

**FROM THE CHAIRMAN - KEN HARVEY CBE**

23 September 2011

**STATEMENT IN RESPONSE TO LORD DAVIES' REVIEW 'WOMEN ON BOARDS'**

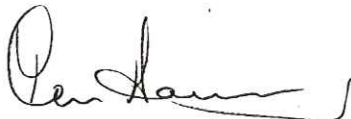
Having discussed the Davies Review with my Board I am pleased to confirm that Pennon Group supports board diversity, particularly with a view to achieving an appropriate level of representation from women on the Board. Similar diversity is also encouraged by the Board in senior management positions throughout the Pennon Group and generally throughout the workforce.

Currently, the Board of Pennon Group has the equivalent of 14% female board membership and will aspire to maintaining this level of representation through 2013 and achieving at least 25% by 2015. To facilitate achievement of these aspirations the Board has agreed to:-

- (i) establish a formal boardroom diversity policy; and
- (ii) through its Nomination Committee review Non-executive Director and Executive Director succession planning and the boardroom search and appointment process to ensure that it supports the diversity policy.

I am also pleased to state that in principle I shall become a signatory to the charter supporting the Davies Review recommendations on women on boards.

Further details and developments in relation to the Board's approach to the Davies Review will be reported on in the Company's 2012 Annual Report due to be published at the end of June 2012.



Ken Harvey  
Chairman