

Conflicts of Interest

PURPOSE

This policy sets out Pennon's expectations in relation to conflicts of interest. It makes clear the responsibilities of our people and those working on behalf of the Group.

SCOPE AND APPLICATION

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

GOVERNANCE

It is our policy to conduct all of our business in an honest and ethical manner. We will uphold all applicable law and are committed to act professionally, fairly and with integrity in all our business dealings and relationships.

We will put in place the necessary systems to identify and manage conflicts of interest.

What is a conflict of interest?

A conflict exists when competing interests impair our ability to make objective, unbiased business decisions. You may face a conflict of interest when your professional duties as an employee of Pennon and your personal interests diverge.

Some examples:

- You have a shareholding or financial interest in another business (e.g. a potential supplier) that is tendering for work with us;
- A family member is applying for a role with Pennon;
- A close relative is a senior manager at a customer or supplier.

What is expected of you?

As our employee, you are expected to:

- Maintain the highest possible standard of integrity in all your business relationships, both inside and outside Pennon;
- Reject any business practice which might reasonably be deemed improper (including improper practices even if they might benefit us);
- Never use your authority or position for personal gain;
- At all times, act with impartiality, independence and integrity; and
- Avoid being, or seeming to be, in a position which may result in an actual or perceived detriment to the Group's reputation and/or interests.

HOW WE MANAGE CONFLICTS

Identifying a conflict

It is not possible to describe all situations or relationships which may create a conflict of interest, so each case must be considered individually.

You have a responsibility to assess the potential conflict (whether actual or perceived) at all times and seek any appropriate guidance if required.

Disclosing a conflict

Having identified a concern, you must disclose or seek direction on any issues which may potentially conflict with your responsibilities as an employee of Pennon as soon as possible after becoming aware.

Disclosure should be made to your line manager and to the Head of Legal Compliance or Group General Counsel and Company Secretary.

You must disclose all actual or perceived conflicts of interest.

Appropriate measures

Following assessment of the conflict, appropriate measures will be put in place to manage the particular situation involved. At all times, we will seek to ensure independent decision-making and avoid any reputational concerns for you or Pennon.

YOUR RESPONSIBILITIES

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

It is the responsibility of all those working for us or under our control to adhere to this policy. You are required to avoid any activity that might lead to, or suggest, a breach of this policy.

Actual conflicts of interest must be avoided, and potential conflicts of interests carefully managed, in line with this policy.

Managers must review and identify areas of risks in their business units (being each operating segment with the Group) for potential conflicts of interest and actively manage such risks and any disclosed interest. Managers must discuss conflicts of interest issues openly and manage them so that employees do not become involved in or influence situations where actual conflicts of interest occur. Managers must report any such areas of risks identified, as well as measures and controls to the Head of Legal Compliance.

HOW TO RAISE A CONCERN

You must notify your manager, the Legal Compliance Team (legalcompliance@pennon-group.co.uk), Group General Counsel and Company Secretary or Head of Legal Compliance as soon as possible if you believe or suspect that a conflict with this policy has occurred or may occur in the future. You can also use the confidential SpeakUp helpline (**0808 196 5852**) to raise any concern.

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 reporting any reasonably-held suspicion of any breach of this policy.

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.

BUSINESS PARTNERS

As part of our Sustainable Procurement Policy and on-boarding process, each business partner is required to comply with our Code of Conduct for Supply Chain Partners which sets out the principles and values which must be upheld by all suppliers, subcontractors and any other business partners working with us. (We also require our business partners to accept relevant contractual commitments).

TRAINING AND COMMUNICATION

Training on this policy forms part of the induction process for all Pennon people, and we will also provide regular refresher training.

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

BREACHES OF THIS POLICY

Any employee who breaches this policy will face disciplinary action, up to and including dismissal.

We may terminate our relationship with other individuals and organisations 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
1.0	Current	All	Final Version	Pennon Board	25/03/2021