Anti- Modern Slavery and Human Rights

PURPOSE

The purpose of this policy is to outline the requirements on Group companies. It also sets out our responsibilities and of those working for and on our behalf, in preventing modern slavery or other associated human rights infringements occurring within our businesses or supply chain. This policy will provide information and guidance on how to uphold human rights and how to recognise and deal with modern slavery and associated infringement of human rights issues.

Modern slavery is a criminal offence under the Modern Slavery Act 2015 (the "Act").

This policy's use of the term "modern slavery" has the meaning given in the Act.

SCOPE AND APPLICATION

This policy is managed by the Group General Counsel and Company Secretary, approved by the Pennon Group Board and enforced without discrimination across the Pennon Group and its subsidiary companies.

GOVERNANCE

Human rights

It is our policy to conduct all of our business in an honest and ethical manner. We are dedicated to the upholding of internationally recognised human rights standards in all our operations consistently throughout the Group.

In accordance with our values, we are committed to having open and fair in dialogue with all our stakeholders on Human Rights issues and commit to communicate effectively and respectfully with all parties concerned. We respect all fundamental human rights and are guided in the conduct of our business by the provisions of the United Nations Universal Declaration of Human Rights, the International Labour Organisation's (ILO) core labour standards and national legislation.

Modern slavery

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

We have a zero-tolerance approach to modern slavery. We are committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains.

Our approach to modern slavery is consistent with our Code of Conduct. Our commitment is demonstrated as a signatory to the UN Global Compact (and its ten fundamental principles), which aims to unify worldwide business strategies and operations with universal principles on human rights, labour, environment and anti-corruption.

We will uphold all laws and are committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains, consistent with our disclosure obligations under the Modern Slavery Act 2015.

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In this policy, **third party** means any individual or organisation you come into contact with during the course of your work for us, and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

In addition to our own activities, we expect the same high standards from all of our contractors, suppliers and other business partners, as set out in our Code of Conduct for Supply Chain Partners. As part of our contracting processes, we include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children. We expect that our suppliers will hold their own supply chain to the same high standards.

Our key areas of focus

- **Equality and Diversity**: Our commitment is to provide a safe and inclusive working environment where all people are treated fairly and with respect. Our **Code of Conduct** sets out our commitment and these responsibilities. We require our suppliers and contractors to comply with any local legislation which applies to equality and diversity, as well as adhering to our behaviours and values.

- **Freedom of Association and Collective Bargaining**: We respect the right of our employees to join or not to join a trade union. Collective Bargaining is allowed and, for staff delivered through negotiations with the Group's union representatives. We require our suppliers and contractors to similarly respect their employees' right to join a trade union or to partake in collective bargaining.

- **Child Labour**: We operate in the UK and comply with all relevant laws, and we will not employ young persons under the age of 18 in a hazardous role or at night. We do not tolerate the use of child labour and require that our suppliers do not to use children in their operations (including in their value chain).

- **Modern Slavery**: We have a policy of zero-tolerance towards acts of modern slavery and any associated acts which are unlawful. Our commitment is set out under this policy and our Codes of Conduct.

- **Labour rights**: We provide fair working conditions for our employees including terms and conditions of employment, remuneration, working hours, resting time, holiday entitlements, maternity/paternity leave and benefits in compliance with all applicable legislation. We have policies which set out our commitment and responsibilities. Further, we expect our suppliers to comply with similar requirements.

- **Remuneration**: We are committed to ensuring that our employees are paid appropriately in compliance with law and require our suppliers to comply with all applicable law and are working towards initiatives to identify and close gender pay gaps.

- **Safe and Healthy Workplace**: We are committed to delivering high standards of health and safety management and aim to continually improve our performance, always seeking to reduce risk. We believe in always doing the right thing and in doing it safely, without unnecessary risk to people's health and will comply with all relevant law. Our **Health and Safety Policy,** which sets out our commitment and our responsibilities, also requires our suppliers and contractors to comply with all applicable law as well as adhering to our values.

- **Vulnerable Customers**: We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. We acknowledge that the individual circumstances of some of our customers leave them significantly less able to represent their own interests and more likely to suffer harm or disadvantage. We have developed assessments to help identify our vulnerable customers and have in place tailored and flexible processes and practices to support the provision of a suitable level of service and expertise to enable the vulnerable customer to engage with us. Where relevant, we require our suppliers to adhere to these values.

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- **Communities**: we recognise our impact on the communities in which we operate and serve. We are committed to engaging with stakeholders in those communities to ensure that we are listing to, learning from and taking into account their views as we conduct our business. Our commitment is demonstrated by providing economic opportunity and fostering goodwill in the communities in which we operate through innovative programmes, such as our **Kick Start** initiative.

- **Environmental impact**: Conserving and protecting the environment is a principle of high importance for us and we will not engage in activities that have unacceptable risks or effects on the environment. We ensure that we minimise our impact, and that any such risks shall be identified as early as possible to facilitate timely and appropriate actions to avoid methods of operation which give rise to environmental risks where there are suitable alternatives available. Our initiatives in this area include our **Upstream** and **Downstream Thinking** programmes. We endeavour to ensure our supply chain also strive for environmentally positive options whenever possible. We are committed to being **Net Zero Carbon by 2030** and have adopted planning and systems which allow the impact of our work on the environment and communities to be evaluated and considered with a view to minimising any negative impact.

Your responsibilities

You must ensure that you read, understand and comply with this policy.

The prevention, detection and reporting of modern slavery and other forms of human rights infringement are the responsibility of all those working for us or under our control. You are required to avoid any activity that might lead to, or suggest, a breach of this policy.

Management at all levels are responsible for ensuring those reporting to them understand and comply with this policy and are given adequate and regular training on it including on the issue of modern slavery.

The compliance of this policy including preventing, detecting and reporting modern slavery in any part of our business or supply chains is the responsibility of each of us and for those working for us or under our control.

How to raise a concern

You must notify the Legal Compliance team (legalcompliance@pennon-group.co.uk), the Group General Counsel and Company Secretary, Head of Legal Compliance or use the confidential SpeakUp helpline (**0808 196 5852**) as soon as possible if you believe or suspect that a breach of this policy has occurred or may occur in the future.

This includes raising concerns about any issue or suspicion of modern slavery in any parts of our business or supply chains of any supplier tier at the earliest possible stage.

You should note that where appropriate, we may give support and guidance to our suppliers to help them address coercive or exploitative work practices in their own business and supply chains.

If you are unsure about whether a particular act, the treatment of workers more generally, or their working conditions within any tier of our supply chains constitutes any of the various forms of modern slavery, raise it with the Legal Compliance team or the Head of Legal Compliance or through our confidential helpline, Speak Up.

Protection

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

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Additionally, we are committed to ensuring no one suffers any detrimental treatment as a result of reporting any reasonably-held suspicion of any breach of this policy.

PREVENTIVE MEASURES

Risk assessment

We conduct 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.

Risk identification pinpoints the specific areas in which we face modern slavery and human trafficking risks and allows us to better evaluate and mitigate these risks and thereby protect ourselves.

A human rights impact assessment is conducted each year. In addition, business areas must assess the vulnerability of each business unit to these risks on an ongoing basis and is supported by Group Risk and the Head of Legal Compliance. Risk assessment is intended to be an ongoing process with continuous communication between business areas and the Group Risk and Head of Legal Compliance, with an annual sign-off provided by each business unit manager to Group Risk and the Head of Legal Compliance.

Effective monitoring and internal control

Our businesses must all maintain an effective system of internal control and monitoring of our transactions. Once the risk of modern slavery and anti-human trafficking risks has been identified via the risk assessment process, procedures should be followed to tackle and mitigate these risks on an ongoing basis.

Each business unit manager must ensure that the business area for which he/she is responsible engages in effective risk assessment, acts in line with our **Code of Conduct** and implements the necessary steps to protect human rights including preventing modern slavery and human trafficking. These assessments should be undertaken with the support from Group Risk or the Head of Legal Compliance who will provide guidelines and principles for the identification, mitigation and monitoring of these risks.

Where any incidents of modern slavery and human trafficking have been reported to us, we shall also take the necessary steps to investigate and deploy mechanisms to seek remediation of adverse human rights impacts which has been caused.

Training and communication

Training on this policy forms part of the induction process for all individuals who work for us and regular training will be provided as necessary.

Our zero-tolerance approach must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter.

Business Partners

As part of our onboarding process, each business partner is required to comply with our **Code of Conduct for Supply Chain Partners.** This code sets out the principles and values which must be upheld by all suppliers, subcontractors, sub-suppliers and any other business partners associated to any businesses within the Group; it is supplemental to any contractual requirements to ensure a more detailed commitment and as part of our due diligence process and ongoing compliance monitoring, and collaborative approach with suppliers to remediate identified issues.

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Where, following risk assessment, additional risk regarding a business partner or arrangement has been identified, the relevant business unit manager in conjunction with support from Group Risk and Head of Legal Compliance, must:

- evaluate the background, experience and reputation of the business partner;
- understand the services to be provided and methods of compensation payment;
- evaluate the business rationale for engaging the business partner;
- take reasonable steps to monitor the transactions of business partners appropriately;
- ensure there is a written agreement in place which acknowledges the business partners understanding and compliance with this policy.

Breaches of this policy

Any employee who breaches this policy could face disciplinary action, which could result in dismissal for misconduct or gross misconduct.

We may terminate our relationship with other individuals, organisations and third parties working on our behalf if they breach this policy.

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
0.1	Approved	All	Final Version	Pennon Board	25/03/2021

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