



Modern Slavery Statement 2024



This modern slavery statement is made in accordance with section 54(1) of the Modern Slavery Act 2015 (the "Act") and constitutes Pennon's anti-slavery and human trafficking statement for the financial year 2023-2024. It is made on behalf of Pennon Group plc and its Group companies, including South West Water Limited, Bristol Water Holdings UK Limited, Bournemouth Water, Sutton and East Surrey Water PLC, Pennon Power Limited and Pennon Water Services Limited and was approved by the Pennon Group plc Board on 26 September 2024.

This is our eighth statement and outlines our processes and procedures to mitigate the risk of slavery and human trafficking during the financial year ending 31 March 2024. To date, we have had no instances of modern slavery, or concerns raised, however we remain committed to keeping our approach under continual review. Our previous statements can be found [here](#).

26 September 2024 - A Message from our Chief Financial Officer, Laura Flowerdew:

At Pennon, our commitment to eradicating modern slavery in all its forms is unwavering and forms a core part of our purpose-driven mission. We maintain a zero-tolerance stance towards modern slavery, ensuring that our operations and those of our partners uphold the highest standards of ethical conduct and respect for human rights.

We recognise the evolving challenges posed by global conflicts and the rise in human trafficking across Europe. These developments necessitate heightened vigilance as traffickers and organised criminal networks seek to exploit vulnerable individuals, including those within the UK. In response, we continuously enhance our practices to combat exploitation and uphold the dignity and rights of all people.

Our dedication to addressing modern slavery is not merely a statement of intent but a continuous effort supported by robust policies and practices. We engage in open and transparent dialogue with all our stakeholders on human rights issues and expect the same level of commitment from our partners and suppliers. Our Code of Conduct, alongside our Anti-Modern Slavery and Human Rights Policy, sets the standards for preventing and addressing any human rights impacts associated with our business activities and relationships.

Over the past year, we have developed a framework to address the risk of modern slavery associated with the photovoltaic modules used in our Pennon Power projects. We have also successfully implemented our modern slavery action plan, developed from a Gap Analysis undertaken by Slave Free Alliance. This plan included a thorough review of all Pennon policies and training, our procurement measures, and our escalation process. In the coming financial year, we will focus on ensuring that new enhanced face-to-face training on the risk of modern slavery is delivered to areas of the business procuring goods/services and recruiting employees, and on expanding the Supplier Onboarding Questionnaires to include higher standards for suppliers and contractors at high risk of modern slavery.

We publish our Modern Slavery Report annually, detailing the steps we take each year to combat modern slavery and promote ethical practices within our supply chain. This report is publicly accessible on our website at www.pennon-group.co.uk, reinforcing our commitment to transparency and accountability.

At Pennon, we empower our colleagues to act with integrity, courage, and vigilance in the fight against modern slavery, ensuring that we remain steadfast in our commitment to protecting human rights and fostering a just and equitable society.



A handwritten signature in black ink, which appears to read 'Laura Flowerdew'. The signature is written in a cursive style and is positioned below the portrait.

Laura Flowerdew
Chief Financial Officer, Pennon Group Plc

About Pennon Group:

Who are we?

Pennon Group was founded in 1989 with its core business being centred on the UK Water sector. Pennon and its subsidiaries serve a population of approximately 4.24 million domestic customers across England, providing over 1 billion litres of safe, clean drinking water each day and wastewater services through 23,000 km of sewer going to 655 wastewater treatment works across the South West. We employ around 4,000 people.

Pennon Group companies include:

South West Water

- C.1.8million people served.
- Water and wastewater.
- 490 million litres of drinking water per day
- Supplying Cornwall, the Isles of Scilly, Devon and small areas of Dorset and Somerset.

Bristol Water

- C.1.2 million people served.
- Water only.
- 280 million litres of drinking water per day.
- Supplying the city of Bristol, and surroundings from our base in Bristol.

Bournemouth Water

- C.0.5 million people served.
- Water only.
- 140 million litres of drinking water per day.
- Supplying parts of Dorset, Hampshire and Wiltshire, from our base in Bournemouth.

Sutton and East Surrey Water

- C.0.740 million people served.
- Water only.
- 160 million litres of drinking water per day.
- Supplying parts of Surrey, Kent, and south London.

Pennon Water Services

- Business customers.
- Providing water retail services for commercial customers across England and Scotland, from our bases in Exeter and Bournemouth.

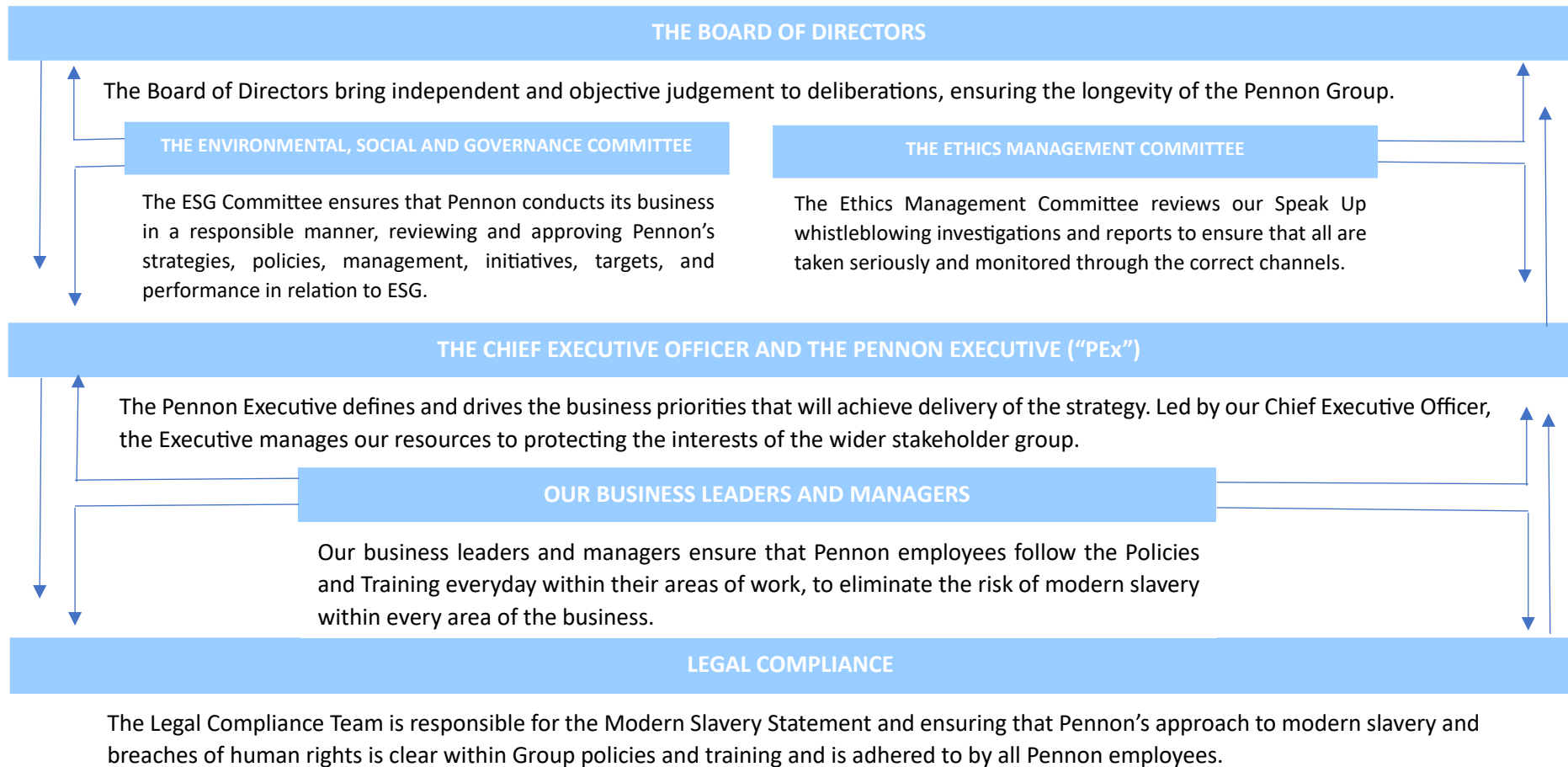
Pennon Power

- 135 GW hours of future annual power generation.
- Enough electricity to power 50,000 homes.

Pennon's businesses are all UK based.

A list of Pennon Group trading subsidiary companies can be found in our Annual Report, which is available on our website.

Our Governance Framework:



Review of Financial Year to 31 March 2024

Best Practice

Following our Gap Analysis Audit Report conducted by Slave Free Alliance (**SFA**), we created a continuous improvement action plan to be implemented by the Legal Compliance Team, focussing on the key areas of improvement. These include:

- Strategy Development
- Policy Review
- Escalation Process
- Supplier Onboarding and Due Diligence
- Training

Pennon actively engaged with the SFA Cross Sector Utilities Working Groups, to understand best practice in mitigating risk. These included the Supply Chain Group, the Training Group and the Engagement and Collaboration Group.

We built on our support for the UN SDGs, by becoming a signatory of the world's largest corporate sustainability initiative, The UN Global Compact. Becoming a participant affirms our commitment to our ESG targets, as we work to embed the ten principles of the United Nations Global Compact covering human rights, labour, environment and anti-corruption into our ESG approach, whilst communicating our progress against these principles annually.

We have led on the creation of a Water Industry Whistleblowing Best Practice Forum consisting of 12 water and waste companies across England and Wales.

Group Policies

Pennon continually reviews its core Group policies, as part of this process we have:

- reviewed our Anti-Modern Slavery and Human Rights Policy in conjunction with the SFA Utilities Against Slavery group to reflect best practice;
- introduced a new combined Anti-Financial Crime Policy; and
- revised our Whistleblowing Policy in line with the Ofwat best practice guidance issued in November 2023

Procurement

As part of our supplier onboarding and tendering processes, we continue to require our business partners, suppliers, sub-contractors, and sub-suppliers:

- To abide by minimum wage requirements for their respective government and to state how the employees are paid.
- Where appropriate, provide sufficient living conditions.
- To state their awareness of the Modern Slavery Act 2015 and compliance with it.

- Confirm the policies they have in place to mitigate any risk specific to the use of slave labour.
- Evidence what level of auditing they undertake for their own suppliers. Allow Pennon Group to carry out own audits if required.
- State whether they have previously been involved in any human trafficking, debt bondage and other acts of employee exploitation.
- Provide evidence of their Modern Slavery Statement if obligated to do so under section 54 of the Modern Slavery Act.

Human Resources

Pennon undertakes bank account checks for all new starters. This cross-references the name of the new employee and the name on the bank account to flag any mismatches that may require further investigation. If the names do not match, there is a thorough investigation to ensure that salary payments are not being collected by a third party.

Awareness

We continue to investigate all disclosures reported to the Legal Compliance Team, the Head of Legal Compliance or the Group General Counsel and Company Secretary. Our whistleblowing service “Speak Up” is accessible via a hotline and webform to all employees, contractors, and members of our supply chain. Speak Up now includes QR codes to streamline the reporting process.

The Speak Up process and procedure is clearly visible within our Whistleblowing Policy, Anti-Modern Slavery & Human Rights Policy, Code of Conduct, Code of Conduct for the Supply Chain (all available on Pennon’s website) and on related intranet pages available to all employees.

We are pleased to report that there have been no internal or external reports of modern slavery through our Speak Up service during the last financial year.

Pennon Power Ethical Supply Chain

A framework for dealing with the Modern Slavery risk associated with the procurement of photovoltaics (“PV”) modules (specifically the risk of forced labour in Xinjiang Province, China) for Pennon Power projects has been developed. The framework includes a standard set of Contractor Employer Requirements for insertion into all EPC contracts Pennon Power enters; these include:

- a requirement to procure PV modules only from suppliers who can evidence that risks of modern slavery in the production of the PV modules have been managed and mitigated against;
- a prohibition of the procurement of PV modules which contain polysilicon or involve labour in the manufacturing process from companies based in Xinjiang Province, China; and
- a requirement to provide full traceability records for the PV modules verified by an independent third-party auditor.

SES Water

SES Water completed an internal audit to establish if it had adequate procedures in place to ensure that necessary due diligence is carried out both within SES Water and its supply chain to combat modern slavery and human trafficking. The audit identified no non-conformities but three opportunities for improvement. SES Water rolled out Modern Slavery e-learning to all line managers and those involved in purchasing and HR.

Plans for the Financial Year 24/25

Management, Resources, and Engagement

We will continue implementation of our continuous improvement action plan to remove the risk of Modern Slavery occurring within Pennon and its subsidiaries.

Supplier Due Diligence

We plan to coordinate with Procurement to improve our Supplier Onboarding Questionnaires to include a higher standard of due diligence for higher risk suppliers e.g. those based in a jurisdiction which scores 40 or below on Transparency International's Corruption Perceptions Index.

To emphasise Pennon Power's commitment to Modern Slavery requirements, Pennon will become a signatory of the Solar UK's support of the Solar Stewardship Initiative ESG Standard. To demonstrate our support for the principles set out in the Solar Stewardship Initiative, we will continue to seek to use PV modules from manufacturers that can demonstrate they are following the SSI Standard in future projects.

Policies and Framework

Alongside our annual review of the Pennon Compliance Policies, we will refresh our Code of Conduct to further highlight modern slavery risk and give detail of the escalation process for reporting concerns. We shall be migrating SES Water into the Pennon Group Whistleblowing programme and rolling out Group policies and training to SES Water employees.

Human Resources

We will be introducing an annual check of all employee bank account names to ensure that these match the employee's name and to check for duplicate bank accounts, and mismatching names. This will enhance our measures to detect third-party collections of salary payments which could indicate modern slavery risks. We will be integrating SES Water into our employee bank account checking process.

Training

We will be conducting a full roll-out of new e-training on Modern Slavery risk for all employees. Alongside this, we will be conducting new enhanced face-to-face training with our procurement teams and recruitment team in conjunction with a Pennon Group panel law firm.

Conclusion

Our positive progress informs the next steps that need to be taken in the coming year, following our policy of continual improvement. We are committed to planning for further preventative and mitigatory measures in preventing modern slavery. Pennon's diligence in preventing modern slavery remains strong and we remain committed to continual review, development, and improvement of our preventative measures.

Group Policies

Below are the Pennon Policies designed to manage the risk of modern slavery. These Policies are in the process of being implemented with SES Water as part of our integration roadmap.

Pennon Group Policy	Utility of Policy	Relevance to Modern Slavery
Code of Conduct	- Applies to Pennon employees.	<ul style="list-style-type: none">- Details our expectation of all Pennon employees in upholding the Values that guide our behaviours.- Indicates how to report suspected human rights breaches or instances of modern slavery.
Code of Conduct for Supplier Chain Partners	- Applies to Suppliers and Contractors working on behalf of Pennon.	<ul style="list-style-type: none">- Details the behaviours expected of anyone working on behalf of Pennon.- Refers to the due diligence procedures conducted when onboarding new suppliers or contractors.
Anti-Modern Slavery and Human Rights Policy	- Applies to all Pennon employees, suppliers, and contractors.	<ul style="list-style-type: none">- Details Pennon's approach to mitigating the risks of modern slavery and protecting human rights.- States the minimum requirements expected of our employees, suppliers, and contractors to ensure everyone is protected.
Whistleblowing Policy	- Applies to all Pennon employees, suppliers, and contractors.	<ul style="list-style-type: none">- Details how any suspected breach of human rights, or potential occurrence of modern slavery should be reported.

