

Gifts and Hospitality

PURPOSE

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

SCOPE AND APPLICATION

The Group General Counsel and Company Secretary is responsible for this policy. It has been approved by the Pennon Group Board and applies across the Pennon Group ("**Group**").

The giving and receiving of gifts and hospitality can play an important role in doing business. For example, a meal out with a supplier can help build a relationship, or a pen with our name on it can remind a customer of you when they need a quote.

But when is a gift inappropriate?

When is a gift a bribe?

Giving or receiving gifts, services and hospitality could leave us open to accusations of unfairness, bias or deceit - so it is important that we have a clear and transparent culture when it comes to gifts and hospitality issues.

The most important thing to remember is that hospitality, given or received must have a clear business reason and not just be for the worker's or their family's personal enjoyment.

GOVERNANCE

No gifts, hospitality or other benefits shall be accepted or offered except in accordance with the provisions set out in this policy.

No gifts, hospitality or other benefits shall be asked for or solicited from persons, groups or organisations having dealings with Pennon or any Pennon group company.

Any personal interest or hospitality event should be discussed and agreed in advance with a Director.

The table below sets out the approach to be followed for gifts and hospitality offered to our people:

Benefit received	Approach
Small gift (branded), below £100 (includes diaries, calendars, pens and so on)	Individuals may accept. No recording or approval required.
Small gift (non-branded), below £100 (includes diaries, calendars, pens and so on)	Individuals may accept. No recording or approvals required unless two or more gifts are received within a six-month period in which case notify your line manager.
Gifts exceeding £100	Gifts exceeding £100 must be approved by your Director in writing and recorded.

(includes bottles of champagne, spirits, tokens, vouchers, presents and so on)	<p>Where the value is in excess of £200 - £500 obtain prior written approval from your Director, surrender and record.</p> <p>Where the value is in excess of £500, obtain prior written approval from your Director and either the Group General Counsel and Company Secretary or Head of Legal Compliance, surrender and record.</p>
Attendance at business functions associated with your role in a Group Company or your professional status (that is, professional dinners or events)	Obtain prior written consent from your line manager and record the attendance where function exceeds £200 in value.
Attendance at purely social events (such as sporting events, horse racing, golf days)	<p>In all cases (irrelevant of value) seek prior written approval from your Director and record.</p> <p>If the value is in excess of £500, prior written approval should also be obtained from your Director or either the Group General Counsel and Company Secretary or Head of Legal Compliance and recorded.</p>
Hospitality accepted (such as lunches, dinners)	<p>Ensure that the hospitality is reasonable, proportionate, and not lavish and that the organisation would be willing to reciprocate.</p> <p>For all hospitality accepted the following steps apply: Where the value is £200 or less, then it should be reported to line manager and recorded.</p> <p>Where the value is between £200 and £500 obtain prior written approval from your Director and record.</p> <p>Where the value is £500 or more you must also obtain prior written approval from your Director and either the Group General Counsel and Company Secretary or Head of Legal Compliance and recorded.</p>

Where approval is necessary, this must be in writing (which may include email).

Non-disclosure of any personal interest, gift or accept or decline a gift, hospitality may be considered a disciplinary matter.

In most cases it's clear when you receive hospitality, but there will be sometimes when it's not. The most typical types of hospitality are invitations to sporting events, dinners or a concert. But it can also include taking part in various sports, such as golf, sailing and fishing.

If you accept a gift with the intention to raffle it off in aid of charity, you should write to the donor to let them know and then record it on the register.

There are times when you may accept or offer gifts or hospitality without entering them on the register if they are infrequent and of minimal value, such as:

- ✓ Working lunches where their purpose is to enable continued working

- ✓ Attendance in an official capacity at functions
- ✓ Incidental and occasional gifts such as a calendar, pen or a T-shirt of minimal value (below £10)

Any gifts, hospitality or other benefit must not in any way:

- ✓ compromise in any way the integrity of the person concerned or the company or any associated company
- ✓ be made at a time or in a way that could influence or could be perceived to influence a business decision

All other gifts, hospitality or other benefits *whether accepted or declined* must be discussed with your line manager and if accepted, where required, approved by a director prior to acceptance and entered on to the gifts and hospitality register held by Directors' secretaries. Failure to disclose *even where accepted or declined* could result in disciplinary action up to and including termination of employment or prosecution.

Gifts & Hospitality Register

We operate a gift and hospitality register in which gifts or hospitality must be recorded – to make sure they're not being used to gain undue influence. Where required, all gifts and hospitality given or received must first be approved by a Director and recorded on the Gifts & Hospitality register held by Directors' secretaries.

When a gift is not a gift: *A good way to judge if a gift is appropriate is to consider whether the business relationship will be changed, or if you feel there is an expectation from either party that it will be influenced in some way. For example, will bias be expected when selecting suppliers? If so, this is a bribe.*

Cash: Accepting cash gifts is not acceptable and very likely to be seen as a bribe. Giving monetary gifts, for example facilitation payments to low-level public officials, even if it is just to speed up a normally legal service, is illegal under UK law anywhere in the world.

If you are unsure, do not accept anything at all, until you have discussed with your line manager, or the Head of Legal Compliance.

Giving gifts or hospitality

We discourage giving gifts to third parties. In determining whether giving a gift is appropriate, consideration should be given to the recipient, the value of the gift and the reason for it. Where the giving of gifts or hospitality is nevertheless deemed appropriate, the following steps must be taken:

- ✓ Gifts or hospitality given must be pre-approved by your Director and recorded on the relevant Gifts & Hospitality Register held by your Director.
- ✓ In addition, benefits provided with a value exceeding £200 in total must be recorded with details of the individual or customer to whom it was provided.
- ✓ Gifts and hospitality given must be consistent with the policy of the applicable external organisation.
- ✓ Under no circumstances shall an outside organisation (including suppliers, business partners, joint venture partners, subcontractors or advisors) be asked to contribute towards the cost of entertaining customers on our behalf.

- ✓ There is an enhanced risk that gifts or hospitality provided to foreign public officials may be construed as a bribe. Should such a situation arise, pre-approval must be given by your Director, the Group General Counsel and Company Secretary and Head of Legal Compliance.

If you fail to **comply with this policy** you may be subject to appropriate disciplinary action, up to and including termination of employment or prosecution.

Follow-up Action

If you have any concerns about a breach or suspected breach of this policy, you should report it to your line manager or report it using the Speak Up service.

If you'd like further advice, you can contact our Head of Legal Compliance, who will be happy to offer guidance.

Head of Legal Compliance
Sylvia Kong
Mobile: 07880 472030
skong@pennon-group.co.uk

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-help 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).

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