



Bringing Water to Life



Supporting the lives of people and the places they love for generations to come

Notice of Annual General Meeting

2024

Notice of Annual General Meeting 2024



Gill Rider
Group Chair

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 transferred all of your shares in Pennon Group plc (the Company), please send this document and any accompanying documents as soon as possible to the stockbroker, bank or other agent through whom the sale or transfer was affected, for delivery to the purchaser or transferee.

YOUR VOTE IS IMPORTANT. You are strongly encouraged to vote on all resolutions to be proposed at the AGM by appointing the Chair of the meeting as your proxy. A valid proxy appointment must be received by 10am on 22nd July 2024. Further details on how you can appoint a proxy are set out in this notice.

Notice of Annual General Meeting 2024 (the AGM) Pennon Group plc to be held at Peninsula House, Rydon Lane, Exeter, EX2 7HR on Wednesday 24th July 2024 at 10am

Dear Shareholder

I am pleased to invite you to the Company's AGM, which will be held at Peninsula House, Rydon Lane, Exeter, EX2 7HR on Wednesday 24th July 2024 at 10am. The notice of AGM (the Notice) is set out on pages 2-4 of this document.

Safety and Security Notice

The health and wellbeing of our shareholders, colleagues and the wider community is of the utmost importance to the Company. In light of shareholder feedback from last year's AGM we have decided to put security arrangements in place to ensure the safety and comfort for all attendees and colleagues, and I thank you in advance for adhering to these arrangements. The safety and security arrangements can be found on page 11.

We do not permit behaviour that may interfere with anyone's security or safety or the good order of the meeting. The taking of photos, videos or audio recordings is not permitted.

Anyone who wishes to attend our AGM must follow our safety and security arrangements. Anyone who does not comply with our safety and security arrangements will be asked to leave.

Business of the AGM

The business to be considered at this year's AGM is set out below and an explanation of the business appears on pages 8-10 of this document.

To demonstrate the Company's commitment to shareholders, the Board is again putting the Company's climate-related financial disclosures before shareholders and is seeking a non-binding advisory vote on them at the AGM this year. The disclosures represent the Company's response to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and set out the Company's climate strategy to reduce emissions within its operations and through its supply chain, in order to get to Net Zero by 2030.

To reflect developments in market practice and relevant legal requirements the Board is putting forward resolutions for amendments to the Company's Articles of Association, renewal of the SAYE and SIP schemes and, following an audit tender, the appointment of a new Auditor.

Board Changes

As outlined in the Annual Report and Accounts 2024, Steve Buck was appointed to the Board on 27th November 2023 and assumed the role of Group Chief Financial Officer on 1st January 2024, following Paul Boote's decision to step down. Steve will be standing for election at this year's AGM. Details of Steve's skills and experience can be found on page 5.

As reported in the Annual Report and Accounts 2023, this will be my final AGM as Chair and I will therefore not be standing for re-election. As announced, I am delighted that David Sproul will be the new Chair of the Company and will be standing for election at the AGM. David will be appointed as an Independent Non-Executive Director on 1st July 2024 and will assume the role of Chair after the AGM on 24th July 2024. Details of David's skills and experience can be found on page 5. All other Directors are standing for re-election.

AGM Registration

As the meeting this year will be held at our head office, Peninsula House, we encourage all shareholders to kindly register your intention to attend. Please contact companysecretarial@pennon-group.co.uk.

Voting at the AGM

In line with best practice, we continue to encourage the use of electronic proxy voting. You may register your proxy votes via www.signalshares.com. Registering your vote electronically is entirely secure and ensures the privacy of your personal information.

If you wish to vote by post, you will find a proxy form enclosed with this document. Please submit your completed proxy appointment and voting instruction forms as soon as possible, but no later than 10am on 22nd July 2024 for ordinary shareholders, to the Company's Registrar, Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

If you attend the AGM, you will be provided with a poll card on the day.

WaterShare+ participants are reminded that the deadline for giving their voting instructions to the registered shareholder, Link Market Services Trustees (Nominees) Limited, is 10am on 19th July 2024. You will need to give your voting instructions via Signal Shares (www.signalshares.com). Your views are very important to us and we encourage you to give your voting instructions.

Any WaterShare+ participants who would like to attend the AGM in person must make a request to obtain a letter of representation to Link Market Services Trustees (Nominees) Limited by 10am on 19th July 2024, so that the required paperwork can be processed. We will be unable to permit entry to the meeting to any WaterShare+ participants who have not made appropriate arrangements or have the appropriate paperwork.

Further details on the WaterShare+ Scheme can be found at www.pennon-group.co.uk/investor-information/watershare.

Shareholder Questions

The AGM is an opportunity to ask your Board questions relating to the business of the Company. If you would like to ask a question for the Board on the business of the AGM, we invite you to pre-submit them by 10am on 22nd of July 2024 to our Company Secretarial team by email at companysecretarial@pennon-group.co.uk. Questions will be answered during the meeting, where possible. There will be plenty of time for shareholders to ask questions. A summary of responses will be published on our website following the meeting.

Live Webcast

This year, we are providing a live webcast to enable shareholders to listen to the 2024 AGM remotely and we encourage all our shareholders to make use of this facility. This webcast is not interactive and it is not possible to vote or ask questions remotely. Shareholders should note that accessing the live webcast is for viewing and information purposes only.

Instructions on how to access the live webcast are set out on page 11. Please remember to register your proxy vote in advance of the meeting, as outlined above.

Recommendation

The Board considers that all resolutions to be proposed at the AGM are in the best interests of and promote the success of the Company and our shareholders as a whole and accordingly unanimously recommends that you vote in favour of the resolutions, as your Directors 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 secure, but also quicker, more cost effective and reflects the Company's sustainability objectives as less resources and energy are used compared with traditional printing and distribution needs.

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 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.

Finally, I want to extend my thanks to our Board, our CEO Susan and her executive team for their support. I am grateful to have worked alongside such a talented and dedicated team over many years and I look forward to continuing my relationship with Pennon as a customer.



Gill Rider
Group Chair

20th May 2024

Notice of Annual General Meeting 2024

Notice is hereby given that the 2024 Annual General Meeting of Pennon Group plc will be held at Peninsula House, Rydon Lane, Exeter, EX2 7HR on Wednesday 24th July 2024 at 10am.

Resolutions

The Resolutions numbered 1 to 18 are proposed as Ordinary Resolutions, which must each receive more than 50% of the votes cast in order to be passed.

Resolutions 19 to 23 are proposed as Special Resolutions, which must receive at least 75% of the votes cast in order to be passed.

Ordinary resolutions

Resolution 1 – Annual Report and Accounts

That the Annual Report and Accounts for the year ended 31st March 2024 be received and adopted.

Resolution 2 – Dividend

That a final dividend of 30.33p per ordinary share, as recommended by the Directors for the financial year ended 31st March 2024, be declared for payment on 5th September 2024 to ordinary shareholders whose name appears on the register of members as at the close of business on 26th July 2024.

Resolution 3 – Directors' Remuneration Report

That the Directors' Remuneration Report for the financial year ended 31st March 2024, as contained in the Company's Annual Report and Accounts 2024 (excluding the Directors' Remuneration Policy set out on page 152 of the Annual Report and Accounts 2024) be approved.

Election of Directors

Resolution 4 – Election of David Sproul

To elect David Sproul as a Director.

Read biography on page 5

Resolution 5 – Election of Steve Buck

To elect Steve Buck as a Director.

Read biography on page 5

Re-election of Directors

Resolution 6 – Susan Davy

To re-elect Susan Davy as a Director.

Read biography on page 5

Resolution 7 – Iain Evans

To re-elect Iain Evans as a Director.

Read biography on page 6

Resolution 8 – Jon Butterworth

To re-elect Jon Butterworth as a Director.

Read biography on page 6

Resolution 9 – Claire Ighodaro

To re-elect Claire Ighodaro as a Director.

Read biography on page 6

Resolution 10 – Loraine Woodhouse

To re-elect Loraine Woodhouse as a Director.

Read biography on page 7

Resolution 11 – Dorothy Burwell

To re-elect Dorothy Burwell as a Director.

Read biography on page 7

Resolution 12 – Appointment of Auditor

That PricewaterhouseCoopers LLP be appointed as Auditor of the Company to hold office until the conclusion of the next AGM at which accounts are laid before the Company.

Resolution 13 – Auditor's remuneration

That the Audit Committee be authorised to determine the remuneration of the Auditor, for and on behalf of the Board.

Resolution 14 – Political donations

That in accordance with Section 366 of the Companies Act 2006 (the Act), 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 2025, or if earlier to the close of business on 1st October 2025, provided that the aggregate amount of any such donations and expenditure shall not exceed £75,000 in total 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 Act.

Resolution 15 – Authority to allot shares

That:

- a. the Directors be generally and unconditionally authorised, in accordance with Section 551 of the Act, 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 £58,209,077 (such amount to be reduced by the nominal amount of any equity securities (as defined in Section 560 of the Act) allotted under paragraph (ii) below in excess of £58,209,077); and
 - ii. comprising equity securities (as defined in Section 560 of the Act) up to a maximum nominal amount of £116,418,155 (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 pre-emptive offer:
 - A. to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
 - 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 impose such exclusions, limits or other restrictions and make any other arrangements as they consider expedient, necessary or appropriate in relation to treasury shares, fractional entitlements, record dates, shares represented by depository receipts, legal, regulatory or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter, provided that:
- 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 1st October 2025;
- 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; and
- d. all previous unutilised authorities under Section 551 of the Act shall cease to have effect (save to the extent that the same are exercisable pursuant to Section 551(7) of the Act 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).

Resolution 16 – Climate-related financial disclosures

To consider and approve the Company’s climate-related financial disclosures as set out on pages 78-109 of the Annual Report and Accounts 2024.

Resolution 17 – The adoption of the Pennon Group Sharesave Scheme (the “2024 Sharesave”)

That:

- (a) the rules of the 2024 Sharesave in the form produced to the meeting and initialled by the Chair for the purposes of identification, the principal terms of which are summarised in Appendix 2 to this Notice, be approved; and
- (b) the Directors be authorised to do what they consider necessary or expedient to implement the 2024 Sharesave and to establish further plans based on the 2024 Sharesave to take account of local tax, exchange control or securities laws in overseas territories provided that any shares made available under any other such plans count against any limits on individual or overall participation under the 2024 Sharesave.

Resolution 18 – The adoption of the Pennon Group All-Employee Share Incentive Plan (the “2024 SIP”)

That:

- (a) the rules of the 2024 SIP in the form produced to the meeting and initialled by the Chair for the purposes of identification, the principal terms of which are summarised in Appendix 2 to this Notice, be approved; and
- (b) the Directors be authorised to do what they consider necessary or expedient to implement the 2024 SIP and to establish further plans based on the 2024 SIP to take account of local tax, exchange control or securities laws in overseas territories provided that any shares made available under any other such plans count against any limits on individual or overall participation under the 2024 SIP.

Special resolutions

Resolution 19 – General authority to disapply pre-emption rights

That:

- a. the Directors be given power, subject to the passing of Resolution 15 above, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred on them by that resolution under Section 551 of that Act and/or 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 the Act did not apply to the allotment or sale, but so that this power shall be limited:
 - A. to the allotment of equity securities in connection with an offer, invitation to apply for, or issue of equity securities (but in the case of the authority granted under Resolution 15(a) (ii), by way of a pre-emptive offer 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 impose such exclusions, limits or restrictions and make any other arrangements as they consider expedient, necessary or appropriate in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, any legal, regulatory 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. 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 Act (in each case otherwise than under paragraph (A) above) up to a maximum nominal amount of £17,462,723; and
- C. to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) or paragraph (B) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph (B) above, such power to be used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

provided that:

- b. this power shall apply until the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, until the close of business on 1st October 2025; and
- c. the Company may, before this power ends, make an offer or enter into an agreement, which would or might require equity securities to be allotted after the power ends, and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not ended.

Resolution 20 – Authority to disapply pre-emption rights in connection with an acquisition or specified capital investment

That:

- a. the Directors, in addition to any power granted under Resolution 19 above, be given power, subject to the passing of Resolution 15, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred on them by Resolution 15(a)(i) under Section 551 of the Act; and/or 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 so that this power shall be:
 - A. limited to the allotment of equity securities up to a maximum nominal amount of £17,462,723; and used only for the purposes of financing a transaction which the Directors determine to be either an acquisition or a specified 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 or for the purposes of refinancing such a transaction within 12 months of its taking place; and
 - B. limited to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph (A) above, such power to be used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

provided that:

- b. this power shall apply until the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 1st October 2025; and
- c. the Company may, before this power ends, make an offer or enter into an agreement, which would or might require equity securities to be allotted after the power ends, and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not ended.

Resolution 21 – Authority to purchase own shares

That in accordance with the Act, the Company is generally and unconditionally authorised for the purposes of Section 701 of the Act to make one or more market purchases (within the meaning of Section 693(4) of the Act) of any of its ordinary shares 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 28,603,969;
- b. the minimum price which may be paid for each ordinary share is the nominal value of the share (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 5% above the average market value of an ordinary share for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and
 - ii. the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is to be carried out, including when the shares are traded on different trading venues; and
- 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 1st October 2025, but the Company may enter into 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 the Company may make purchases of ordinary shares pursuant to any such contract as if this authority had not expired.

Resolution 22 – Notice of General Meetings

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

Resolution 23 – Amendment to Articles of Association

That, with effect from the conclusion of this AGM, the new articles of association for the Company produced to this meeting (and initialled by the Chair for the purposes of identification) be approved and adopted by the Company in substitution for, and to the exclusion of, the existing articles of association of the Company.

By order of the Board



Andrew Garard
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

20th May 2024

The Pennon Board of Directors

Working responsibly together

David Sproul



Group Chair Designate

Date of Appointment to the Board

David will be appointed to the Board as an Independent Non-Executive Director with effect from 1st July 2024 and will assume the role of Chair after the AGM.

Current external appointments

Chair of Starling Bank Limited and non-executive director on Safanad Limited. David is also a senior adviser to Bridgepoint Europe and he sits on the Board of Governors as chair designate of University of Hertfordshire.

Skills and experience

David is a Chartered Accountant who has spent the majority of his career in professional services with Deloitte and prior to that Andersen serving a diverse range of UK and international clients. He concluded his executive career at Deloitte in summer 2021 as Global Deputy CEO having previously been elected for two terms as Senior partner and Chief Executive of Deloitte UK and North West Europe from 2011 to 2019. During his leadership the firm became the largest and most profitable professional services firm Globally and, in the UK, driven in part by significant investments in technology services, as well as differentiating itself as the Audit quality leader with a strong inclusive culture.

Susan Davy BSc Hons, ACA



Group Chief Executive Officer

Date of Appointment to the Board

Susan was appointed to the Board as Group Chief Financial Officer in February 2015 and was appointed as Group Chief Executive on 31st July 2020.

Current external appointments

Non-Executive Director and Audit Chair of Restore Plc, a Director of the Institute of Water, a member of the Water UK Board, member of the Energy and Utilities Skills Partnership Council, and was previously a member of the A4S (Accounting for Sustainability) CFO leadership network.

Skills and experience

Susan's knowledge of the industry, coupled with her financial and regulatory expertise, has underpinned the development of Pennon's growth strategy to become a leader within the water industry. Under Susan's leadership, the Group has continued to expand, and become a stronger and more resilient business. In her 25+ years' experience, in the utility sector, Susan has also held several other senior roles in the water sector, including at Yorkshire Water, giving her the knowledge to provide stability and thoughtful leadership to the Group.

Steve Buck



Group Chief Financial Officer

Date of Appointment to the Board

Steve was appointed to the Board as Group Chief Financial Officer on 27th November 2023.

Current external appointments

None

Skills and experience

Steve is a Chartered Management Accountant and has spent almost two decades working across the globe in different roles within the utility sector – including his most recent role as Chief Financial Officer for Anglian Water Group, where he worked for four years. Steve has led finance and transformation functions, focusing on delivering for both shareholders and millions of customers in complex and challenging environments.

Iain Evans CBE



Senior Independent Director

Date of Appointment to the Board

Iain was appointed to the Board as Independent Non-Executive Director on 1st September 2018 and became Senior Independent Director on 1st September 2023.

Current external appointments

Iain is a non-executive director of Bologna Topco Limited and HSM Advisory Limited and continues to act as an independent corporate strategy consultant.

Skills and experience

Iain has 40 years of 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 and 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 years as chair.

Claire Ighodaro CBE



Independent Non-Executive Director

Date of Appointment to the Board

Claire was appointed to the Board as Independent Non-Executive Director on 1st September 2019.

Current external appointments

Chair of the audit board of KPMG LLP.

Skills and experience

Claire has held a number of senior roles and directorships with UK and international organisations and has extensive board experience, serving on their audit, remuneration and governance committees. She is a past president of the Chartered Institute of Management Accountants (CIMA) and was the first female to lead this organisation. Claire spent most of her executive career with BT plc. She has also held non-executive directorships across a diverse portfolio, including Governance Committee chair of Bank of America's Merrill Lynch International, Audit Committee chair of Lloyd's of London, Flood Re, The Open University and various UK public bodies, including UK Trade & Investment and the British Council. Claire was also non-executive chair of the Board and Governance Committee at Axa XL-UK Entities until December 2022.

Jon Butterworth



Independent Non-Executive Director

Date of Appointment to the Board

Jon was appointed to the Board as Independent Non-Executive Director on 8th July 2020.

Current external appointments

Chief executive officer at National Gas. Jon is also president of the Pipeline Industries Guild and a director of E.Tapp & Co Limited, Shopfittings Manchester Limited and TMA Property Limited.

Skills and experience

Jon has a distinguished track record and an immense depth of experience and knowledge within the utility sector, having begun his career over 40 years ago as an apprentice at British Gas. Jon was previously managing director of National Grid Ventures, driving growth across a range of commercial ventures outside the regulated energy sector in the UK and the US. He has also been managing director of Northwest Gas, global Environment and Sustainability manager of Transco, National Operations director of National Grid, Group Safety, Resilience and Environmental director of National Grid plc and formerly chief executive officer of National Grid Ventures. Jon is an ex-chair of the CORGI board, an ex-ambassador of the HM Young Offenders Programme and trustee of the National Gas Museum Trust.

Loraine Woodhouse



Independent Non-Executive Director

Date of Appointment to the Board

Loraine was appointed to the Board as Independent Non-Executive Director on 1st December 2022.

Current external appointments

Non-executive director of The Restaurant Group plc and a member of their Audit, Remuneration and Nomination Committees; non-executive director and chair of the Audit Committee at British Land plc.

Skills and experience

Loraine is an experienced finance executive, with her experience focused in the retail and consumer sector, and more recently in real estate and infrastructure through her roles with Intu Properties plc and British Land Company plc. Loraine was the chief financial officer of Halfords Group plc until June 2022, before which she spent five years in executive and senior finance roles within John Lewis Partnership, including Waitrose. Prior to that, Loraine was chief financial officer of Hobbs, finance director of Capital Shopping Centres Limited (subsequently Intu Properties plc) and finance director of Costa Coffee Limited.

Dorothy Burwell



Independent Non-Executive Director

Date of Appointment to the Board

Dorothy was appointed to the Board as Independent Non-Executive Director on 1st December 2022.

Current external appointments

Partner and Global Partnership Board member of FGS Global and non-executive director at Post Holdings Inc.

Skills and experience

Dorothy has over 20 years' experience in banking and communications, specialising in natural resources and advising clients around issues of sustainability, strategy, and corporate communications. She is well known for driving substantive diversity and inclusion agendas. Between 2002 and 2006, Dorothy held analyst and senior roles at Goldman Sachs, in the investment banking division, in both London and New York, as well as in the firmwide Strategy Group, where she focused on proprietary mergers and acquisitions and new business development. Dorothy graduated from the Florida Agricultural and Mechanical University, USA with a Bachelor and Master of Business Administration, Finance and Management.

Explanatory notes

Resolution 1 – Annual Report and Accounts

Resolution 1 proposes that shareholders receive and adopt the Company's Annual Report and Accounts 2024 (the Annual Report). The Annual Report, which includes the Strategic Report, the Directors' Report, the Directors' Remuneration Report, the audited Financial Statements and the Independent Auditor's Report, is available on the Company's website at www.pennon-group.co.uk/investor-information/financial-reports-and-presentations. 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.

Resolution 2 – Dividend

Resolution 2 proposes that shareholders approve the declaration of a final dividend. If approved, a final dividend of 30.33p per ordinary share will become payable on 5th September 2024 to ordinary shareholders on the register of members at close of business on 26th July 2024. Dividends will not be paid to any sanctioned person or to any person who cannot confirm that they have not been sanctioned if requested to do so.

Resolution 3 – Directors' Remuneration Report

Resolution 3 proposes that the Directors' Remuneration Report for the financial year ended 31st March 2024, as contained in the Company's Annual Report (excluding the Directors' Remuneration Policy set out on page 152) be approved. The vote on Resolution 3 is advisory only and the Directors' entitlement to remuneration is not conditional on this resolution being passed.

Resolutions 4 – 5 – Election of Directors

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

Details of the skills and experience of each Director can be found on page 5, of this document. Information regarding their remuneration is set out in the Annual Report.

The Board supports the election of the new Directors, as it believes that the knowledge and experience of each Director assist in ensuring that the Board has an appropriate balance of skills and experience for the requirements of the Company's business. It is the Board's view that the Directors' biographies on page 5 illustrate the diverse nature of the Board and why each Director's contribution is important to the Company's long-term sustainable success.

Resolutions 6 – 11 – Re-election of Directors

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

Details of the skills and experience of each Director can be found on pages 5-7. Information regarding their remuneration is set out in the Annual Report.

The Board supports the re-election of each Director, as it believes that the knowledge and experience of each Director assist in ensuring that the Board has an appropriate balance of skills and experience for the requirements of the Company's business. It is the Board's view that the Directors' biographies on pages 5-7 of this document illustrate the diverse nature of the Board and why each Director's contribution is important to the Company's long-term sustainable success.

The Chair confirms that the formal annual performance evaluation of the Board, that was carried out in March 2024, concluded that each Director performed effectively and demonstrated commitment to their 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. The Board is satisfied that, based on their participation at meetings and their contribution outside of the boardroom, they demonstrate independence of character and judgement in the performance of their roles. Further information on Board composition, independence and experience can be found on page 130 of the Annual Report. Information on our succession planning is on page 130 of the Annual Report.

Resolution 12 – Appointment of Auditor

The Company is required by law to appoint an auditor annually. The appointment must be made before the end of the general meeting before which accounts are laid. Following a competitive tender process the Board recommends the appointment of PricewaterhouseCoopers LLP as the Company's new auditor for the financial year ending 31st March 2025, until the conclusion of the 2025 AGM at which the accounts are laid before the Company, as recommended by the Audit Committee. The Company's previous auditor, Ernst & Young LLP, ceased to hold office as the Company's auditor on 30th May 2024 and has, in accordance with Section 519 of the Act, provided the Company with a statement of circumstances confirming that it has resigned as auditor of the Company and that there are no circumstances which need to be brought to the attention of shareholders and creditors. A copy of the statement is set out in Appendix 1.

Resolution 13 – Auditor's remuneration

Resolution 13 proposes that the Audit Committee (for and on behalf of the Board) be authorised to determine the level of the Auditor's remuneration.

Resolution 14 – 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 Act 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 Act when carrying out activities in the furtherance of their legitimate business interests.

Resolution 15 – Authority to allot shares

Resolution 15 requests shareholder approval by way of an ordinary resolution to renew (in compliance with published institutional guidelines) until 1st October 2025 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 Act. 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 existing issued share capital or up to two-thirds of existing issued share capital where such authority is to be applied to a pre-emptive offer, including a rights issue or open offer.

Paragraph (a)(i) of Resolution 15 will allow the Directors to allot ordinary shares up to a maximum nominal amount of £58,209,077 representing approximately one-third of the Company's existing issued share capital (excluding shares held in treasury) and calculated as at 20th May 2024 (being the latest practicable date prior to publication of this Notice).

Resolution 16 – Climate-related financial disclosures

Resolution 16 is a non-binding advisory vote to consider and approve the Company's climate-related financial disclosures. The disclosures represent the Company's response to the recommendations of the TCFD and set out the Company's climate strategy to reduce emissions within its operations and through its supply chain in order to get to Net Zero by 2030.

Resolution 17 – The adoption of the Pennon Group Sharesave Scheme (the “2024 Sharesave”)

In 2014 the Company's shareholders approved the renewal of the Pennon Group 2014 Sharesave Scheme (the “2014 Sharesave”); an “all employee” tax-advantaged share option plan under which employees enter into a monthly savings contract to buy shares in the Company in three or five years' time, at a discount of up to 20%.

The 2014 Sharesave will expire in July 2024 and it is therefore proposed that the Pennon Group 2024 Sharesave Scheme, amended to reflect best practice and current legislation (the “2024 Sharesave”) replace the 2014 Sharesave and as such, the 2024 Sharesave rules are presented to shareholders for approval.

A summary of the principal terms of the 2024 Sharesave is set out in Appendix 2. The rules of the 2024 Sharesave will be available for inspection at the registered office of the Company as set out on page 13 of this Notice and available on the National Storage Mechanism from the date of this Notice.

Resolution 18 – The adoption of the Pennon Group All-Employee Share Incentive Plan (the “2024 SIP”)

In 2014 the Company's shareholders approved the renewal of the Pennon Group Share Incentive Plan (the “SIP”); an “all employee” tax-advantaged share plan under which employees can acquire shares in the Company either free of charge or by purchasing them from pre-tax salary (including shares purchased with any dividends paid), in each case up to an annual limit prescribed by the legislation.

It is proposed that the SIP, as amended to reflect best practice and current legislation (the “2024 SIP”), be renewed and as such, the 2024 SIP rules are presented to shareholders for approval.

A summary of the principal terms of the 2024 SIP is set out in Appendix 2. The rules of the 2024 SIP will be available for inspection at the registered office of the Company as set out on page 13 of this Notice, and available on the National Storage Mechanism from the date of this Notice.

Resolution 19 – General authority to disapply pre-emption rights

Resolution 19 requests shareholder approval by way of a special resolution to renew until 1st October 2025 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 (as would otherwise be required by Section 561 of the Act). If this resolution is 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 (which includes the sale on a non-pre-emptive basis for cash of any shares the Company may hold in treasury) up to a maximum nominal amount of £17,462,723, which represents 10% of the issued share capital of the Company (excluding shares held in treasury) calculated as at 20th May 2024 (being the latest practicable date prior to publication of this Notice), plus up to a further 2% of the issued share capital of the Company (excluding shares held in treasury) to be used only for the purposes of making a follow-on offer of the kind contemplated by paragraph 3 of Section 2B of the Pre-Emption Group's Statement of Principles.

This reflects the Pre-Emption Group's Statement of Principles as updated in November 2022 (the “Statement of Principles”), which supports companies seeking authority to issue non-pre-emptively for cash equity securities representing:

- i. no more than 10% of issued ordinary share capital (excluding treasury shares) in any one year, whether or not in connection with an acquisition or specified capital investment (with a further authority of no more than 2% to be used only for the purposes of making a follow-on offer of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles); and
- ii. no more than an additional 10% of issued ordinary share capital (excluding treasury shares) provided that it is intended to be used only in connection with the financing (or refinancing, if the authority is to be used within 12 months after the original transaction) of an acquisition or a specified capital investment which is announced contemporaneously with the issue, or which has taken place in the preceding 12-month period and is disclosed in the announcement of the issue (with a further authority for no more than 2% to be used only for the purposes of making a follow-on offer of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles).

Resolutions 19 and 20 apply the increased limits of 10% (plus up to a further 2% in respect of each limit, in each case to be used only for the purposes of making a follow-on offer) as set out in the Statement of Principles.

The Directors have no present intention to exercise the powers sought by Resolution 19 or 20. If the powers sought by Resolution 19 or Resolution 20 are used in relation to a non-pre-emptive offer, the Directors confirm their intention to follow the shareholder protections in paragraph 1 of Part 2B of the Statement of Principles and, where relevant, follow the expected features of a follow-on offer as set out in paragraph 3 of Part 2B of the Statement of Principles.

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

Resolution 20 – Authority to disapply pre-emption rights in connection with an acquisition or specified capital investment

Resolution 20 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.

Resolution 20 is intended to give the Company flexibility to make non-pre-emptive issues of ordinary shares in connection with acquisitions and other capital investments as contemplated by the Statement of Principles and will expire on 1st October 2025 or at the conclusion of the next AGM of the Company, whichever is earlier.

The authority granted by this resolution, if passed:

- i. will be limited to the allotment of equity securities and sale of treasury shares, for cash up to an aggregate nominal value of £17,462,723, which represents 10% of the issued share capital of the Company (excluding shares held in treasury) calculated as at 20th May 2024 (being the latest practicable date prior to publication of this Notice), plus up to a further 2% of the issued share capital of the Company (excluding shares held in treasury) to be used only for the purposes of making a follow-on offer of the kind contemplated by paragraph 3 of Section 2B of the Statement of Principles; and
- ii. will only be used in connection with an acquisition or other capital investment which the Directors determine to be of a kind contemplated by the Statement of Principles, and which is announced contemporaneously with the allotment, or has taken place in the preceding 12-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 19.

The maximum nominal value of equity securities which could be allotted for cash on a non-pre-emptive basis if both authorities were used would be £34,925,446, which represents an amount equal to 20% of the issued share capital (excluding shares held in treasury) of the Company calculated as at 20th May 2024 (being the latest practicable date prior to publication of this Notice), plus up to a further 4% of issued ordinary share capital (excluding treasury shares) pursuant to follow-on offers of the kind contemplated by paragraph 3 of Section 2B of the Statement of Principles.

Resolution 21 – Authority to purchase own shares

Resolution 21 requests shareholder approval by way of a special resolution to renew the Company's authority to purchase up to 28,603,969 shares (representing approximately 10% of its ordinary shares in issue (excluding treasury shares)) as at 20th May 2024 (being the latest practicable date prior to publication of this Notice). The resolution specifies the minimum and maximum prices at which a share may be purchased pursuant to the authority. The minimum price per share would be the nominal value of that share. The maximum price per share would be the higher of (i) an amount equal to 5% above the market value of an ordinary share for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is to be carried out (including where shares are traded on different venues).

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.

Resolution 21 should not be taken as an indication that the Company intends to purchase ordinary shares at any particular price or indeed at all. The Directors have no present intention of exercising the authority to make market purchases. However, the authority provides the flexibility to allow them to do so in future. 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.

Any shares acquired by way of market purchase pursuant to this authority may be cancelled or held in treasury (pursuant to the terms of the Act). The Directors would consider whether to hold shares that may be purchased pursuant to this authority as treasury shares (in addition to the existing 5,628 shares already held in treasury) 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 20th May 2024 (being the latest practicable date prior to publication of this Notice) was 1,388,852. The proportion of the Company's issued share capital (excluding treasury shares) that they represented at that time was approximately 0.49%, the proportion of issued share capital (excluding treasury shares) that they would represent if the Company were to exercise its authority to purchase shares to the fullest extent possible pursuant to its existing authority as granted at last year's AGM and the authority being sought by Resolution 21, would be approximately 0.44%.

The authority will expire on the earlier of 1st October 2025 and the conclusion of the next AGM of the Company. The Directors intend to seek to renew this authority at the Company's next AGM.

Resolution 22 – Notice of General Meetings

Under the Act, the notice period required for all general meetings of the Company is 21 days. AGMs will always be held on at least 21 clear days' notice but shareholders can approve a shorter notice period for other general meetings, as long as this is not less than 14 clear days.

The flexibility offered by Resolution 22 will be used where, taking into account the circumstances, the Directors consider this appropriate in relation to the business to be considered at the relevant general meeting.

Resolution 23 – Amendment to the Articles of Association

Shareholders are asked to approve new articles of association of the Company (the "New Articles") which incorporate changes introduced primarily to reflect developments in market practice and relevant legal requirements and to provide additional clarity in respect of the Company's current articles of association (the "Current Articles"). An explanation of the principal changes are:

Allotment of shares and disapplication of pre-emption rights

The proposed amendments to the Current Articles include the removal in their entirety of the articles authorising the board to allot shares and to disapply pre-emption rights, in accordance with certain set parameters.

This new position reflects standard market practice and the fact that such authorisations are to be dealt with instead on a recurring annual basis at the Company's AGM, by way of shareholder resolution only.

Special remuneration

The New Articles make it clear that service by a director on a committee of the Company may constitute a special or extra service for which the board may grant special remuneration.

Scrip dividends

The New Articles reduce the time limit on resolutions of the company authorising a scrip dividend share issuance from five years to three years. This is in line with market practice and the recommendations of the Investment Association.

Communication during suspension or curtailment of postal services

The New Articles amend the position in relation to the giving of notice of a general meeting during the suspension or curtailment of postal services within the United Kingdom. Rather than requiring the Company to advertise the general meeting by a notice which appears on its website and in at least one national newspaper, the New Articles require the Company to advertise the general meeting by a notice which appears on its website and via a Regulatory Information Service. This change reflects market practice and is intended to improve shareholder access to information in such circumstances.

Untraced shareholders

The proposed amendments to the Current Articles update the provisions relating to untraced shareholders in order to bring these in line with market practice, consistent with similar changes that have been implemented in recent years by other listed companies. Under both the Current Articles and the New Articles, the Company is entitled to sell the shares of untraced shareholders following a set period of time where at least three dividend payments have been unclaimed and the company has received no communication from the relevant holder. The New Articles reduce this time period from 12 years to 8 years and remove altogether the time period for the forfeiture of the proceeds of sale of such shares. Under the New Articles, the Company must use the proceeds of sale for such good causes as the board may decide.

Unclaimed dividends

The New Articles reduce the time period for the forfeiture of unclaimed dividends from 12 years to 8 years in line with the approach followed by other listed companies.

Shareholder information

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

Safety and security arrangements

Pennon takes the safety and security of everyone who wishes to attend our AGM very seriously. To ensure the safety of attendees we will be conducting bag searches at the registration desk upon arrival. We ask that anyone who wishes to attend the AGM register in advance at companysecretarial@pennon-group.co.uk and, on the day, they must bring a form of photographic ID, proof of shareholding and if necessary, a letter of representation from our registrar, Link Group (needed for WaterShare+ holders). Information on how to request a letter of representation can be found on page 1. Please ensure you arrive in good time to allow you to complete registration and bag checks before the meeting starts. We do not permit any behaviour that may interfere with anyone's security or safety. Attendees are asked to adhere to the agenda, set out in this Notice. The appropriate forum for engagement at the meeting will be the Q&A session and there will be plenty of time for shareholders to ask questions.

The taking of photos, videos or audio recordings is not permitted. Mobile phones and electronic devices should be turned off prior to entering the meeting room. Any directions provided on the day concerning the use of such devices must be adhered to. Anyone who wishes to attend our AGM must follow our safety and security arrangements. Anyone who does not comply with our security and safety arrangements will be asked to leave. If you have any questions regarding our security arrangements, please contact: companysecretarial@pennon-group.co.uk.

Refreshments

Refreshments will be available before the meeting starts and then again once the meeting has ended.

Guests

The AGM is a private meeting of shareholders and their representatives. Guests are not entitled to attend the meeting but may be permitted entry at the absolute discretion of the Company. All attending guests must adhere to our safety and security arrangements. If you wish to bring a guest, please contact companysecretarial@pennon-group.co.uk in advance of the meeting. All permitted guests must bring photographic ID and register their attendance, at the registration desk, at the same time as the shareholder they are attending with.

Joining the Live Webcast

You will need to visit www.pennon-group.co.uk/investor-information/shareholder-services/general-meetings where the link to join the live webcast will be available 24 hours before the AGM and can be accessed using your smartphone, tablet or computer. You will then be prompted to enter your unique 11 digit Investor Code (IVC) including any leading zeros and 'PIN'. Your PIN is the last 4 digits of your IVC. This will authenticate you as a shareholder.

Your IVC can be found on your share certificate, or Signal Shares users (www.signalshares.com) will find this under 'Manage your account' when logged in to the Signal Shares portal. You can also obtain this by contacting Link, our registrar, by calling +44 (0) 371 277 1020*.

Access to the AGM will be available from 30 minutes before the start of the event.

If you wish to appoint someone to attend the virtual meeting on your behalf, please contact Link Group on +44 (0) 371 277 1020* in order to obtain their IVC and PIN. It is suggested that you do this as soon as possible and at least 48 hours (excluding non-business days) before the meeting.

If you are a WaterShare+ participant who holds through Link Market Services Trustees (Nominees) Limited and you wish to join the virtual meeting please enter your unique 11 digit Investor Code (IVC) including any leading zeros and 'PIN'. Your PIN is the last 4 digits of your IVC. This will authenticate you as a participant. If you are not aware of your IVC you can obtain this by contacting Link, our registrar, by calling +44 (0) 371 277 1020*.

If your shares are held within a nominee structure via a bank or broker and you wish to attend the electronic meeting, you will need to contact your nominee as soon as possible. Your nominee will need to present a corporate letter of representation to Link Group, our registrar, as soon as possible and at least 72 hours (excluding non-business days) before the meeting, in order that they can obtain for you your unique IVC and PIN to enable you to attend the electronic meeting.

*Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday, calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.

Entitlement to vote

Only those shareholders registered on the register of members of the Company as at close of business on 22nd July 2024 (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), will 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 22nd July 2024 or, if this meeting is adjourned, at close of business on the day that is two days prior to the adjourned meeting, will be disregarded in determining the rights of any shareholder to vote at the AGM. In calculating the period mentioned in this paragraph, no account will be taken of any day that is not a working day.

A shareholder is entitled to appoint one or more proxies to exercise all or any of their 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. Appointing a proxy does not prevent a shareholder from attending and voting in person if they so wish. Please inform the Company's registrar, Link Group (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.

Appointing a proxy

Shareholders may register a proxy appointment and voting directions electronically by visiting www.signalshares.com.

For security purposes you will need to log on with your personal details and Investor Code (IVC), which can be found on recent communications such as your dividend confirmation or your share certificate. Full instructions are given on the website (www.signalshares.com). The proxy appointment and voting instructions must 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.

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.

If you return more than one valid proxy appointment, either by electronic communication or by paper, the valid proxy appointment 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 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 Proxymity proxy voting service: (i) no later than 10am on 22nd July 2024; 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 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 Proxymity

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM 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.

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 & International Limited's specifications and must contain the information required for such instruction as described in the CREST Manual (available via 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 Group (ID RA10), by no later than 10am on 22nd July 2024 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 & International Limited does not make available special procedures in CREST for any 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 their 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 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.

Additional information

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 Group. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 10am on 22nd July 2024 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. Unless otherwise indicated on the Form of Proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion withhold from voting.

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 its powers as a member if 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.

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 do not attend the AGM in person but give proxy instructions to the chair of the meeting. 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 placed on the Company's website www.pennon-group.co.uk/investor-information/shareholder-services.

As at 20th May 2024 (being the last practicable date prior to the publication of this Notice), the Company's issued share capital consists of 286,045,323 ordinary shares of 61.05p each, of which 5,628 ordinary shares are held in treasury (which represents 0.002% of the Company's issued capital (excluding treasury shares)). Therefore, the total voting rights in the Company as at 20th May 2024 are 286,039,695.

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. Please refer to the Chair's letter on page 1 for the arrangements we have made for shareholders to ask questions this year.

Shareholders' right to request

Shareholders have the right to request, in accordance with Section 360BA of the Act, information to enable them to determine that their vote on a poll was validly recorded and counted. Shareholders who wish to do so should contact the Company's registrar, Link Group.

Documents for inspection

Copies of: (i) the Executive Directors' service contracts and (ii) the Chair's and the Non-Executive Directors' contracts for service are at the Registered Office of the Company and will be at the place of the AGM for 15 minutes before the meeting and until its conclusion. Please contact: CompanySecretarial@pennon-group.co.uk should you wish to make arrangements to inspect a document.

A copy of this Notice and other information required by Section 311A of the Act, can be found on the Company's website: 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 or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

Data Protection

The Company may process personal data of attendees at the AGM. Personal data includes all data provided by shareholders, or on behalf of shareholders, which relates to: (1) the shareholder, including name and contact details, the votes that the shareholder casts and the shareholder's reference number; and (2) any person who is identified as a proxy by a shareholder via the form of proxy, including their name and contact details. Please note that if shareholders provide the personal data of a proxy, the Company requires the shareholder to communicate this privacy information to such proxy. The Company and any third party to which it discloses the data (including Pennon's registrar, Link Group) may process such data for the purposes of maintaining the Company's records, meeting management, managing corporate actions, fulfilling the Company's obligations to shareholders, fulfilling the Company's legal obligations and communicating with shareholders, all in accordance with the Company's privacy notice, which can be found at: <https://www.pennon-group.co.uk/privacy-policy>.

Key dates

Date and time	What happens
10am on Friday 19 th July 2024	Deadline for receipt of voting instructions from WaterShare+ participants to the WaterShare+ nominee
10am on Monday 22 nd July 2024	Deadline for receipt of proxy appointment from shareholders to our registrar, Link
Close of business on Monday 22 nd July 2024	Only those shareholders registered on the register of members at this time will be entitled to vote at the AGM
10am on Wednesday 24 th July 2024	AGM held at Peninsula House, Rydon Lane, Exeter, EX2 7HR
Friday 26 th July 2024	Record date for entitlement to the 2024 final dividend
Thursday 5 th September 2024	Payment of the 2024 final dividend to holders of ordinary shares

Contact information

You can find information on how to manage your shareholding at 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 9:00am 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

Post

Link Group, PXS1,
Central Square,
29 Wellington Street, Leeds,
LS1 4DL.

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

Appendix 1: Section 519(1) Statement



Ernst & Young LLP
1 More London Place,
SE1 2AF

Tel: + 44 20 7951 2000
Fax: + 44 20 7951 1345
ey.com

The Directors
Pennon Group Plc
Peninsula House
Rydon Lane
Exeter
EX2 7HR

30 May 2024
Ref: CC/MA/24
Direct line: +44 113 298 2364
Email: ccowling@uk.ey.com

Dear Sirs,

Re: Pennon Group plc (the “Company”) Company Registered Number: 02366640

In accordance with section 516 of the Companies Act 2006 (the “Act”), we write to notify you that we are ceasing to hold office as auditor of the Company. This takes effect immediately from the date on which you receive this letter.

In accordance with section 519(1) of the Act, we are ceasing to hold office following a competitive tender as a result of which another firm of auditors will be appointed.

We are required to send a copy of this statement to the appropriate audit authority in accordance with section 522 of the Act, and send a copy to the registrar in accordance with section 521 of the Act. We draw your attention to the fact that the Company has its own statutory obligations where an auditor has ceased to hold office (as detailed, in particular, in sections 520 and 523 of the Act).

If you have any questions in respect of your legal obligations, we recommend that you seek independent legal advice.

Yours faithfully

Ernst & Young LLP

Ernst & Young LLP
ICAEW Registration Number – C009126168

Appendix 2: Summaries of the principal terms of the Pennon Group Sharesave Scheme and Pennon Group Share Incentive Plan

Note 1: The Pennon Group Sharesave Scheme

Summary

The Company has previously operated the Pennon Group Sharesave Scheme ("**2014 Sharesave**"), which expires in July 2024, such that no new options may be granted under it after this time. It is proposed that the Pennon Group Sharesave Scheme, amended to reflect best practice and current legislation (the "**2024 Sharesave**") will replace the existing Sharesave.

Operation

The 2024 Sharesave is an "all employee" share option plan which is intended to satisfy the requirements of Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 ("**Schedule 3**") and will give participating employees the opportunity to acquire ordinary shares in the Company ("**Shares**"). The 2024 Sharesave will be administered by the board of directors of the Company or by any duly authorised committee of it (the "**Board**").

Shares may be acquired using savings of up to £500 per month or such other amount permitted under the legislation governing UK "tax-advantaged" sharesave schemes over a period of three or five years.

Eligibility

All employees of the Company (and any of its subsidiaries which are selected to participate) are eligible to participate in the 2024 Sharesave (including executive directors). The Board may require employees to have completed a qualifying period of service of up to five years in order to participate. All eligible employees must be invited to participate.

Savings Contract

Under the 2024 Sharesave, employees will be required to make regular savings under an approved savings contract ("**Savings Contract**").

Exercise Price

The proceeds of the Savings Contract can be used to exercise an option to acquire Shares at an exercise price normally set at the date of invitation. The exercise price may not be manifestly less than 80 per cent (or such other percentage as may be permitted by the legislation from time to time) of the market value of a Share at the date of invitation, or the date specified in the invitation (which may fall between the invitation date and the date on which an option is granted).

Grant of options

Under the 2024 Sharesave, options must be granted within 30 days from the determination of the exercise price, alternatively 42 days from such determination, if scaling-down rules are applied.

In addition, an option may only be granted under the 2024 Sharesave within the 42 days following: (i) the approval of the 2024 Sharesave by the shareholders of the Company; (ii) the announcement of the Company's results for any period; (iii) the day on which changes are announced, effected or made to the legislation affecting option schemes which are subject to Schedule 3; (iv) the day on which a new Savings Contract prospectus is announced or comes into effect; or (v) any day on which the Board determines that exceptional circumstances exist.

Exercise of options

Ordinarily, an option may only be exercised for six months from the date the Savings Contract matures.

Cessation of employment

If an employee's employment ceases, an option may be exercised early for a period of up to six months from the date the employee ceases employment because of: (i) their injury or disability; (ii) redundancy; (iii) retirement; (iv) a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006; (v) the employing Company ceasing to be an 'Associated Company' for the purposes of the relevant legislation due to a change of control; (vi) the transfer or sale of the business or part of a business in which the participant works is transferred to a person who is not an 'Associated Company' for the purposes of the relevant legislation; or (vii) provided the option has been held for at least three years, any other reason apart from dismissal for misconduct.

If an employee dies whilst holding an option, the participant's personal representatives will normally have up to a year from the date of the participant's death to exercise the option.

If a participant ceases employment with the Company in any other circumstances, any option held by the participant will lapse on the date on which the participant ceases employment.

Corporate events

Options may be exercised early in the event of a change of control or winding-up of the Company. Alternatively, options may be exchanged (with the agreement of the acquiring company) for equivalent options over shares in the acquiring company. Options will be exchanged (or will lapse) in the event of an internal reorganisation.

Overall limits

In any ten-year period, not more than 10% of the issued ordinary share capital of the Company may be issued or be issuable under the 2024 Sharesave and under all other employees' share plans adopted by the Company. This limit does not include options which have lapsed. Treasury shares will be counted as newly issued shares for the purposes of this limit so long as this is required by institutional investor representative bodies.

This limit may be adjusted in the event of a variation of the Company's share capital or similar events (see adjustment below).

Adjustment

In the event of any variation of the Company's share capital the Board may make such adjustments as it considers appropriate to the description and/or number of Shares subject to an option, the exercise price applicable to an option or the limits on the maximum number of Shares that may be used in connection with the 2024 Sharesave, provided that the total market value of the Shares which may be acquired (and the total price at which they may be acquired) is immediately after such variation substantially the same as it was immediately before the variation.

Amendment, termination and further terms

The Board may amend the 2024 Sharesave, provided that prior approval of the Company's shareholders is obtained for amendments to the advantage of participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Shares subject to an option and the impact of any variation of capital. HMRC will be notified of amendments made to key features of the 2024 Sharesave or to take account of any variation of capital as required by legislation.

The requirement to obtain the prior approval of shareholders will not, however, apply to minor alterations made to benefit the administration of the 2024 Sharesave, to take account of a change in legislation or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment for 2024 Sharesave participants or any company in the Company's group.

The 2024 Sharesave will terminate on the tenth anniversary of its approval by shareholders but the rights of existing participants will not be affected by termination.

Options granted under the 2024 Sharesave are not transferable other than to the participant's personal representatives in the event of death and will not form part of pensionable earnings.

Note 2: The Pennon Group Share Incentive Plan

Summary

The Company has previously operated the Pennon Group Share Incentive Plan (the "SIP"). It is proposed that the SIP, as amended to reflect best practice and current legislation (the "2024 SIP"), be renewed and the 2024 SIP rules are therefore presented to shareholders for approval.

Operation

The 2024 SIP is an "all employee" share option plan which is intended to satisfy the requirements of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 ("**Schedule 2**") and gives participating employees the opportunity to acquire ordinary shares in the Company ("**Shares**"). The 2024 SIP operates through a UK resident trust. The trustee of the 2024 SIP trust (the "**Trustee**") purchases or subscribes for shares that are awarded to or purchased on behalf of participants in the 2024 SIP. A participant will be the beneficial owner of any Shares held on their behalf by the trustee of the 2024 SIP trust. The 2024 SIP will be administered by the board of directors of the Company or by any duly authorised committee of it (the "**Board**").

Form of awards

The Board may decide which of the four following elements to offer (if any) to eligible employees:

- "**Partnership Shares**", being Shares a participant may purchase out of their pre-tax salary.

The market value of Partnership Shares which a participant may purchase in any tax year may not exceed £1,800 (or 10% of the participant's salary, if lower), or such other limit as may be permitted by the legislation. The partnership share money used to purchase Partnership Shares will be deducted from the participant's pre-tax salary. Salary deductions may be accumulated over a period of up to 12 months and then used to buy Shares.

- "**Matching Shares**", being Shares which are allocated to a participant who purchases Partnership Shares at a ratio of no more than 2:1.
- "**Free Shares**", being Shares which may be offered or allocated to a participant for no cost.

The market value of Free Shares offered or allocated to any participant in any tax year may not exceed £3,600 or such other limit as may be permitted by the legislation. Free Shares may be offered or allocated to participants equally or on the basis of salary, length of service or hours worked, or on the basis of performance, as permitted by legislation.

- "**Dividend Shares**", being Shares which may be acquired on behalf of a participant using dividends received on Shares held in the SIP.

Eligibility

Employees of the Company and any designated participating subsidiary who are UK resident taxpayers are eligible to participate. The Board may also invite non-UK tax resident taxpayers to participate. The Board may require employees to have completed a qualifying period of service (which differs depending on the Share type offered and provided by the legislation) in order to be eligible to participate. All eligible employees must be invited to participate.

Retention of Shares

The Trustee will acquire Partnership Shares on behalf of participants and hold those Shares in the SIP trust on their behalf. Participants can withdraw Partnership Shares from the SIP trust at any time.

Free Shares and Matching Shares will be awarded to participants and held in the SIP trust on their behalf. The Board may decide that Free Shares or Matching Shares will be forfeited in certain circumstances including:

- on cessation of employment, except if cessation of employment is due to death, injury, disability, redundancy, retirement, or the employing company or business ceasing to be part of the Group; and
- as regards Free Shares and Matching Shares if the participant attempts to withdraw such Shares or the corresponding Partnership Shares as relevant from the SIP trust within such period as the Board determines.

If a participant ceases to be employed by the Group at any time they will be required to withdraw their Shares from the SIP trust (if they are not forfeited).

Corporate events

In the event of an offer being made to shareholders, participants will be able to direct the Trustee how to vote in relation to their Shares. In the event of a corporate reorganisation any Shares held by participants may be replaced by equivalent shares in a new holding company.

Dividends on Shares held by the Trustee

Any dividends paid on Shares held by the Trustee on behalf of participants may be used to either acquire additional Shares for participants or be distributed to participants.

Overall limit

The 2024 SIP may operate over new issue Shares, treasury Shares or Shares purchased in the market other than into treasury.

In any ten-year period, the Company may not grant an award that would cause the number of Shares allocated under the 2024 SIP and under any other employee share plan adopted by the Company to exceed such number as represents 10% of the issued ordinary share capital of the Company.

Treasury Shares will be counted as new Shares for the purposes of this limit so long as this is required by institutional investor representative bodies.

Amendment, termination and further terms

The Board may, at any time, amend the 2024 SIP in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limit on the issue of Shares or the transfer of treasury Shares, the basis for determining a participant's entitlement to, and the terms of, the Shares to be acquired, as well as the impact of any variation of capital. HMRC will be notified of amendments made to key features of the 2024 SIP, its trust or to take account of any variation of capital as required by legislation.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the 2024 SIP, to take account of a change in legislation or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment for 2024 SIP participants or for any company in the Company's group.

Awards granted under the 2024 SIP are not transferable other than to the participant's personal representatives in the event of death and will not form part of pensionable earnings.



Pennon Group plc

Peninsula House

Rydon Lane

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Devon

England EX2 7HR

www.pennon-group.co.uk

Registered in England & Wales

Registered Number: 2366640