

# Bringing resources to life



**This document is important and requires your immediate attention. If you are in any doubt about the action you should take, you should immediately consult your stockbroker, solicitor, accountant, or other independent professional adviser who is authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your ordinary shares please send this document as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

## Annual General Meeting 2020

The thirty-first Annual General Meeting (AGM) of Pennon Group plc will be held as a closed meeting at:

**Peninsula House, Rydon Lane, Exeter EX2 7HR on Friday 31 July 2020 at 1pm.**

Please see the Chairman's letter on page 2 for information on voting and participation at this year's AGM.

### **COVID-19 restrictions**

In view of the restrictions introduced by the UK Government in response to the COVID-19 pandemic, in particular the restrictions on physical public gatherings, it is intended that the AGM be convened with the minimum quorum of two shareholders present, which Pennon will arrange. The health and wellbeing of its shareholders is of the utmost importance to Pennon. Other shareholders are asked not to attend the AGM in person and, in the interests of safety, any attempted entry to the meeting will be refused. Shareholders are requested to appoint the chairman of the meeting as their proxy and provide voting instructions in advance of the AGM. Voting at the AGM will be on a poll, based on the proxy instructions received.

### **Possible changes to the COVID-19 restrictions**

Pennon continues to monitor guidance published by the UK Government and regulatory bodies such as the Financial Reporting Council covering COVID-19 restrictions and their partial relaxation (which came into effect on 4 July 2020). We are also mindful of the Corporate Insolvency and Governance Act 2020 which has come into force, and which facilitates temporary changes to the governance of companies during the COVID-19 pandemic. Any changes to the AGM arrangements as described in this letter will be communicated to shareholders before the meeting through Pennon's website at [www.pennon-group.co.uk/investor-information/shareholder-services](http://www.pennon-group.co.uk/investor-information/shareholder-services).

# Dear Shareholder



“

The success of the Strategic Review makes this a natural point to evolve the Board. It has been an honour to have served as the Chairman of a great company, with a talented Board, that has delivered such significant value to our shareholders.

”

**Sir John Parker**  
Out-going Chairman

## A personal note from the Chairman

This has been a significant year in the history of the Pennon Group, the strategic value of Viridor has been realised and we are well positioned for future growth in water.

The sale of Viridor creates significant structural change to the Group. The future Pennon Board will oversee the Operating companies of South West Water and Pennon Water Services and also perform a Holding Company role in managing and allocating the funds from the Viridor sale.

Chris Loughlin will step down after 14 years of dedicated service to the Group. First as Chief Executive Officer of South West Water and during the last four years as Group Chief Executive Officer. As a Board we acknowledge his committed service to the Group and its success. We wish him well in all his future endeavours.

It will also mean saying our farewells to Phil Piddington, the Managing Director of Viridor, his leadership and management teams and all employees of Viridor. We thank them for their collective commitment over many years in building Viridor into the business it is today. We wish them all future success

Sadly, we will also say our farewells to Lord Matthew Taylor and Martin Hagen who have both served on the South West Water Board for some 10 years to provide continuity through to the K7 regulatory period. Both have rendered exemplary service and deserve our heartfelt thanks.

In September 2019 we welcomed Claire Ighodaro to the Board. She brings a wealth of boardroom experience plus financial and field experience from her earlier days with BT.

I am delighted that the remaining Non-Executive Directors in Neil Cooper and Iain Evans will continue to serve. Jon Butterworth, currently Non-Executive Director at South West Water will stand for election to the Pennon Board.

In line with internal succession, the new Pennon Chief Executive Officer will be Susan Davy, our current Group Chief Financial Officer. Susan's leadership has impressed the Board, not just as CFO, but in the project management of a range of strategic work streams and in her work with the Regulator and our shareholders.

Paul Boote will take on the role of Group Finance Director. His significant financial experience of Pennon and the Group will prove invaluable during this next phase.

This is also a natural time for me to hand over the Chair to Gill Rider our Senior Non-Executive Director. She has rendered superb service to the Group and is a Devon resident like me.

It has been an honour and a privilege to have served as the Chairman of a great Company, with a talented Board that has delivered significant value to our Shareholders.

I wish the Board members and all employed in the Company continuing success.

## Dear Shareholder

continued

### Annual General Meeting 2020

Please find attached to this letter the Notice of our 2020 AGM, together with notes explaining the business of the meeting. The AGM will be held as a closed meeting at Peninsula House, Rydon Lane, Exeter EX2 7HR on Friday 31 July 2020 at 1pm.

### Impact of COVID-19 restrictions

We have been closely monitoring developments relating to the COVID-19 pandemic, including public health guidance and legislation issued by the UK Government. The current arrangements for the AGM are described in this letter. Any changes will be communicated to shareholders via the Company's website at [www.pennon-group.co.uk/investor-information/shareholder-services](http://www.pennon-group.co.uk/investor-information/shareholder-services).

### Attendance at the AGM

At the time of writing, government measures are in force restricting public gatherings and discouraging the unnecessary use of public transport. In light of these measures and the overriding health and safety concerns, we are planning for the AGM this year to be held as a closed meeting. We regret that shareholders will not be permitted to attend in person and anyone seeking to attend in person will be refused entry. The Company will arrange for a quorum to be present to transact the business of the meeting. This is in line with the Corporate Insolvency and Governance Act 2020, which came into effect on 26 June 2020.

### Voting at the AGM

This year, for the first time, we are encouraging the use of electronic proxy voting by omitting to provide paper proxy forms alongside the AGM Notice. We believe that electronic voting is both more efficient and consistent with our important environmental sustainability responsibilities and objectives.

You may register your proxy votes via [www.signalshares.com](http://www.signalshares.com). Registering your vote electronically is entirely secure and ensures the privacy of your personal information.

Alternatively, if you wish to vote by post you may request a hard copy proxy form by contacting our registrar, Link Market Services (Link) on 0371 664 9234 (lines are open 8.30am to 5.30pm Monday to Friday excluding public holidays in England and Wales) or +44 371 664 9234 (from outside the UK) and quoting your Investor Code which can be found on your share certificate or dividend confirmation.

The deadline for the receipt by Link of all proxy appointments is 1pm on 29 July 2020. You are strongly urged to appoint the chairman of the meeting as your proxy to ensure your vote will be counted (rather than a named person who will not be permitted to attend the meeting).

### Shareholder engagement and questions

If you would like to ask a question of the Board on the business of the AGM, we invite you to send it to our investor relations team by email at [IR@pennon-group.co.uk](mailto:IR@pennon-group.co.uk). Questions will be answered during the meeting and a summary of responses will be published at [www.pennon-group.co.uk/investor-information/shareholder-services](http://www.pennon-group.co.uk/investor-information/shareholder-services). Responses to questions received before 27 July 2020 will be provided before proxy voting closes on 29 July 2020. On the same webpage you will find details of the online and telephone facility we are providing for those who would like to listen to the proceedings.

We hope to organise a shareholder event in the future, when government restrictions have been lifted, so that we may meet you in person.

### Business of the AGM

We will be asking shareholders to approve a number of standard resolutions that UK listed companies typically propose annually, including resolutions to elect and re-elect our Directors. As explained above, neither Chris Loughlin nor I will be standing for re-election – Gill Rider will take on the position of Chair and Susan Davy will become the new Chief Executive Officer. We will be asking shareholders to elect Paul Boote and Jon Butterworth to the Board, as well as Claire Ighodaro, who was appointed in September 2019. The remaining directors are all standing for re-election. Details of their skills, experience and contribution can be found on pages 10 and 11.

### WaterShare+

As you will be aware, WaterShare has been central to our engagement with South West Water customers since 2015, giving reassurance about the transparency and openness of our business, with our performance being reported to customers through the WaterShare scorecard and framework.

At last year's AGM 99% of our shareholders approved the introduction of the WaterShare+ Share Scheme by way of an amendment to the Company's Articles of Association and by granting authority for the Directors to issue the WaterShare+ Share to a nominee company to be determined by the Board (the Nominee). We are pleased to report the performance of South West Water will lead to £20 million being returned to customers in 2020/21.

This now requires shareholders to authorise, by special resolution, the Board to resolve to pay a dividend on the WaterShare+ Share (the WaterShare+ Dividend) to the Nominee, capped at £25 million (with the final amount to be determined by the Board). The Nominee will use the dividend to acquire ordinary shares of the Company in the market, which will be held by the Nominee on behalf of participating South West Water customers, and to pay its costs for administering the WaterShare+ Share Scheme.

Further details of the WaterShare+ Dividend special resolution are contained in the explanatory notes on page 9.

Further details generally of the WaterShare+ Share Scheme can be found at [www.pennon-group.co.uk/investor-information/watershare](http://www.pennon-group.co.uk/investor-information/watershare).

### Recommendation

Your Directors consider that all the proposals to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and recommend shareholders vote in favour of the resolutions, as they intend to do in respect of their own shareholdings.

### Electronic communications

The Company's policy is to provide all shareholder documents electronically whenever possible.

Publishing documents via our website is not only more secure, it is quicker, more cost effective, and reflects the Company's sustainability objectives as less resources and energy are used compared with traditional printing and distribution methods.

If you now wish to sign up to receive future shareholder communications electronically, you can do so via the share portal service provided by our registrar. To register simply go to [www.signalshares.com](http://www.signalshares.com) and select 'Account Registration' and then follow the on-screen instructions by inputting your surname and your Investor Code. You will also need to input your postcode and your email address.

Yours sincerely



### Sir John Parker

Chairman  
Pennon Group plc

8 July 2020

# Notice of Annual General Meeting 2020

Notice is hereby given that the thirty-first AGM of Pennon Group plc will be held as a closed meeting at Peninsula House, Rydon Lane, Exeter EX2 7HR on Friday 31 July 2020 at 1pm for the transaction of the following business.

The following resolutions will be proposed as ordinary resolutions:

## Reports and accounts

### Resolution 1

That the annual accounts and reports for the year ended 31 March 2020 be received and adopted.

## Dividend

### Resolution 2

That a final dividend of 30.11 pence per ordinary share recommended by the Directors for the financial year ended 31 March 2020 be declared for payment on 2 September 2020.

## Directors' remuneration report

### Resolution 3

That the Directors' remuneration report for the financial year ended 31 March 2020, as contained in the Company's annual report 2020 (excluding the Directors' remuneration policy set out on pages 98 to 104 of the Company's annual report 2020), be approved.

## Directors' remuneration policy

### Resolution 4

That the Directors' remuneration policy, the full text of which is set out on pages 98 to 104 of the Company's annual report 2020, be approved.

## Directors

### Resolution 5

To re-elect Gill Rider as a Director.

 [Read biography on page 10](#)

### Resolution 6

To re-elect Neil Cooper as a Director.

 [Read biography on page 10](#)

### Resolution 7

To elect Paul Boote as a Director.

 [Read biography on page 10](#)

### Resolution 8

To elect Jon Butterworth as a Director.

 [Read biography on page 11](#)

### Resolution 9

To re-elect Susan Davy as a Director.

 [Read biography on page 10](#)

### Resolution 10

To re-elect Iain Evans as a Director.

 [Read biography on page 11](#)

### Resolution 11

To elect Claire Igahodaro as a Director.

 [Read biography on page 11](#)

## Reappointment of auditor

### Resolution 12

That Ernst & Young LLP be reappointed auditor of the Company to hold office until the conclusion of the next AGM at which accounts are laid before the Company.

## Auditor's remuneration

### Resolution 13

That the Audit Committee be authorised to determine the remuneration of the auditor on behalf of the Board.

## Political donations

### Resolution 14

That in accordance with Section 366 of the Companies Act 2006 the Company, and all companies that are subsidiaries of the Company at any time during the period for which the resolution has effect, be generally and unconditionally authorised to:

- (a) make political donations to political parties and/or independent election candidates not exceeding £75,000 in total;
- (b) make political donations to political organisations other than political parties not exceeding £75,000 in total; and
- (c) incur political expenditure not exceeding £75,000 in total,

during the period from the date of this resolution to the date of the next AGM of the Company in 2021, or if earlier at the close of business on 1 October 2021, provided that the aggregate amount of any such donations and expenditure shall not exceed £75,000 and that for the purpose of this resolution the terms 'political donations', 'political parties', 'independent election candidates', 'political organisations' and 'political expenditure' have the meanings set out in Sections 363 to 365 of the Companies Act 2006.

## Authority to allot shares

### Resolution 15

That:

- (a) the Directors be generally and unconditionally authorised, in accordance with Section 551 of the Companies Act 2006, to exercise all powers of the Company to allot shares in the Company and grant rights to subscribe for, or convert any security into, shares in the Company:
  - (i) up to a maximum nominal amount of £57,120,060 (such amount to be reduced by the nominal amount of any equity securities (as defined in Section 560 of the Companies Act 2006) allotted under paragraph (ii) below in excess of £57,120,060); and
  - (ii) comprising equity securities (as defined in Section 560 of the Companies Act 2006) up to a maximum nominal amount of £114,240,120 (such amount to be reduced by any shares allotted or rights granted under paragraph (i) above) in connection with an offer by way of a rights issue:
    - (A) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and

## Notice of Annual General Meeting 2020

continued

(B) to holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter;

(b) this authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 1 October 2021;

(c) the Company may, before this authority expires, make an offer or enter into an agreement which would or might require shares to be allotted or rights to be granted after it expires and the Directors may allot shares or grant rights in pursuance of such offer or agreement as if this authority had not expired;

(d) this authority is in addition to the authority granted by Resolution 19 (Issue of Watershare+ Share) at the Company's AGM held in 2019; and

(e) all other previous unutilised authorities under Section 551 of the Companies Act 2006 shall cease to have effect (save to the extent that the same are exercisable pursuant to Section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).

The following resolutions will be proposed as special resolutions:

### General authority to disapply pre-emption rights

#### Resolution 16

That:

(a) the Directors be given power:

(i) subject to the passing of Resolution 15 above, to allot equity securities (as defined in Section 560 of the Companies Act 2006) for cash pursuant to the authority conferred on them by that resolution under Section 551 of that Act; and

(ii) to allot equity securities as defined in Section 560(3) of that Act (sale of treasury shares) for cash,

in either case as if Section 561 of that Act did not apply to the allotment or sale, but this power shall be limited:

(A) to the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under Resolution 15(a) (ii), by way of a rights issue only) to or in favour of:

(I) holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and

(II) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter; and

(B) to the allotment of equity securities pursuant to the authority granted under Resolution 15(a)(i) and/or by virtue of Section 560(3) of the Companies Act 2006 (in each case otherwise than under paragraph (A) above) up to a maximum nominal amount of £8,568,009;

(b) this power shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 1 October 2021; and

(c) the Company may, before this power expires, make an offer or enter into an agreement, which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

### Authority to disapply pre-emption rights in connection with an acquisition or specified capital investment

#### Resolution 17

That:

(a) the Directors, in addition to any authority granted under Resolution 16 above, be given power:

(i) subject to the passing of Resolution 15, to allot equity securities (as defined in Section 560 of the Companies Act 2006) for cash pursuant to the authority conferred on them by that resolution under Section 551 of that Act; and

(ii) to allot equity securities as defined in Section 560(3) of that Act (sale of treasury shares) for cash,

in either case as if Section 561 of that Act did not apply to the allotment or sale, but this power shall be:

(A) limited to the allotment of equity securities up to a maximum nominal amount of £8,568,009; and

(B) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice;

(b) this power shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 1 October 2021; and

(c) the Company may, before this power expires, make an offer or enter into an agreement, which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

## Authority to purchase own shares

### Resolution 18

That in accordance with the Companies Act 2006, the Company is generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares of 40.7p each in the capital of the Company on such terms and in such manner as the Directors of the Company may from time to time determine, provided that:

- (a) the maximum number of ordinary shares that may be purchased under this authority is 42,103,238;
- (b) the minimum price which may be paid for each ordinary share is 40.7p (exclusive of expenses payable by the Company in connection with the purchase);
- (c) the maximum price which may be paid for each ordinary share purchased under this authority (exclusive of expenses payable by the Company in connection with the purchase) shall not be more than the higher of (i) an amount equal to 105% of the average of the middle market quotations for such ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System;
- (d) this authority will, unless previously varied, revoked or renewed, expire at the conclusion of the next AGM of the Company or, if earlier, on 1 October 2021, but the Company may make a contract or contracts to purchase ordinary shares under this authority before its expiry which will or may be executed wholly or partly after the expiry of this authority and may make purchases of ordinary shares pursuant to any such contract; and
- (e) all existing authorities for the Company to make market purchases of ordinary shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this resolution and which has or have not yet been executed.

## Notice of general meetings

### Resolution 19

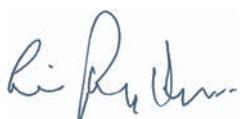
That a general meeting, other than an AGM, may be called on not less than 14 clear days' notice.

## WaterShare+ Dividend

### Resolution 20

That, for the purposes of the WaterShare+ share scheme in accordance with Article 5A of the Company's Articles of Association, the Board be authorised to resolve to pay a dividend on the WaterShare+ Share to the holder of the WaterShare+ Share, with the final amount, which must not exceed £25 million, to be determined by the Board.

By order of the Board



**Simon Pugsley**

Group General Counsel and Company Secretary, Pennon Group plc

Registered Office: Peninsula House, Rydon Lane, Exeter EX2 7HR

Registered in England and Wales No. 2366640

8 July 2020

# Important notes

The following notes explain your general rights as a shareholder in relation to the AGM.

## Meeting arrangements

In view of the current restrictions on physical public gatherings introduced by the UK Government in response to the COVID-19 pandemic, the Company has made arrangements for the AGM to be held with the minimum number of attendees to satisfy the requirements for a quorate meeting.

**Shareholders are asked not to attend the meeting and, in the interests of safety, any attempted entry to the meeting will be refused.**

**Shareholders are encouraged to vote by proxy.**

The Company continues to monitor guidance published by the UK Government and regulatory bodies such as the Financial Reporting Council covering COVID-19 restrictions and their partial relaxation (which came into effect on 4 July 2020). We are also mindful of the Corporate Insolvency and Governance Act 2020 which has come into force, and which facilitates temporary changes to the governance of companies during the COVID-19 pandemic. If the Directors decide it is necessary or appropriate to modify the AGM arrangements, this will be communicated to shareholders before the meeting through Pennon's website at [www.pennon-group.co.uk/investor-information/shareholder-services](http://www.pennon-group.co.uk/investor-information/shareholder-services).

## Entitlement to vote

Only those shareholders registered on the register of members of the Company as at close of business on 29 July 2020 (or, if this meeting is adjourned, at close of business on the day that is two days prior to the date fixed for the adjourned meeting), shall be entitled to vote at the AGM in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after close of business on 29 July 2020 or, if this meeting is adjourned, at close of business on the day that is two days prior to the adjourned meeting, shall be disregarded in determining the rights of any shareholder to vote at the AGM. In calculating the period mentioned in this paragraph, no account shall be taken of any day that is not a working day. Please note the information in the Chairman's letter on page 2 regarding attendance at this year's AGM.

A shareholder is entitled to appoint one or more proxies to exercise all or any of his or her rights to attend, speak and vote provided that each proxy is appointed to vote in respect of a different share or shares. A proxy need not be a shareholder but must attend the meeting for the shareholder's vote to be counted. As explained in the Chairman's letter on page 2, **we urge you to appoint the chairman of the meeting as your proxy, with voting instructions, to ensure your vote is counted; other named proxies will not be permitted to attend.** You must inform the Company's registrar, Link Market Services (Link), in writing of any termination of the authority of a proxy. If a share is held by joint shareholders, and more than one of the joint shareholders votes (including by way of proxy), the only vote that will count for that share is the vote of the person whose name is listed before the other shareholders on the register of members.

## Shareholder engagement

Shareholders are encouraged to submit questions by email to [IR@pennon-group.co.uk](mailto:IR@pennon-group.co.uk). Questions will be answered during the meeting and a summary of responses will be published at [www.pennon-group.co.uk/investor-information/shareholder-services](http://www.pennon-group.co.uk/investor-information/shareholder-services). Responses to questions received before 27 July 2020 will be provided before proxy voting closes on 29 July 2020.

An online and telephone conference facility will be available for shareholders who wish to listen to the proceedings of the AGM. Shareholders dialling in will not be counted as being present at the meeting and will not be able to speak or ask questions during the meeting. Further details are provided at [www.pennon-group.co.uk/investor-information/shareholder-services](http://www.pennon-group.co.uk/investor-information/shareholder-services).

## Appointing a proxy

Shareholders may register a proxy appointment and voting directions electronically by visiting [www.signalshares.com](http://www.signalshares.com).

For security purposes you will need to log on with your personal details and Investor Code, which can be found on recent communications such as your dividend confirmation or your share certificate. Full instructions are given on the website. **The proxy appointment and voting directions should reach Link not less than 48 hours before the time appointed for the holding of the AGM** or 24 hours (excluding any part of a day that is not a working day) before the time for holding any adjourned meeting that is to be held more than 48 hours after the time fixed for holding the original meeting.

Alternatively, you may request a hard copy proxy form by telephoning Link on 0371 664 9234 (calls are charged at standard geographic rates and will vary by provider) or +44 371 664 9234 for outside the UK (charged at the applicable international rate). Lines are open 8.30am to 5.30pm Monday to Friday excluding public holidays in England and Wales. For both UK and overseas shareholders, calls are charged at a standard rate.

A shareholder can appoint a proxy only using the procedures set out in these notes. More than one proxy may be appointed provided each proxy is appointed to exercise rights attached to different shares. To appoint more than one proxy, a shareholder must follow the instructions given on the relevant electronic facility or, if appointing multiple proxies by post, complete a separate proxy form for each proxy. A shareholder appointing more than one proxy should indicate the number of shares for which each proxy is authorised to act on his or her behalf.

**Please however note the information in the Chairman's letter on page 2 regarding attendance and voting at this year's AGM. We urge you to appoint the chairman of the meeting as your sole proxy.**

If you return more than one valid proxy appointment, either by electronic communication or by paper, that received last by the registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Any electronic communication found to contain a computer virus will not be accepted.

To be valid any proxy appointment must be received via [www.signalshares.com](http://www.signalshares.com) if the appointment is made electronically, or by delivery to the registrar at the address shown on the proxy form if submitted in hard copy form, or lodged using the CREST or Proximity proxy voting service: (i) no later than 1pm on 29 July 2020; or (ii) in the case of any adjourned meeting that is to be held more than 48 hours after the time fixed for holding the original meeting, no less than 24 hours (excluding any part of a day that is not a working day) before the time for holding any adjourned meeting; or (iii) in the case of a poll taken more than 48 hours after it is demanded, no less than 24 hours (excluding any part of a day that is not a working day) before the taking of the poll at which it is to be used. Further details regarding the CREST proxy voting service are given below. Any power of attorney or any other authority under which the proxy form is signed (or a certified copy of such authority) must be included with the proxy form.

The 'Vote Withheld' option on the proxy form is provided to enable shareholders to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

## Electronic proxy appointment through CREST or Proximity

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 31 July 2020 and any adjournment(s) thereof by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid the appropriate CREST message (CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction as described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must in order to be valid be transmitted so as to be received by the Company's registrar, Link Market Services (ID RA10) by no later than 1pm on 29 July 2020 or, if the meeting is adjourned to a time more than 48 hours after the time fixed for holding the original meeting, 24 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting. For this purpose the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) at which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instruction to proxies appointed through CREST should be communicated to the appointees through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

In this connection CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by Link Market Services. For further information regarding Proxymity, please go to [www.proxymity.io](http://www.proxymity.io). Your proxy must be lodged by 1pm on 29 July 2020 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

### **Corporate representatives and nominated persons**

Any corporation, which is a member, can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in the notes above does not apply to Nominated Persons. The rights described in these notes can only be exercised by shareholders of the Company.

Nominated Persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.

### **Please note the information in the Chairman's letter on page 2 regarding attendance and voting at this year's AGM.**

### **AGM results announcement and total voting rights**

Voting on all resolutions will be conducted by way of a poll rather than on a show of hands. This will result in a more accurate reflection of the views of shareholders by ensuring that every vote is recognised, including all votes of shareholders who give proxy instructions. On a poll, each ordinary shareholder has one vote for every ordinary share held. As soon as practicable following the AGM the results of the voting at the meeting will be announced via a Regulated Information Service and also placed on the Company's website [www.pennon-group.co.uk/investor-information/shareholder-services](http://www.pennon-group.co.uk/investor-information/shareholder-services).

As at 3 July 2020 (being the last practicable date prior to the publication of this Notice of AGM), the Company's issued share capital consists of 421,040,827 ordinary shares of 40.7p each, of which 8,443 ordinary shares are held in treasury. Therefore, the total voting rights in the Company as at 3 July 2020 are 421,032,384.

### **Shareholders' right to raise questions**

Members satisfying the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006 and which the members propose to raise at the meeting. The Company may not require the members requesting the publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Any statement placed on the website must also be sent to the Company's auditor not later than the time it makes its statement available on the website. The business that may be dealt with at the AGM includes any statement under Section 527 of the Companies Act 2006 that the Company has been required to publish on its website.

A member attending a general meeting has the right to ask questions. Pursuant to Section 319A of the Companies Act 2006, a Company must cause to be answered at its AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except if (a) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered, (b) the answer has already been given on a website in the form of an answer to a question, or (c) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information. In view of the restrictions on attendance at this year's AGM, as explained in the Chairman's letter on page 2, shareholders are invited to send any questions on the business of the AGM by email to our investor relations team at [IR@pennon-group.co.uk](mailto:IR@pennon-group.co.uk) in advance of the meeting.

### **Documents available for inspection**

Copies of the Executive Directors' service contracts and the Chairman's and the Non-Executive Directors' contracts for service are at the Registered Office of the Company. In view of current government measures and overriding health and safety concerns referred to in the Chairman's letter on page 2, please contact [IR@pennon-group.co.uk](mailto:IR@pennon-group.co.uk) should you have any questions.

A copy of this notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website: [www.pennon-group.co.uk/investor-information/shareholder-services](http://www.pennon-group.co.uk/investor-information/shareholder-services).

### **Electronic addresses**

Please note you may not use any electronic address provided either in this Notice of AGM or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

# Explanatory notes on resolutions

## Annual reports and accounts

Resolution 1 proposes that shareholders receive and adopt the Company's annual reports and accounts (the annual report).

The annual report is available on the Company's website at [www.pennon-group.co.uk/investor-information](http://www.pennon-group.co.uk/investor-information). Printed copies have been sent to shareholders who have previously registered a preference for paper communications. Printed copies can also be obtained from the Company's registrar.

## Dividend

Resolution 2 proposes that the shareholders approve the declaration of a final dividend. If approved, a dividend of 30.11 pence per share will become payable on 2 September 2020 to shareholders on the register at close of business on 24 July 2020.

## Directors' remuneration report

Resolution 3 proposes the approval of the Directors' remuneration report, which is set out on pages 94 to 115 inclusive of the annual report (but excluding the Directors' remuneration policy, which is set out on pages 98 to 104). It is a requirement, pursuant to Section 439 of the Companies Act 2006, that the Directors' remuneration report be submitted to shareholders for approval. The vote on Resolution 3 is advisory only and the Directors' entitlement to remuneration is not conditional on this resolution being passed.

## Directors' remuneration policy

Resolution 4 proposes the approval of the Directors' remuneration policy which is set out on pages 98 to 104 inclusive of the annual report. It is a requirement in accordance with Section 439A of the Companies Act 2006 that the Directors' remuneration policy be submitted to shareholders for approval at least every three years. The Directors' remuneration policy was last approved by a shareholder vote at the AGM in 2017.

The Directors' remuneration policy sets out the Company's forward-looking policy on Directors' remuneration and is subject to a binding shareholder vote. The Company will not be able to make a remuneration payment to a current or future director or a payment for loss of office to a current or past director, unless that payment is consistent with the policy or has been approved by a resolution of the members of the Company.

In light of the proposed sale of Viridor, the Board concluded that any renewal of the remuneration policy at the 2020 AGM should incorporate only minor updates, with a more detailed review of the remuneration strategy deferred until later in the year when there is further clarity regarding the future structure of the Group. The key proposed changes to the policy are: a modest increase to the bonus maximum from 100% of salary to 125% of salary; a commitment to aligning pensions for the incumbent Executive Directors with the wider workforce by reduction in two equal steps by 1 April 2022; a new requirement for Executive Directors to hold shares in the Company for two years following cessation of employment; and a strengthening of malus and clawback provisions to align with best practice.

## Re-election and election of Directors

In accordance with the UK Corporate Governance Code, each Director will stand for election or re-election at the AGM.

Resolutions 5, 6, 9 and 10 propose the re-election of Gill Rider, Neil Cooper, Susan Davy and Iain Evans as Directors of the Company. Resolutions 7, 8 and 11 propose the election of Paul Boote, Jon Butterworth and Claire Ighodaro, it being the first AGM since their respective appointments by the Board. Claire Ighodaro was appointed on 1 September 2019; Paul Boote and Jon Butterworth were both appointed on 8 July 2020, with Paul Boote to take up his position as Group Finance Director on 31 July 2020.

Details of the skills and experience of each Director can be found on pages 10 and 11. Information regarding their remuneration is set out in the annual report and the subsequent announcement regarding the Board changes.

The Board supports the re-election/election of each Director, as it believes that the particular knowledge and experience of each Director assists in ensuring that the Board has an appropriate balance of skills and experience for the requirements of the business. It is the Board's view that the Directors' biographies on pages 10 and 11, as well as the comments of the outgoing Chairman on page 1, which are shared by the Board, illustrate why each Director's contribution is important to the Company's long-term sustainable success.

The Chairman confirms that the formal annual performance evaluation of the Board that was carried out in March 2020 concluded that each Non-Executive Director performed effectively and demonstrated commitment to his or her role, including commitment to time for Board and Committee meetings and other duties as they are likely to arise.

The Board has determined that each of the Non-Executive Directors is independent. In making its assessment, the Board gave particular consideration to those with the longest service, being Gill Rider (who was appointed in 2012) and Neil Cooper (who was appointed in 2014). The Board is satisfied that based on their participation at meetings and their contribution outside of the boardroom, they both demonstrate independence of character and judgement in the performance of their roles. Neil Cooper will soon reach the six-year anniversary of his appointment and the Board has agreed that his term be extended for a further three years, subject to annual re-election at each AGM.

## Reappointment of auditor

Resolution 12 proposes the reappointment of Ernst & Young LLP as auditor of the Company to hold office until the conclusion of the next AGM at which accounts are laid before the Company, as recommended by the Audit Committee.

## Auditor's remuneration

Resolution 13 proposes that the Audit Committee be authorised to determine the level of the auditor's remuneration.

## Political donations

Whilst Resolution 14 requests shareholder approval by way of an ordinary resolution to approve political donations and expenditure, please note that the Company and its subsidiaries have a policy that they do not make political donations or incur political expenditure. However, the Companies Act 2006 contains restrictions on companies making donations or incurring political expenditure and defines these terms very widely, such that activities that form part of the normal relationship between the Company and its subsidiaries and bodies concerned with policy review, law reform and other business matters affecting the Company may be included.

These types of activities, which are in the shareholders' interests for the Company and its subsidiaries to conduct, are not designed to support, or implement support for, a particular political party.

The Board believes that the authority proposed under this resolution (which is the same as that agreed by shareholders at the AGM last year and in previous years) is necessary to ensure that the Company, and its subsidiaries, do not commit any technical breach that could arise from the uncertainty generated by the wide definitions contained within the Companies Act when carrying out activities in the furtherance of their legitimate business interests.

## Authority to allot shares

Resolution 15 requests shareholder approval by way of an ordinary resolution to renew (in compliance with published institutional guidelines) until 1 October 2021 or, if earlier, the conclusion of the next AGM of the Company, the Directors' authority to allot ordinary shares or grant rights to subscribe for or convert any security into shares in the Company in accordance with Section 551 of the Companies Act 2006. It is the Directors' intention to seek to renew this authority annually in accordance with investor guidelines.

The Investment Association (IA) guidelines on Directors' authority to allot shares state that IA members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to one-third of a company's issued share capital or up to two-thirds of existing issued share capital where such authority is to be applied for a fully pre-emptive rights issue.

Paragraph (a)(i) of Resolution 15 will allow the Directors to allot ordinary shares up to a maximum nominal amount of £57,120,060 representing approximately one third (33.33%) of the Company's existing issued share capital (excluding shares held in treasury) and calculated as at 3 July 2020 (being the latest practicable date prior to publication of this Notice of AGM).

In accordance with the guidelines issued by the IA, paragraph (a)(ii) of Resolution 15 will allow Directors to allot, including the ordinary shares referred to in paragraph (a)(i) of Resolution 15, further of the Company's ordinary shares in connection with a pre-emptive offer by way of a rights issue to ordinary shareholders up to a maximum nominal amount of £114,240,120 representing approximately two thirds (66.67%) of the Company's existing issued share capital (excluding shares held in treasury) and

calculated as at 3 July 2020 (being the latest practicable date prior to publication of this Notice of AGM).

The Directors have no present intention of issuing new ordinary shares (other than pursuant to the Company's employee share schemes) but they do consider that they should have this authority in order to be able to take advantage of opportunities as they arise and to retain flexibility. If they do exercise this authority, the Directors intend to follow best practice as regards its use, as recommended by the IA.

As at 3 July 2020, the Company held 8,443 ordinary shares in treasury, which represents approximately 0.002% of the total ordinary share capital in issue (excluding shares held in treasury) as at 3 July 2020 (being the latest practicable date prior to publication of this Notice of AGM).

### **General authority to disapply pre-emption rights**

Resolution 16 requests shareholder approval by way of a special resolution to renew until 1 October 2021, or if earlier, the conclusion of the next AGM of the Company, the Directors' authority to allot equity securities for cash without first being required to offer such securities to existing shareholders. If approved, the Directors will be authorised to issue shares in connection with a rights issue or other pre-emptive offer and otherwise to issue shares for cash up to a maximum nominal amount of £8,568,009, which includes the sale on a non-pre-emptive basis for cash of any shares the Company may hold in treasury. The maximum nominal amount of equity securities to which this authority relates represents not more than 5% of the issued share capital of the Company (excluding shares held in treasury) as at 3 July 2020 (being the latest practicable date prior to publication of this Notice of AGM).

The Directors do not intend to issue, under a general authority to disapply pre-emption rights used other than in conjunction with an acquisition or specified capital investment in line with the Pre-Emption Group Statement of Principles 2015 (the Statement of Principles), more than 7.5% of the Company's issued share capital for cash on a non-pre-emptive basis in any rolling three-year period without prior consultation with shareholders.

It is the Directors' intention to seek to renew this authority annually in accordance with investor guidelines.

### **Authority to disapply pre-emption rights in connection with an acquisition or specified capital investment**

Resolution 17 requests further shareholder approval, by way of a separate special resolution in line with the best practice guidance issued by the Pre-Emption Group, for the Directors to allot equity securities or sell treasury shares for cash without first being required to offer such securities to existing shareholders. The proposed resolution reflects the Statement of Principles and will expire on 1 October 2021 or at the conclusion of the AGM in 2021, whichever is the earlier.

The authority granted by this resolution, if passed:

- will be limited to the allotment of equity securities and sale of treasury shares for cash up to an aggregate nominal value of £8,568,009, which represents not more than 5% of the issued share capital of the Company (excluding shares held in treasury) as at 3 July 2020 (being the latest practicable date prior to publication of this Notice of AGM); and

• will only be used in connection with an acquisition or other capital investment of a kind contemplated by the Statement of Principles, and which is announced contemporaneously with the allotment, or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The authority granted by this resolution would be in addition to the authority under Resolution 16. The maximum nominal value of equity securities which could be allotted if both authorities were used would be £17,136,018, which represents not more than 10% of the issued share capital (excluding shares held in treasury) of the Company as at 3 July 2020 (being the latest practicable date prior to publication of this Notice of AGM).

### **Authority to purchase ordinary shares of the Company**

Resolution 18 requests shareholder approval by way of a special resolution to renew the Company's authority to purchase up to 42,103,238 shares (representing no more than 10% of its ordinary shares in issue (excluding treasury shares) as at 3 July 2020) at or between the minimum and maximum prices specified in the resolution. This authority is requested in order to increase the Company's flexibility to optimise the long-term financial and tax efficiency of its capital structure. The Directors confirm that they will only purchase shares where they believe the effect would be to increase future earnings per share on those shares not purchased and where it would be in the best interests of shareholders. The Directors have no current plans to exercise such authority.

The Companies Act 2006 allows companies to hold shares acquired by way of market purchase in treasury, rather than having to cancel them.

In addition to shares already held in treasury, the Directors may decide to hold further of the Company's own shares that may be purchased pursuant to the authority conferred by this resolution as treasury shares as an alternative to cancelling them. Shares held in treasury may subsequently be cancelled, sold for cash or issued for the purposes of satisfying share options and share awards under the Company's employee share schemes. The Directors believe that holding shares in treasury provides the Company with greater flexibility in management of its share capital. No dividends may be paid on shares held in treasury and no voting rights are exercisable in respect of treasury shares.

The total number of options to subscribe for ordinary shares that were outstanding as at 3 July 2020 (being the latest practicable date prior to publication of this Notice of AGM) was 2,499,282. The proportion of issued share capital that they represented at that time was 0.59% and the proportion of issued share capital that they will represent if the full authority to purchase shares (existing and being sought) is used is 0.74%.

### **Calling of general meetings**

Resolution 19 requests shareholder approval by way of a special resolution to enable Directors to continue to be able to call general meetings, other than AGMs, on 14 clear days' notice. A similar resolution has been passed by shareholders at previous AGMs. The notice period required by the Companies Act 2006 for general meetings is 21 clear days' notice unless shareholder approval has been obtained for the holding of such meetings on not less than 14 clear days' notice, as sought by Resolution 19. AGMs must always be held on at least 21 clear days' notice. The Company undertakes to meet the requirements for

electronic voting under the Companies Act 2006 before calling a general meeting on less than 21 clear days' notice.

If given, the approval will be effective until the Company's next AGM when it is intended that a similar resolution will be proposed.

The Directors will only consider taking advantage of the flexibility permitted by this authority where there is a need for urgency and if (taking into account the circumstances), it is appropriate and considered necessary to do so in the interests of the Company and shareholders as a whole.

### **WaterShare+ Dividend**

Resolution 20 requests, in accordance with Article 5A(1)(a)(i) Articles of Association of the Company, shareholder approval by way of a special resolution to authorise the Board to resolve to pay a dividend on the WaterShare+ Share to the holder of the WaterShare+ Share, with the final amount (which must not exceed £25 million) to be determined by the Board (the WaterShare+ Dividend). The holder of the WaterShare+ Share will be a nominee company to be determined by the Board (the Nominee). It is envisaged that the Nominee will be a nominee company within the Link Market Services group (being the Company's registrar).

It is intended that the WaterShare+ Dividend will comprise a total aggregate amount equal to the sum of:

- the aggregate market price paid to acquire existing ordinary shares in the Company on behalf of those eligible South West Water customers who apply to participate in the WaterShare+ Scheme; and
- aggregate costs associated with acquiring those existing ordinary shares and the Nominee setting up and operating the WaterShare+ Share Scheme in its first year.

Subject to the passing of Resolution 20, Pennon and South West Water intend to finalise plans to implement the WaterShare+ Share Scheme during Q3/Q4 of financial year 2020/2021.

Once final demand for ordinary shares under the WaterShare+ Share Scheme has been determined, the WaterShare+ Share would be issued to the Nominee. South West Water would then declare a one-off dividend in favour of the Company of an amount equal to the WaterShare+ Dividend. Pursuant to a resolution of the Board, the Company would then pay the WaterShare+ Dividend to the Nominee, which would use the WaterShare+ Dividend to acquire existing ordinary shares in the Company at market value through the London Stock Exchange and hold such ordinary shares as nominee for the eligible South West Water customers who applied to participate in the WaterShare+ Share Scheme instead of receiving the WaterShare rebate in cash or as a bill reduction. The Nominee would also use the WaterShare+ Dividend to pay the costs associated with acquiring those shares and the Nominee's costs for setting up and operating the WaterShare+ Share Scheme in the first year.

In each subsequent year, under Article 5A(1)(a)(ii) of the Articles of Association of the Company, Pennon would then pay the Nominee's costs for operating the WaterShare+ Share Scheme by way of an annual dividend on the WaterShare+ Share, which is capped at a maximum of £1 million per annum, with the final amount for each such dividend to be determined by the Board.

# Board of Directors



## Gill Rider

Chair\*



## Susan Davy

Chief Executive Officer\*



## Paul Boote

Group Finance Director\*

\* From 31 July 2020.

## Board Committee members

- Pennon Executive
- Audit Committee
- Sustainability Committee

- Nomination Committee
- Remuneration Committee
- △ Chair of Committee

### Gill Rider

Chair\*



CB, PhD, CCIPD

Gill joined the Board on 1 September 2012 and has been appointed to the role of Chairman with effect from 31 July 2020. She will be chair of the Nomination Committee.

#### Skills and experience

Gill has a wealth of experience in leadership, governance and remuneration across a broad range of sectors, including professional services, education, not for profit and government.

Gill was the senior independent director of Charles Taylor plc until its sale in January 2020.

Formerly, she was head of the Civil Service Capability Group in the Cabinet Office, reporting to the Cabinet Secretary and prior to that held a number of senior positions with Accenture LLP, culminating in the post of chief leadership officer for the global firm. She was previously president of the Chartered Institute of Personnel and Development and chair of the council of the University of Southampton.

#### External appointments

Gill is currently a non-executive director of Intertek Group plc where she is also chairman of their remuneration committee. In addition to her PLC roles, Gill is the President of the Marine Biological Association.

### Susan Davy

Chief Executive Officer\*



BSc Hons, ACA

Susan will be appointed Chief Executive Officer on 31 July 2020, having served as Pennon's Chief Financial Officer for the previous five years.

#### Skills and experience

Susan was appointed to the Board as Chief Financial Officer in February 2015, having joined the Group as Finance Director of South West Water in 2007. Her knowledge of the industry, coupled with her financial and regulatory expertise, has underpinned the development of Pennon's strategy which has included the value creating acquisition of Bournemouth Water in 2015 and the successful Viridor disposal process, both of which she has led. In her 25 years experience in the utility sector, Susan has also held a number of other senior roles in the water sector, including at Yorkshire Water.

Under her guidance South West Water is the only water company to have achieved fast-track status for two consecutive business plans – the first in 2014, the second in 2019.

Susan's knowledge of the industry, coupled with her financial and regulatory expertise has supported the development of Pennon's strategy and her input has been invaluable to the Board in its deliberations. Susan is highly respected in the City and has been instrumental in building Pennon's reputation.

### External appointments

She is chair of the CBI South West, non-executive director and audit committee chair of Restore Plc and a member of the A4S (Accounting for Sustainability) CFO leadership network.

### Paul Boote

Group Finance Director\*



BSc, FCA

Paul was appointed to the Board on 8 July 2020.

#### Skills and experience

Paul is a chartered accountant with over 20 years' experience in a variety of industries, with the last 10 years of his experience gained at Pennon.

Paul has held a number of senior roles at Pennon and most recently has been Pennon's Director of Treasury, Tax and Group Finance. During this time he was responsible for the development of Pennon's sector-leading sustainable debt portfolio, ensuring the Group maintains a responsible approach to tax, as well as leading on financial reporting matters. Over the past year, Paul has been instrumental in the development and successful implementation of the Group's recent strategic review. Since 2014 he has been a regular attendee at Audit Committee meetings, where his support and contribution to discussions is highly valued. Paul holds a number of directorships with Group subsidiary companies and is a key member of the executive Finance Committee which, in his new role, he now chairs.

Prior to joining Pennon, Paul held senior finance roles at companies operating in the sport, construction and environmental infrastructure industries.

Paul's knowledge of the Group and relationships with key external stakeholders, coupled with his corporate finance and financial reporting experience, provides continuity to the Board as the Group evolves through this strategic review period.

### External appointments

None

### Neil Cooper

Senior Independent Director (Non-Executive)\*



BSc Hons, FCMA

Neil was appointed to the Board on 1 September 2014. He is chairman of the Audit Committee.

#### Skills and experience

Neil brings to the Board extensive experience in a wide variety of corporate and financial matters. He is currently the chief financial officer of Currencies Direct, a foreign exchange broker and international payment provider. Previously, he was group finance director of Barratt Developments plc and, before that, group finance director of William Hill plc and Bovis Homes plc. He also held senior finance positions at Whitbread plc, worked for PricewaterhouseCoopers as a management consultant and held a number of roles with Reckitt & Colman plc.



**Neil Cooper**  
Senior Independent Director (Non-Executive)\*



**Jon Butterworth**  
Independent Non-Executive Director



**Iain Evans**  
Independent Non-Executive Director



**Claire Ighodaro**  
Independent Non-Executive Director

As chairman of the Audit Committee, Neil has been influential in directing Pennon's approach on a number of significant matters, including internal control, governance and financial reporting.

**External appointments**  
Executive director, Currencies Direct.

**Jon Butterworth**  
Independent  
Non-Executive Director



MBE, MSc, FInstP

Jon was appointed to the Board on 8 July 2020. He is the independent scrutineer of health and safety processes across the Group to help ensure that these are robust and effective.

**Skills and experience**  
Jon has a distinguished track record within the utility industry, having started his career over 40 years ago in British Gas as an apprentice technician and subsequently progressing through a variety of senior leadership roles spanning Construction, Asset Management, Regulation and Operations. As the National Operations Director, Jon was accountable for the National Grid Gas Emergency Service across the UK, before taking on the role of Global Director of Safety, Sustainability & Resilience. Jon is currently Chief Operating Officer of non-regulated business within National Grid plc, providing direction and leadership to a sizeable portfolio of gas and electricity assets across the US and Europe, applying strategic thinking and commerciality to ensure continued growth and profitability.

Jon's utility background provides him with an immense depth of knowledge and experience of the importance of maintaining a balance between profit and safety and constructively challenges the Board and management to constantly raise the bar in this area.

Jon is passionate about corporate and social responsibility and was awarded an MBE in 2009 for services to Britain's Gas Industry. He was instrumental in the Government's Rehabilitation of Young Offenders programme and has dedicated over 10 years to Special Olympics Great Britain (SOGB).

**External appointments**  
Jon is a Fellow of the Institute of Directors and is also chairman of CORGI, North Sea Link, NEMO Link, BritNed Netherlands, Ex-Ambassador of the HM Young Offenders Programme and a trustee of the National Gas Museums Trust.

**Iain Evans**  
Independent  
Non-Executive Director



CBE, BSc Hons, FCA, MBA

Iain was appointed to the Board on 1 September 2018. He is chairman of the Sustainability Committee

#### Skills and experience

Iain has 40 years of extensive global experience in advising companies and governments on issues of complex corporate strategy. In 1983 he co-founded L.E.K. Consulting in London and built it into one of the world's largest and most respected corporate strategy consulting firms with a global footprint, active in a wide range of industries. Iain was appointed as a non-executive director of Welsh Water plc in 1989 and served on the board for nearly ten years, including five as chairman.

As chairman of the Sustainability Committee, Iain is leading Pennon's development of a sustainability programme that underpins the delivery of Pennon's strategy.

#### External appointments

Iain is a non-executive director of Bologna Topco Limited and also acts as an independent corporate strategy consultant.

#### Claire Ighodaro

Independent  
Non-Executive Director



CBE, BSc Hons, FCMA, DUniv (Hon)

Claire was appointed to the Board on 1 September 2019. She recently became chair of the Remuneration Committee.

#### Skills and experience

Claire has held a number of senior roles and directorships of UK and International organisations and has extensive board experience of serving on audit and governance committees. In May 2019, she stepped down from Bank of America's Merrill Lynch International Board having served the maximum term.

Claire is a past president of CIMA and was the first woman to lead this organisation. She spent most of her executive career with BT plc and has also held non-executive directorships across a diverse portfolio including audit committee chair of Lloyd's of London, The Open University and various UK public bodies including UK Trade & Investment and the British Council.

Claire was awarded a CBE in 2008 for services to business. A board level mentor, with Savile Group, from 2009-14, she has also helped executives transitioning into non-executive roles.

As chair of the Remuneration Committee Claire will bring the experience she gained from serving on the governance committee of Merrill Lynch (which had within its remit executive remuneration) for over four years. She will continue to steer Pennon's approach on executive remuneration, ensuring that it is aligned with and supports the Group's strategy.

#### External appointments

Claire is non-executive chairman of Axa XL UK entities and non-executive director of Flood Re, where she is also chair of the audit committee.

# Additional information

## Key dates

Date and time	What happens
<b>1pm Wednesday 29 July 2020</b>	Deadline for receipt of online or postal proxy appointment to our Registrars, Link Market Services
<b>1pm Friday 31 July 2020</b>	AGM held at Peninsula House, Rydon Lane, Exeter EX2 7HR
<b>Friday 24 July 2020</b>	Record date for entitlement to the 2020 final dividend
<b>Wednesday 2 September 2020</b>	Payment of the 2020 final dividend to holders of ordinary shares

## Contact information

You can find information on how to manage your shareholding at [www.signalshares.com](http://www.signalshares.com). You will need your Investor Code to register for this service. The investor code is up to 11 digits long and can be found on recent communications such as your dividend confirmation or a share certificate.

### Telephone

Shareholder helpline – for general enquiries call:

0371 664 9234 (lines are open 8:30am to 5:30pm Monday to Friday excluding public holidays in England and Wales)

+44 371 664 9234 (for outside the UK)

**For both UK and overseas shareholders, calls are charged at a standard rate.**

### Email

[pennon@linkgroup.co.uk](mailto:pennon@linkgroup.co.uk)

### Post

Link Market Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the proxy form) to communicate with the Company for any purpose other than those expressly stated.



**Pennon Group plc**

Peninsula House

Rydon Lane

Exeter

Devon

England EX2 7HR

[www.pennon-group.co.uk](http://www.pennon-group.co.uk)

Registered in England & Wales

Registered Number: 2366640