Company Policy and Guidance on Business Ethics, Bribery and Corruption

Introduction

This policy outlines the position of Wessex Water Limited and all its subsidiary companies (the company) on business ethics and preventing bribery in accordance with the Bribery Act 2010. The Board is determined that the company, its directors, managers and employees maintain the highest possible standards of professional and ethical conduct to protect the reputation and standing of the company. Bribery or corruption will not be tolerated. Any breach of this policy is likely to constitute a serious disciplinary matter and may lead to dismissal.

Under the Act the company's directors, managers and individual employees can be fined and/or imprisoned for up to 10 years for giving or taking a bribe. The company may also face criminal liability for unlawful actions taken by its employees or associated persons. All employees or associated persons are required to familiarise themselves and comply with this policy and associated guidance below including any future updates that may be issued from time to time.

Scope of this policy

This policy applies to all directors, managers and employees of the company and to temporary workers, consultants, contractors, agents and subsidiaries acting for, or on behalf of, the company ("associated persons") within the UK and overseas. Every employee and associated person acting for, or on behalf of, the company is responsible for maintaining the highest standards of business conduct. Employees are required to promote the company's best interests while maintaining the highest standards of personal integrity and best business practice.

What is prohibited?

The company prohibits employees or associated persons from offering, promising, giving, soliciting or accepting any bribe. The bribe could be cash, a gift or other inducement to, or from any person or company. This might be made to gain commercial, contractual or regulatory advantage for the company, or to gain personal advantage, financial or otherwise, for the individual or someone connected with the individual.

This prohibition also applies to indirect contributions, payments or gifts made in any manner as an inducement or reward for improper performance, for example through consultants, contractors or subcontractors, agents or sub-agents, suppliers or other third parties.

Unsure about a particular action?

If a particular action is not covered by this code, or where staff are unsure of how to act, they should approach their line manager or alternatively the Group Head of Legal and Company Secretary, the Group Head of Human Resources or the Director of Strategy and New Markets for guidance. All staff have a duty to raise any matter of a breach of this policy or possible breach, with their line manager or one of the above individuals. Where staff have ignored this code, or have failed to report a breach, they
will be subject to disciplinary action according to company procedures. For the avoidance of doubt, where an employee or an associated person has been offered what could reasonably have been considered a bribe or inappropriate gift by a third party, then this should be reported to either the Group Head of Legal and Company Secretary, the Group Head of Human Resources or the Director of Strategy and New Markets. It should be noted that failure in this way would be considered gross misconduct and could lead to dismissal.

Senior management in all the business units are ultimately responsible for ensuring compliance with this code and should act as role models and ensure that staff receive adequate guidance, support and training.

The company has a Whistleblowing Policy which staff should use if they become aware of any practice about which they are concerned or where they are unhappy with the manner in which a manager has dealt with the issue they have raised.

**Corporate entertainment, hospitality, gifts and promotional expenditure**

**General Principles**

The company permits in some circumstances both the receiving and giving of corporate hospitality in the form of entertainment, hospitality, gifts, and promotional expenditure by staff of the company or associated persons, as detailed below. Where required details must be recorded in the Corporate Hospitality Register.

All staff need to be aware of and comply with the guidance below. Staff in roles where they are more likely to be offered or give corporate hospitality will be asked annually through the Self Certification system to confirm that they are aware of and have followed this guidance.

The company permits corporate hospitality only if it can be demonstrated that there is a clear business objective and the corporate hospitality is appropriate for the nature of the business relationship. The company does not permit corporate hospitality where it considers that a conflict of interest may arise or it could be perceived that undue influence or a particular business benefit was being sought (for example prior to a tendering exercise).

<table>
<thead>
<tr>
<th>Guidance on RECEIVING entertainment, hospitality and gifts</th>
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<tr>
<td>Receipt of entertainment, hospitality and gifts is permitted where it is for the purpose of establishing or maintaining good business relationships and where it is arranged in good faith and not offered, promised or accepted to secure an advantage for an individual or organisation giving the entertainment, hospitality or gifts or to influence the impartiality of the recipient. The guidance covers all entertainment hospitality and gifts provided by or to external individuals and organisations, including industry dinners and similar events. Guidance is also provided on appropriate hospitality to staff attending company organised events.</td>
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<td>Entertainment and hospitality from Contractors, Suppliers and Third Parties, including fundraising events organised by the company</td>
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<td><strong>Below £100</strong> in value for an individual event or cumulatively over a 12 month period from the same individual or organisation.</td>
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<td><strong>Between £100 and £200</strong> for an individual event or cumulatively over a 12 month period from the same individual or organisation.</td>
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<tr>
<td><strong>Above £200</strong> for an individual event or cumulatively over a 12 month period from the same individual or organisation.</td>
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<td><strong>Additional rules:</strong></td>
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<td>Where hospitality or entertainment is provided to <strong>family members</strong> it is <strong>mandatory</strong> to record details in the Corporate Hospitality Register regardless of value. You do not necessarily need the approval of your line manager but you are encouraged to seek his/her approval to ensure transparency.</td>
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<td>Where hospitality or entertainment is to be provided <strong>abroad</strong>, regardless of value you <strong>must prior</strong> to the event obtain <strong>written approval</strong> (email is sufficient) from the <strong>Chief Executive</strong>. Entry of details in the Corporate Hospitality Register is also <strong>mandatory</strong>.</td>
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<td>A reasonable estimate of the monetary value of corporate hospitality is required where an accurate value is not known.</td>
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<td>Offer of accommodation or taxi costs from the host is <strong>not acceptable</strong>, and only to be funded by the company if agreed in advance by a director on the basis of distance between the event and home.</td>
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<td>If the event is during the working day, staff will be expected to take annual leave unless they are formally representing the company.</td>
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<td><strong>Gifts</strong></td>
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<td><strong>Below £50 in value.</strong></td>
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<td><strong>Above £50 in value.</strong></td>
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Additional Rules:

Under no circumstances is the receipt of **money** as a gift permitted from individuals or organisations outside the company or from customers.

Any gifts received outside of the Christmas period should be forwarded to the Chief Executive’s PA for storage until the next Christmas raffle.

Guidance on GIVING entertainment, hospitality, gifts and promotional expenditure

Giving of entertainment, hospitality, gifts and promotional expenditure to individuals or organisations outside of the company is permitted provided that it is for the purpose of establishing or maintaining good business relationships, or improving the image and reputation of the company or to present the company’s goods/services effectively, and that it is arranged in good faith and not offered, promised or accepted to secure an advantage for the company or any of its Employees or associated persons or to influence the impartiality of the recipient.

**Entertainment and Hospitality**

| Below £100 in value for an individual event or cumulatively over a 12 month period to the same individual or organisation | Entry in the Corporate Hospitality Register is not mandatory but you are encouraged to make an entry to ensure transparency |
| Between £100 and £200 in value for an individual event or cumulatively over a 12 month period to the same individual or organisation. | Entries in the Corporate Hospitality Register are mandatory. You do not necessarily need the approval of your line manager but you are encouraged to seek his/her approval to ensure transparency. |
| Above £200 in value for an individual event or cumulatively over a 12 month period to the same individual or organisation. | Prior to the event you must obtain written approval (email is sufficient) of your line manager and entry of details in the Corporate Hospitality Register is mandatory |

**Additional Rule:**

Where purchase cards or expenses are used to pay for corporate hospitality the names to whom it is provided should be recorded against the transaction. Records and receipts must be supplied in accordance with the company’s expenses policy.

**Gifts and other promotional expenditure**

| Below £50 in value | Entry of details in the Corporate Hospitality Register is not mandatory but you are encouraged to make an entry to ensure transparency |
| Above £50 in value | You must inform and receive written approval (email is sufficient) from your line manager of the proposal to make a gift before it is given. Entry of details in the Corporate Hospitality Register is mandatory |
**Additional Rule:**
Under no circumstances is the giving of money as a gift acceptable.

**Guidance to company staff and line managers on entertainment and hospitality provided by the company to staff at company organised events including fundraising events**

No entry on the Corporate Hospitality Register is required for entertainment and hospitality provided by the company to company staff.

Accommodation or taxi costs to be funded by the company only if agreed in advance by a director on the basis of distance between the event and home.

If the event is during the working day, staff will be expected to take annual leave unless they are formally representing the company.

Staff who are part of the internal organising team or participating as part of a senior manager’s duties, may have overnight accommodation or taxis paid for by the company if agreed in advance by a director. Annual leave does not have to be booked but should not normally exceed two days a year.

**Relationships with suppliers and customers**

The company procurement and contract rules must be complied with. Staff must maintain the highest possible standards of integrity in business relationships with suppliers and customers.

The company will comply with all competition laws and will not take part in unlawful cartels or any form of restrictive trade practice. If staff are in doubt about any practice, they should seek guidance from the legal department.

Long term and close relations between purchasers and suppliers can benefit both parties but staff, agents and others working for the company should avoid relationships that could be contrary to the principles of fair competition. If staff are in doubt they should contact the legal department.

Any new business partners, agents or contractors acting for, or on behalf of the company should be made aware of the standards of conduct expected of them. A copy of this code will be supplied to them with a requirement that a senior representative of their organisation will sign an undertaking that they and their staff will comply with the rules at all times.

Where the company is engaged in bidding for external contracts, any agents, business partners or contractors engaged to assist in the process should be the subject of formal vetting to ensure they are of good character and integrity. This process should
also check that they have not been implicated in any act of bribery, dishonesty or fraud. They will also be required to provide an undertaking on the above.

Conflicts of interest

The company expects its staff to be free from actual, apparent or potential conflicts of interest when dealing with other persons or businesses on behalf of the company. Where an employee believes that any personal interest may affect or be seen to affect their impartiality in any matter relating to their job, they should declare this as soon as possible to their line manager or director in writing.

When a manager receives such a declaration it should be acknowledged in writing and may require that the employee has no further involvement in the transaction on the grounds of such an interest. Any manager becoming aware of such an interest that has not been disclosed to him should report it immediately to his/her director.

Confidentiality and accuracy of information

Staff must ensure that all data received during the course of their employment remains confidential at all times and should on no account be used for personal gain. Personal data on other staff or customers must be protected from disclosure and must only be used for the purpose for which it was obtained.

Where data is being gathered about company performance for reporting to Ofwat or any other regulator, staff must ensure that it is accurately recorded. Falsification or misreporting of any such data will result in disciplinary action which could result in dismissal.

Reporting suspected bribery

Employees and associated persons are requested to assist the company and to remain vigilant in preventing, detecting and reporting bribery. Employees and associated persons are encouraged to report any concerns that they may have to the Group Head of Legal and Company Secretary, the Group Head of Human Resources or the Director of Strategy and New Markets as soon as possible. Issues that should be reported include:

- Any suspected or actual attempts at bribery.
- Concerns that other employees or associated persons may be being bribed.
- Concerns that other employees or associated persons may be bribing third parties, such as clients or government officials.

Any such reports will be thoroughly and promptly investigated in the strictest confidence. Employees and associated persons will be required to assist in any investigation into possible or suspected bribery. Employees or associated persons who report instances of bribery in good faith will be supported by the company. The company will ensure that the individual is not subjected to detrimental treatment as a consequence of his/her report. Any instances of detrimental treatment by a fellow employee because an employee has made a report will be treated as a disciplinary offence. An instruction to cover up wrong doing is itself a disciplinary offence. If told
not to raise or pursue any concern, even by a person in authority such as a manager, employees and associated persons should not remain silent. They should report the matter to the Group Head of Legal and Company Secretary, the Group Head of Human Resources or the Director of Strategy and New Markets.

**Action by the company**

The company will fully investigate any instances of alleged or suspected bribery. Employees suspected of bribery may be suspended from their duties while the investigation is being carried out. The company will invoke its disciplinary procedures where any employee is suspected of bribery and proven allegations may result in a finding of gross misconduct and immediate dismissal. The company may terminate the contracts of any associated persons including consultants or other workers who act for, or on behalf of, the company who are found to have breached this policy.

The company may also report any matter to the relevant authorities, including the director of public prosecutions, serious fraud office, revenue and customs office and the police. The company will provide all necessary assistance to the relevant authorities in any subsequent investigation and/or prosecution.

**Review of procedures and training**

The company will regularly communicate its anti-bribery measures to employees and associated persons and will set up training sessions where applicable. The Director of Strategy and New Markets, Group Head of Legal and Company Secretary and the Head of Internal Audit will monitor and review the implementation of this policy and related procedures on a regular basis including reviews of internal financial systems and corporate hospitality.

The company reserves the right to amend and update this policy as required. For the avoidance of doubt, this policy does not form part of employee’s contracts of employment.