

Modern Slavery Statement 2021

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Pennon Group

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This modern slavery statement is made in accordance with section 54(1) of the Modern Slavery Act 2015 and constitutes Pennon's anti-slavery and human trafficking statement for the financial year 2020-2021 (which ended on 31 March 2021). This statement was approved by the Pennon Group plc Board on 23 September 2021.

September 2021 – A message from our Chief Executive Officer Susan Davy

At Pennon we pride ourselves on being an ethical and caring company.

Through leading by example, with integrity and by upholding the highest principles, we aim to deliver world class services to our customers and communities. We enact our strong ethical values and behaviours in everything we do, from the way we work together, how we work with our partners and suppliers, and in how we provide our services to and in the communities that we serve. It is our expectation that the same ethical values and high standards of behaviour are implemented and upheld by our suppliers, partners and those that work with us and for us. We are committed to working with our suppliers, and other organisations, to demonstrate how doing the right thing will both benefit and strengthen their operations and play a vital part in helping to eradicate modern slavery.

Despite the challenges of the Covid-19 pandemic, we have continued to innovate and have made good progress in our compliance programmes. Our achievements have included refreshing our core policies and our Code of Conduct, developing our Anti-Modern Slavery and Human Rights policy, and reinvigorating our compliance training programme. All our efforts are directed towards living our core values: Trusted, Collaborative, Responsible and Progressive and expected behaviours.

Our new Modern Slavery Statement also supports these themes and sets out Pennon's strong and heartfelt desire to prevent modern slavery from occurring anywhere within our organisation or our wider business relationships.



Thank you for reading this statement and I ask you to join with me in ensuring we are at the forefront of efforts to eradicate modern slavery. Pennon will always remain committed to doing the right thing, and we will continue to develop and implement measures and controls to deal with the risk of modern slavery anywhere within our business or supply-chain. To this end, I am pleased to report that we have renewed our membership of Slave Free Alliance, whose knowledge and expertise will support us in furthering this aim.

I have signed this statement on behalf of the Board of Directors of Pennon Group plc following its approval on 23 September 2021.

A handwritten signature in dark ink, appearing to read 'S. Davy'.

Susan Davy
Chief Executive Officer and Director of Pennon Group plc

About us, Pennon Group in brief...

Pennon:

- was founded over 30 years ago,
- our core business is now centred on the UK Water sector,
- our companies serve approximately 2.2 million domestic customers in the south west of England*,
- we employ around 2,200 people†,
- Group companies include:
 - **South West Water**
 - **Bournemouth Water**
 - **Bristol Water†**
 - **Pennon Water Services.**

Pennon's businesses are all UK based and all our businesses and staff are signed up to our anti-slavery and human trafficking policy. A list of Pennon Group trading subsidiary companies as at 31 March 2021 can be found on page 200 of our Annual Report at <https://annualreport.pennon-group.co.uk/documents/Pennon-Group-plc-Annual-Report-2021.pdf>

...and in more detail...



Founded in 1989, Pennon is one of the leading businesses in the UK Water sector, providing clean water and wastewater services to customers in the southwest of England. Pennon is the parent company of **South West Water** and **Bournemouth Water** (operating under a merged licence), **Bristol Water** and **Pennon Water Services**.

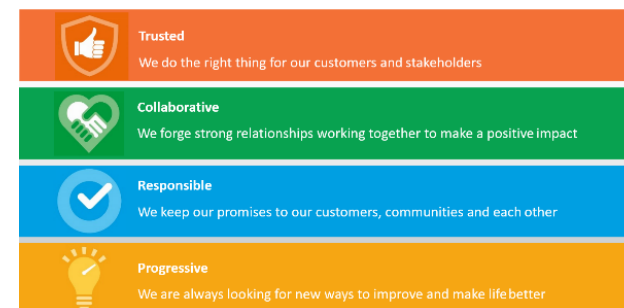
Pennon's core focus is in the UK water sector and its subsidiary companies collectively supply approximately 2.2 million domestic customers; South West Water providing clean and wastewater services, while Bournemouth Water is a clean water only supplier. The water and wastewater services, provided by Pennon's domestic water companies, are replicated by Pennon Water Services for the water retail market (the commercial non-household sector). The retail market operates across the whole of the United Kingdom. Collectively, Pennon Group employees number approximately 2,200 across its businesses excluding Bristol Water.

Pennon also owns Bristol Water. Bristol Water has issued its own Modern Slavery Statement which can be found on its website. Pending the outcome of an ongoing Competition and Markets Authority review process, Bristol Water will ultimately be brought into Pennon's whistleblowing and modern slavery procedures.

Supporting documents and policies

Pennon has a number of policies to support its stance on modern slavery, which include:

- The Pennon Code of Conduct
- The Anti-Modern Slavery and Human Rights Policy
- Code of Conduct for Supply Chain Partners
- The Anti-bribery and Corruption Policy
- Whistleblowing Policy.



* Excluding Bristol Water employees

† Excluding Bristol Water

‡ Pending the outcome of an ongoing Competition and Markets Authority review process

Review of 2020/2021 in brief...

We have achieved the following over the past year:

Management, Resources & Engagement

- Completed our Human rights impact assessment
- Refreshed our core Group policies
- Renewed our membership with Slave-Free Alliance
- Refreshed and re-launched our whistleblowing hotline
- Involvement in the Cross-Sector Utilities Working Group
- Development of modern slavery metrics

Supply Chain and Procurement

- Enhanced our onboarding checks for new suppliers
- Monitoring the status of overseas suppliers
- Further development of our supply-chain risk and resilience framework.

Training and Awareness

- Undertaken Code of Conduct Training
- Continued modern slavery awareness training

...and in more detail...

Governance, Programme and Strategy

Accountability for our statement rests with our CEO, General Counsel and the Pennon Executive with regular updates being provided through the year.

The outbreak of Covid-19, the resulting lockdowns and social distancing rules have meant that implementation of parts of our modern slavery strategy have been more challenging. Nonetheless, we have made good

progress in updating and improving policies relevant to combatting modern slavery. We have also conducted our yearly human rights impact assessment, explored new training and awareness initiatives, and our procurement team have continued with vital third-party due diligence and monitoring projects.

Key areas of progress against last year's aims are highlighted in detail below.

Group Policies

Following the change in the Group structure last year, core policies, including our Code of Conduct and Anti-Modern Slavery and Human Rights Policy, have been reviewed and refreshed by the Pennon Board and communicated to our employees.

Our refreshed policies are central to guiding behaviours and conduct and are key to our strategy for tackling modern slavery. We have also reinvigorated our e-learning capabilities so that we can more easily reinforce our ethics standards and values.

Slave-Free Alliance

Pennon has renewed its membership with Slave Free Alliance (SFA). This renewed relationship with SFA will enable us to draw on their specialised expertise and experience.

Whistleblowing Helpline



webform access. We relaunched and re-publicised the service to our employees and we have created a new intranet web page with Q&As. We also developed a new Android application to provide easy access to the hotline and on-line web portal from Android smart

During the past 12 months we have refreshed our whistleblowing service known as **Speak Up** and given it a new logo, hotline telephone number and

devices. Our 24-hour, confidential helpline provides continuous support to our employees and contractors.

To further raise awareness of this hotline, we have refreshed our whistleblowing policy and communicated the changes to all staff, including featuring this important topic on our Big Chat, a key communication and topic forum which gives all staff direct access to our group executive

The hotline is integral to our strategy and gives all employees and contractors a safe confidential space to raise any concerns they don't feel able to raise through the normal channels.

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

Cross-Sector Utilities Modern Slavery Group.

We have continued our membership of the Cross-Sector Utilities Modern Slavery group. At Pennon we are supportive of this industry wide collaborative approach to tackling modern slavery concerns within UK business.

In particular, the aim of the group is to reduce the risk of modern slavery in the utilities sector by working in partnership to share best practice, raise awareness, and work collaboratively to tackle common challenges and other cross-sector initiatives such as:

- the creation of a standard set of supplier questionnaires for the utilities industry
- reviews of potentially high-risk suppliers such as PPE suppliers with due diligence audits with these suppliers
- raising awareness amongst staff.

Review, in detail, continued...

Supply Chain and Procurement

We continue to reinforce and enhance our processes to address and mitigate the risk of modern slavery within our supply-chain. Multi-stage diligence processes are implemented across a wide range of supply-chain management activities. Supplier rationalisation and segmentation exercises continue to support greater governance in the supply-chain, which directly assists identification of modern slavery risks.

Projects and practical steps being progressed as part of our continuous improvement against our previous Statement include:

- 1) Development of a Procurement Risk & Resilience Policy
- 2) Supply Chain risk mapping aligning to a rationalised supply base
- 3) Assessment of our supply base in accordance with Code of Conduct for Supply-Chain Partners
- 4) Development of a Risk and Resilience Policy, to provide established methods for avoiding, mitigating and managing risks within the supply-chain, providing focus on internal procurement processes and external supply-chain relationships.
- 5) A linked framework for enhancing supply-chain risk identification and resilience is also in development. This will allow us to explore all associated risk factors within supply-chain engagement, including the risk of modern slavery across multiple tiers within the supply-chain.

Changes in the Group structure have enabled us to significantly rationalise our supplier base and we are working to rationalise this further. Once fully complete,

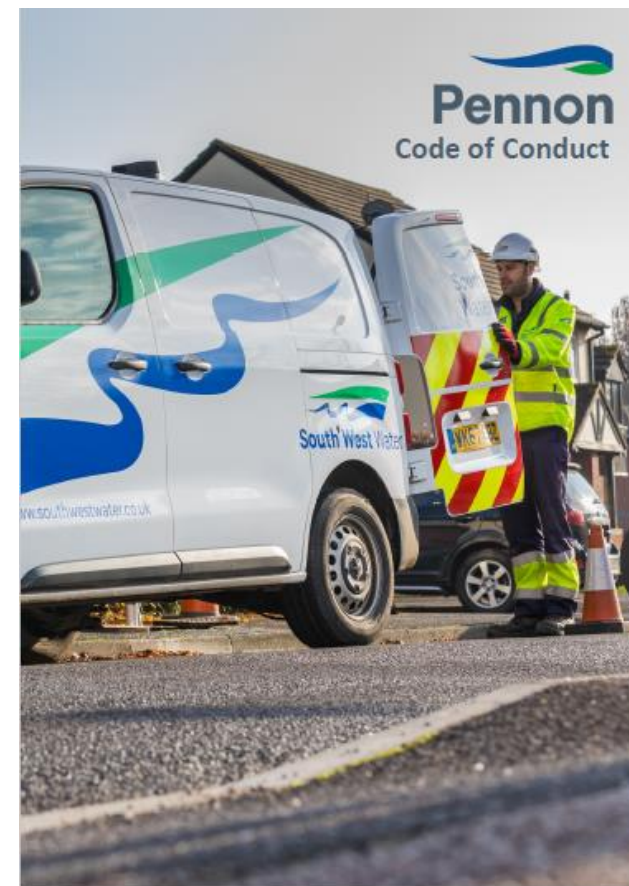
a supply-chain risk mapping exercise will be done to understand more about our high-risk categories, how products or services are produced, where and by whom. This approach will continue to assist supply-chain transparency and visibility and will ensure risks are identified and understood to aid informed business decisions and mitigation actions. If high risk suppliers are identified, we will use our supply-chain decision engagement tree which provides a structured, standardised way for dealing with high-risk scenarios. We will also explore ways of supporting and developing suppliers where potential risk is identified.

On completion of the supplier segmentation exercise, an assessment will be conducted across the rationalised supply base using our supplier engagement model. This will raise awareness to the Code of Conduct for Supply Chain Partners as well as allowing assessment of suppliers, which in turn will help drive compliance by our current suppliers.

Additionally, where our own terms and conditions are used, our clauses expect all suppliers to fully comply with relevant laws and policies.

Training and Awareness

The restrictions that have been brought about by the Covid-19 pandemic have prevented any face-to-face awareness training. However, we have invested in our suite of e-learning training courses, which include our Code of Conduct and a module on modern slavery. These training modules go hand-in-hand with our refreshed policies and have been deployed through our learning platform.



Our plans for 2021/2022 in brief...

Management, Resources & Engagement

- Conduct a Human rights impact assessment
- Continue with Slave Free Alliance membership and engagement
- Continue to be involved in the Cross-Sector Utilities Working Group
- Whistleblowing hotline

- Outgoing staff publicity initiatives
- Refining our Modern slavery metrics.

Training and Awareness

- Continue Code of Conduct training
- Continue modern slavery awareness training.

Supply Chain and Procurement

- Finalise Procurement Risk & Resilience Policy and continuous development
- Supply-Chain Risk Mapping to be aligned to our rationalised supply base
- We will initiate additional supply-chain assessment.



...and in more detail...

Understanding the Risks

Our business centres on the UK water industry and providing clean safe drinking water and wastewater services to our customers. Using the expertise and experience across our Group, we have continued with our annual assessments to identify and monitor our risks to ensure we are doing all we can to prevent modern slavery.

Slave-Free Alliance (SFA)

We will continue to work with SFA to support our

compliance activities and in particular, we will benchmark our approach against industry standards. SFA membership will be very helpful when it comes to minimising our risks in this area, including how best to evangelise to key suppliers and others where there may be a risk of modern slavery. SFA will also help us ensure that we have fully independent assurance over our activities. Those assurance activities themselves will be crucial in helping us test our risk profile, strengthen our monitoring processes and complement our work to reduce the risks of modern slavery in our supply-chain.

Cross-Sector Utilities Modern Slavery Group.

We will continue our membership of the Cross-Sector Utilities Modern Slavery group. This will allow us to support and benefit from the industry wide collaborative effort to tackle modern slavery issues in the wider utilities sector.

Whistleblowing Hotline

Our Speak Up hotline provides continuous support to employees. To improve this support, we will refresh the whistleblowing investigation procedure. We will also recruit and train independent investigators from each of our business areas to enlarge our investigation team. We are working on integrating our whistleblowing hotline into a wider ethics management system. The hotline is integral to our strategy and affords all employees and contractors a safe confidential space to raise concerns they don't feel able to raise through the normal channels. We believe that having an integrated ethics management system will ensure we get the best use from the concerns we hear from our employees and contractors.

Modern Slavery Metrics

To demonstrate our good progress in tackling modern slavery, we are going further and looking at extra useful measures and metrics that can be regularly reported to our executives and board.

Training and Awareness

We will complete the roll-out of our training programme and continue to monitor employee engagement with our modern slavery and refreshed Code of Conduct e-learning courses. These are central to raising awareness, increasing knowledge and understanding of modern slavery and what can be done to prevent it.

Supply Chain and Procurement

We will continue to build on the progress made over the last 12 months. What we have learnt over the past year can now form an integral part of our procurement strategy to prevent and mitigate the risks of modern slavery in the supply-chain.

We will continue to develop a Procurement Risk and Resilience Policy, providing focus on internal procurement processes and external supply-chain relationships. This will mean we can explore modern slavery risk factors across multiple layers within the supply-chain.

We will continue to map suppliers and products as part of our continued rationalisation of the supply base. This will allow us to continue appropriate monitoring of the status of overseas suppliers.

An assessment framework will set up across the supply-chain to enhance our due diligence processes, raise awareness and ensure compliance with our legal obligations.

...and finally

We commit that we will continually strive to do all we can to eradicate the insidious evil of modern slavery from all parts of our or our suppliers' businesses.

