021  
CHAIR'S STATEMENT**

**INTRODUCTION**

Good afternoon everyone and welcome to Pennon's 2021 Annual General Meeting.

My name is Neil Cooper, and I am the senior independent director of Pennon. Our Chair, Gill Rider has unfortunately been "pinged" today and is unable to be present in person and so, under Article 33, as Deputy Chair, I am assuming the role of Chair of the meeting. I will now introduce pre-recorded updates from our Chair and CEO.

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**PRE-RECORDED STATEMENT FROM PENNON CHAIR, GILL RIDER**

Good afternoon everyone and welcome to Pennon's 2021 Annual General Meeting.

My name is Gill Rider, and I am the chair of Pennon.

I am joined at today's AGM by all of my Board colleagues.

- Our Non-Executive directors, Neil Cooper, our Senior Independent Director and chair of our audit committee,
- Jon Butterworth, chair of our health and safety committee,
- Iain Evans who chairs ESG and
- Claire Ighodaro, the chair of our Remuneration Committee.
- We are also joined by Pennon's Chief Executive, Susan Davy,
- Pennon's Group Finance Director, Paul Boote and
- Simon Pugsley, our Group General Counsel and Company Secretary.

I can confirm we are quorate.

Today is a first for Pennon as we hold the AGM both remotely, by video link, and physically here in

Exeter.

I'd therefore like to extend my welcome, to all of you online and to those of you here with us today. To our Watershare plus customers, a special welcome to those attending their first AGM as shareholders.

Thank you all for joining us.

Before I reflect on this year's progress, I would like to take a minute to express my great thanks to everyone within Pennon, South West Water and Bournemouth Water, for their continued providing essential services while efforts dealing with Covid.

It has been a challenging time for everyone. It takes courage, determination and professionalism to go out to work every day to face the pandemic. Even today we face great uncertainty. The way everyone has responded has been truly inspirational.

Our first priority throughout has been to support all of our employees and ensure safe working. We will continue our dedicated focus on our employees' health, well being and safety. As a society we are now learning to live with Covid; at Pennon we will implement the highest standards to help keep everyone safe.

For customers, we prioritised help for those who needed it most, expanding our affordability support, for over 67,000 customers, an increase of 11% on last year.

In addition to thanking all our employees, I'd like to thank Susan and our Executive team, who have led the Group, demonstrating care and compassion for our employees, and continuing to deliver safe and resilient services to our customers and the communities who rely on us.

Thank you for your exceptional leadership through this difficult year.

While dealing with the global pandemic, this year has been one of good progress for the Group.

In July last year, we sold Viridor, generating proceeds of 3.7 billion pounds net cash. This was a significant transaction and a core part of our strategy to focus on growth and excellence in the UK Water Industry.

In June this year, we announced our acquisition of Bristol Water, adding talented people and a great business to the Pennon Group. On behalf of the Board I would like to extend a warm welcome to

everyone in the Bristol team.

At the same time, we've focused on building a strong foundation for Pennon, reducing debt levels, increasing pension contributions, and supporting the South West region to build back greener. These investments will create 500 jobs and address the most pressing issues that customers tell us they care about most - the environment and public health.

At our Extraordinary General Meeting, held just over two weeks ago, here in Exeter, we proposed to return £1.5 billion of the proceeds from the sale of Viridor as a special dividend. I'm pleased to say, shareholders voted to support all the resolutions.

And today, we are proposing a final dividend of 22.46p on a post share consolidation basis, which we will vote on later. This reflects the sector-leading position of the Group, bringing a total dividend for the year to 32.61p on a post share consolidation basis, and an increase of 3% on last year.

Operationally we have made a strong start to the new regulatory period in South West Water. Susan will talk more about this in a few minutes. Despite the challenges of the pandemic, the performance of the business has been resilient and we are on track or ahead on the majority of our performance measures, our ODIs.

We also acknowledge that we must do more in some areas, notably pollutions. The Board has focused significant attention on this over the course of this year, ensuring we are working closely with our regulators and have a robust plan in place.

We are all living in a world significantly challenged by the climate change crisis and every company needs to do more to address and protect our environment. The terrible events in Germany last week bring home how real this crisis is now.

We have stated our commitment in our purpose "to support the lives of people and the places they love for generations to come."

We are committed to making a difference to the communities we serve.

This year we have delivered improvements in over 20,000 hectares in key catchments, improving water quality, biodiversity and natural capital. We have planted over 100,000 trees.

And we have ambitious targets to achieve net zero by 2030, 20 years ahead of the UK's commitment. The Board has set out an implementation plan, to transform how we work

sustainably, champion renewables and reduce carbon emissions.

At the heart of any great business are its people. We continue to invest in our people. We have trained nearly 650 apprentices over the past few years. And we continue as a Board to prioritise Health and Safety. I'm delighted with Richard Rogers' recent appointment to drive this focus further.

This year, we were also the first company in the South West to sign up to the Government's Kickstart programme and are providing 50 placements for young people from disadvantaged backgrounds. Another first will be the 26 Graduates who join us in September, as they embark on our first Pennon wide Graduate programme. I look forward to meeting our class of 2021.

In summary, this has been a good year in extraordinarily difficult circumstances.

We are building a sustainable future, focused on UK Water, committed to delivering for all our stakeholders, now and for generations to come.

Thank you, now over to Susan.

*A pre-recorded statement from Pennon CEO, Susan Davy, was shown after the Chair's Statement; relevant extracts from Susan Davy's statement are included in the [AGM Q&A Summary document](#).*

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## **SHAREHOLDER QUESTIONS**

I'd now like to turn to questions and answers.

Shareholders were invited to submit Questions in advance of today.

Simon Pugsley, our Company Secretary, will take you through key themes from pre-submitted questions as well as any questions submitted remotely during the meeting.

Thank you, Simon.

I now turn to questions from our shareholders in the room.

If you wish to ask a question please give your name and ensure that you speak directly into the microphone.

Thank you for those questions.

*A summary of AGM Q&A can be found [here](#).*

## **FORMAL BUSINESS**

We now move to the formal business of the meeting.

The Notice calling the Meeting was issued to all shareholders with our Annual Report.

I'm pleased to confirm that there are sufficient Shareholders present today to form a quorum.

I'll treat the Notice of Meeting as having been read.

Is that agreed?

Thank you.

All today's resolutions are in the Notice of Meeting.

Therefore, I don't propose to read them out when we vote.

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We now come to the Auditors' Report.

The report on both the Group's and the Company's financial statements by the independent Auditors, Ernst & Young LLP, is contained in the Annual Report and Accounts.

Perhaps I could treat the Auditors' Report as having been read?

Is that agreed – thank you.

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Before I propose the Resolutions may I remind everyone that only Shareholders, Proxies and corporate representatives can vote.

To do so please complete your voting card for each resolution, so that it can then be collected from you.

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So, I now propose Resolution 1, that the annual accounts and report for the year ended 31 March 2021 be received and adopted.

I now come to the Second Resolution dealing with payment of the final dividend.

The Board recommends a final dividend of 22.46 pence per share, post consolidation, to be paid on 2 September 2021 and I now propose this as Resolution 2.

I now propose Resolution 3, which is approval of the Directors' remuneration report for the financial year ended 31 March 2021.

In accordance with the UK Corporate Governance Code, all our Directors stand for re-election annually.

Resolutions 4 to 10 therefore propose re-election of each Director of the Company.

Information about each Director is included in the Annual Report and also in the Notice of Meeting.

I now put to the meeting, Resolution 4, for the re-election of Gill Rider.

I propose Resolution 5, re-election of Susan Davy.

I propose Resolution 6, re-election of Paul Boote.

As Resolution 7 is for my own re-election, I will now hand over to Claire Ighodaro.

***Claire Ighodaro took the chair, and stated:***

I now put to the meeting, Resolution 7, for the re-election of Neil Cooper.

***Claire Ighodaro passed the chair back to Neil Cooper, who resumed:***

Thank you, Claire

I propose Resolution 8, re-election of Iain Evans.

I propose Resolution 9, re-election of Claire Ighodaro.

I propose Resolution 10, re-election of Jon Butterworth.

We now come to re-appointment and remuneration of the Auditor.

I propose Resolution 11, for the re-appointment of Ernst & Young LLP as the Auditor of the Company to hold office until the conclusion of the next Annual General Meeting.

I now propose Resolution 12, that the Audit Committee be authorised to determine the remuneration of the Auditor on behalf of the Board.

I propose Resolution 13 to authorise political donations and expenditure up to the specified limits set out in the Notice of Meeting.

I now propose Resolution 14 to authorise the Directors to allot shares as set out in the Notice of Meeting.

The next four resolutions are special resolutions.

I propose Resolution 15, to authorise the general disapplication of pre-emption rights.

I now propose Resolution 16, to authorise the disapplication of pre-emption rights in connection with an acquisition or specified capital investment.

I propose Resolution 17, to authorise the Company to make market purchases of shares.

I propose Resolution 18, that a general meeting, other than an AGM, may be called with at least 14 clear days' notice.

***Voting Procedure:***

Today's vote will be via a poll, combining the in-person votes with the proxy votes of shareholders cast in advance.

On the screen, you can now see details of the votes cast in advance.

As Chair, I am entitled to exercise the proxy votes received from all shareholders who appointed the Chair of this meeting as their proxy.

Since proxy votes were received both in favour of and against the Resolutions, I will place a vote both for and against the Resolutions on the poll so that, as required by law, I have

voted in accordance with the proxy instructions given to me.

I am in favour of all the Resolutions which, as you know, have been recommended by the Board.

If you have a voting card please now complete it, hold it up and we will collect it.

There will be a short interval whilst this happens.

***Declaration of Results:***

I can now confirm that all the resolutions have been carried,

all having well over the required majority.

A summary of the final voting position will be announced later, also accessible via our website.

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**CLOSE**

Ladies and Gentlemen, that concludes the formal business of the meeting, and I declare the meeting closed.

Thank you for taking the time to join us today.

I wish you all a safe journey home and we very much look forward to seeing you next year.

THANK YOU.