

Business Ethics Policy

Introduction

This policy outlines the position of Wessex Water Limited and all its subsidiary companies (the company) on business ethics; preventing bribery (in accordance with the Bribery Act 2010) and conflicts of interest. 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.

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. Directors have additional duties in regard to declaring conflicts of interest.

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.

Bribery - What is prohibited?

A bribe is the offer, promise or acceptance of an inducement (financial or otherwise) to do something improper or inappropriate. The bribe could be cash, a gift or other inducement to, or from any person, public official, representative from a regulator, or company to gain commercial, contractual or regulatory advantage for either the company, or personally. Corrupt activities are illegal and/or unethical practices. This can cover theft, money laundering, blackmail, extortion, and fraud.

The company prohibits all forms of bribery and corruption and considers such acts as gross misconduct.

The offer or acceptance of corporate gifts and hospitality (where no inducement is attached) is permitted under this policy, this is described in more detail below.

Unsure about an activity?

If a particular action is not covered by this policy, or where staff are unsure of how to act, they should approach their line manager or alternatively the Group General Counsel, the Group Director of People or the Head of Internal Audit for guidance. All staff have a duty to raise any concern (Raising a Concern policy) regarding a breach, or possible breach, of this policy, with their line manager or one of the above individuals.

Reporting suspected bribery and/or corruption

Employees and associated persons are obliged 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 under the Raising a Concern policy.

Corporate Gifts and Hospitality

The company only permits corporate gifts and hospitality (including entertainment) if it can be demonstrated that there is a clear business objective, or it is for the purpose of establishing or maintaining good business relationships. Gifts and Hospitality (given or received) must be in good faith and 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 could be perceived that undue influence, or a business benefit was being sought (for example prior to a tendering exercise).

The offer and receipt of any gift or hospitality must be recorded in the company's register in accordance with the levels set out in Appendix 1.

Conflicts of interest - Staff

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 on the company's register. The line manager is required to make an assessment of the conflict and where appropriate make arrangements to ensure that the conflict of interest is managed.

A conflict of interest may include:

- personal, professional or economic connections such as shareholdings, power of attorney or trustee positions;
- past or present positions held with other organisations; or
- interests of "connected" persons. For example, an immediate family member (including stepchildren) with a 20% or more voting right in a company.

All statutory Company Directors are required to follow strict requirements as set out in the Companies Act 2006 (sections 171-177) and any such conflicts must be declared and registered with the Group General Counsel. These duties include, (but are not limited to):

- not accepting any benefit from a third party where it cannot be reasonably justified;
- avoiding situations where there is or it may be seen to be a conflict of interest; and
- declaring all conflicts of interest promptly.

The Board is responsible for managing all statutory Director conflicts of interest.

Action by the Company

The company will fully investigate any instances of alleged or suspected bribery including any failure to disclose a conflict of interest. Employees suspected of bribery may be suspended from their duties while the investigation is being carried out. The company will invoke its disciplinary or (for associated persons, and companies) contract management procedures where any bribery allegation is proven.

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.

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.

Appendix 1 – Gifts and Hospitality Authority Levels

Gifts

	Receipt of a gift from an external party	Offer of a gift to an external party
£50 and below	<p>No approval is needed.</p> <p>Disclosure of the gift on the register except those donated to the Christmas raffle.</p> <p>Choice to donate to the Company Christmas raffle.</p>	<p>No approval is needed.</p> <p>Disclosure of the gift on the register.</p>
£50 and above	<p>Non-acceptance of the gift unless it would cause offence.</p> <p>Disclosure of the gift on the register.</p> <p>Donation to the Christmas raffle.</p>	<p>Pre-approval from your line manager is needed.</p> <p>Disclosure of the gift on the register.</p>

Hospitality

	Receipt of hospitality from an external party	Offer of hospitality to an external party
£50 and below.	<p>No need to include on the register.</p> <p>No approval needed.</p>	<p>Must include on the register.</p> <p>Must obtain pre-approval from your line manager.</p>
Above £50 to £100	<p>Must include on the register.</p> <p>Must obtain pre-approval from your line manager.</p>	<p>As above.</p>
Above £100 to £250	<p>Must include on the register.</p> <p>Must obtain pre-approval from a director.</p>	<p>Must include on the register.</p> <p>Must obtain pre-approval from a statutory director.</p>
£250 and above	<p>Must include on the register</p> <p>Must obtain pre-approval from the CEO.</p>	<p>Must include on the register.</p> <p>Must obtain pre-approval from your line manager and the CEO.</p>

Additional Rules

- Where a value is not known a reasonable estimate must be made.
- Approval values are cumulative over a rolling 12-month period.
- Gifts and hospitality offered but not accepted must be recorded in line with the requirements above stating that the offer was refused.
- Gifts and hospitality that include a benefit to family members must always be recorded in the register.
- Enough time must be given to allow the approver to respond where pre-approval is required.
- Hospitality provided abroad must be pre-approved by the CEO.
- Accommodation and travel costs incurred by a third party cannot be accepted and must be incurred by the company (if pre-approved as above) or personally incurred. Unless you have a role in organising or running the event – travel and accommodation for the night before is then acceptable.
- If the event is during the working day, staff will be expected to take annual leave unless they are formally representing the company.
- Gifts of cash or vouchers from third parties cannot be accepted.
- Company branded promotional products (such as diaries, notebooks, water bottles etc) of any value do not need to be registered (if given or received).
- Gifts over £50 must be forwarded to the CEO's Executive Assistant for use in the Christmas raffle.
- Where the gift/hospitality is for several people, the names of all recipients should be documented in the register and the value per person (not a total) shown.
- No entry on the Corporate Hospitality Register is required for entertainment and hospitality provided by the company to company staff.