
Anti-Bribery and Corruption Policy

PURPOSE

The purpose of this policy is to explain Pennon's expectations in relation to countering bribery and corruption. It sets out our responsibilities as Pennon people, and of those working on our behalf, in meeting the Group's zero tolerance of bribery and corruption.

SCOPE AND APPLICATION

The Group General Counsel and Company Secretary has responsibility for this policy. It has been approved by the Pennon Group Board and applies across the Pennon Group and its subsidiary companies ("Group").

GOVERNANCE

One of our guiding principles is acting fairly and responsibly in everything we do. To achieve this we're committed to promoting and maintaining the highest level of ethical standards in relation to how we do business.

Our reputation for acting lawfully is crucial to us and this Policy is designed to make sure we preserve and protect it. The Pennon Group has a zero tolerance policy towards bribery and corruption and we're committed to implementing and enforcing effective systems to counter them.

We require everyone who works for us, to act honestly and with integrity at all times. We will not tolerate anyone employed by us, or associated with us, regardless of location or position to be involved in any level of bribery or corruption. You are required to read, understand and comply with this Policy and report any circumstances which may breach it, either to your line manager or by using our confidential Speak Up service www.speak-up.info/pennon.

Definitions of Terms Used in this Policy

Bribery: Is offering, promising or giving anything to improperly influence someone in order to obtain business for a Pennon Group company. It also covers requesting, offering or accepting anything as a reward or incentive to act improperly in relation to a Pennon Group company being awarded business.

Bribes can include money, gifts, hospitality, expenses, favours, political or charitable contributions, or any direct or indirect benefit or consideration.

Corruption: Is the offering, giving or acceptance of an incentive or reward which might influence or reward the actions taken by an Organisation/Company or its members.

Fraud: Is the use of deception to gain an advantage and to the detriment of someone else; this advantage may be monetary, avoiding a negative consequence, or improving a relationship. This could involve improper use and or alteration of orders, invoices, travel claims, time sheets, expenses, holiday entitlement, flexi-time, petty cash. It may also cover a number of other acts, such as failure to disclose information or abuse of position. Electronic fraud is a growing area; this could include hacking into systems and identity theft.

Workers: Anyone performing duties on behalf of any Pennon Group company, whether or not employed directly.

Facilitation Payments: Payments that are requested by Foreign Government Official to speed up a routine government action, such as:

- Processing licences, permits, or other official documents;

- Processing government paperwork such as visas and work orders.

Third party/parties: Include agents, brokers, partners, consultants, contractors, joint venture partners and other representatives performing work for the benefit of any Pennon Group company.

Policy

Bribery and Corruption

It is illegal to pay or receive a Bribe, whether paid or received directly or indirectly. There is no need for the Bribe to be successful to be viewed as corrupt. The offering of it, or asking for it, is enough to amount to a criminal offence. Therefore, all staff:

- Must conduct all transactions openly with fairness & honesty
- Must include in agreements with third parties, appropriate clauses to ensure that people working on our behalf do not engage in any illegal or improper conduct
- Must ensure that third parties maintain similar anti-bribery policies
- You must not receive, offer, promise, improperly influence payment, or authorise payments or contract awards in return for anything of value (a bribe).

Facilitation Payments and Kickbacks

It is illegal to make any sort of payment or give anything of value to a Foreign Government Official where it is to gain commercial advantage for Pennon. This can include easier or quicker passage through Customs, or any other form of bribe. Facilitation payments made anywhere in the world are prohibited by Pennon.

You must not make or accept facilitation payments or “kickbacks” of any kind.

Gifts, Hospitality, Entertainment and Travel Expenses

Provision or receipt of business, gifts hospitality and/or other benefit and travel expenses must comply with Pennon’s Gifts and Hospitality Policy, which can be found on the Group Legal web page.

Political and Charitable Donations

Donations must not be made to improperly influence the recipient or in exchange for any business advantage. Any political donations must be approved in advance by the Group General Counsel & Company Secretary, details overleaf.

All charitable donations must be dealt with through the Pennon Charitable Donations Committee.

Third Party Payments, Use of Agents and Due Diligence

You must not make a payment to a third party if you know or suspect that the person may use any part of it as a bribe.

Before engaging with a third party, you must undertake appropriate due diligence checks. This must include a corruption risk assessment of factors including the third party’s potential business partners and the nature of

the proposed work or transaction. If you need help with this, please contact the Head of Legal Compliance, details overleaf.

Record Keeping

All payments made or received must be accurately recorded in Pennon's books and records. All financial transactions must be authorised by appropriate management in accordance with internal control procedures.

Obligation to Report Breaches, or if you suspect a fraud or other irregularity

If you suspect there may have been a fraud or other irregularity, it is your responsibility to report it in accordance with this policy and the Speak Up policy which can be found on the Group Legal web page. You should never allow yourself to be intimidated into inappropriate behaviour.

All matters you report will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure Act 1998, which protects your interests.

Training

Training on this policy will be provided on a regular basis.

Legal Consequences for Breaches of Anti-Bribery and Corruption Laws

You could be subject to disciplinary action, up to and including dismissal from the company.

If you are prosecuted, the maximum penalty for an individual is an unlimited fine, ten years imprisonment, or both. The maximum penalty for an organisation is an unlimited fine and substantial investigation expenses. In addition, under certain anti-corruption laws, the directors and senior officers of Pennon could be held personally liable for the breaches committed by Workers and third parties and face significant fines and/or imprisonment.

PROTECTION

We aim to encourage openness and will support anyone who raises genuine concerns in good faith.

Additionally, we are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because they report any suspicion of actual or potential bribery or corruption.

PREVENTATIVE MEASURES

Risk assessment

We conduct regular risk assessments to drive the identification and evaluation of our risks to ensure a risk-based approach in undertaken to implement appropriate measures and controls.

Effective monitoring and internal control

Our businesses must all maintain an effective system of internal control and monitoring of our transactions. Once bribery and corruption risks have been identified and highlighted via the risk assessment process, procedures will be developed in order to mitigate these risks on an ongoing basis.

How to Raise a Concern

If you want to ask a question about this policy, or are concerned that a breach is occurring or has occurred, you should report immediately as follows:

As a first step, you should normally raise concerns with your immediate line manager. If you do not feel able to talk to your line manager, you can tell:

- ✓ Pennon Internal Audit
- ✓ Pennon Head of Legal Compliance
- ✓ Pennon Group General Counsel & Company Secretary

If you feel uncomfortable about raising concerns internally, there is an external and completely confidential 'Speak Up' hotline (**0808 196 5852**) you can use. This service allows you to report by phone, online, email and/or recorded message. It also offers language and translation capabilities and can be used by anyone on an anonymous basis.

Although you are not expected to prove the truth of your allegation, you will need to show that there are sufficient grounds for your concern.

What happens next?

After being reported, the matter will be investigated and where possible you will be informed of the findings. We take all reasonable steps to maintain the confidentiality of the person(s) reporting the issue where requested, unless it is legally not allowed to do so.

How the matter can be taken further

We hope you will be satisfied that the policy provides an appropriate way of dealing with concerns. If you are not satisfied and want to take the matter to outside bodies, such as regulators or the police, Public Concern at Work (an independent registered charity, details below) will be able to advise on your options.

Contact details

The Group General Counsel and Company Secretary

Andrew Garard

asgarard@pennon-group.co.uk

Head of Legal Compliance

Sylvia Kong

skong@pennon-group.co.uk

Speak-up Hotline

0808 196 5852

VERSION HISTORY

This section of the policy should be completed to detail changes made to the policy.

VERSION	STATUS	AREA OF CHANGES	DESCRIPTION OF CHANGES	APPROVED BY	DATE OF RELEASE DD/MM/YYYY
1.0	Current	All	Final Version	Pennon Board	25/03/2021 ¹

¹ Contact details were updated on 2 December 2022