



# Bringing water to life

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

Notice of Annual General Meeting 2022

  
**Pennon**

# Notice of Annual General Meeting 2022

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

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

**The 2022 Annual General Meeting (AGM) of Pennon Group plc will be held at:**

**Peninsula House, Rydon Lane, Exeter EX2 7HR on Thursday 21 July 2022 at 9.30am, with facilities to attend remotely.**

# Annual General Meeting 2022



**Gill Rider**  
Chair

**“We have prioritised listening to our wider stakeholders, so we can set the right priorities for the business, confident we can meet the needs of our customers and communities.”**

## A personal note from the Chair

### Dear Shareholder

I will look back on 2021 as a year Pennon focused on doing what's right. Externally, this has been a difficult year dominated by rising inflation and energy prices, the Russian invasion of Ukraine and the legacy of the pandemic, creating uncertainty for many.

In February 2022, we announced that average bills for customers would reduce. Supporting the Board's commitment to eliminate water poverty, South West Water has increased the number of customers on its social tariffs, unlocking almost £22 million of affordability support, and Bristol Water introduced COVID Assist, supporting those who found themselves unexpectedly in hardship.

Building on the successful launch of our WaterShare+ scheme in 2020, which saw 1 in 16 households in the region become shareholders, we are also planning a second return to customers, where c.£20 million of outperformance will be shared with customers, including Bristol Water, either as a bill reduction or electing to receive shares in Pennon, giving customers a stake and a say.

We have also achieved 100% coastal bathing water quality for the first time. We acknowledge there's more to do to protect our environment, our rivers and coastal waters. The Board has focused significant attention on this, working with our regulators, communities and customers to drive a step change in performance. What we do matters and we are privileged to be in the position to respond.

This was also the year in which global action on climate change was rightly demanded. Good progress was made at COP26 in Glasgow,

although the UK remains on an uncertain path towards a Net Zero society. The water sector is leading the way, with ambitious timelines to achieve Net Zero by 2030, ahead of the rest of the UK. Pennon's own promise to the planet is progressing, and an important step has been engaging our key suppliers to support and align in the effort.

The South West is particularly vulnerable to climate change given its long coastline and adjacency to the western approaches of the Atlantic Ocean. Assessing the impacts and mitigations on our operations, networks and assets is an ongoing and iterative process. This year, we are required to report on Task Force on Climate-related Financial Disclosures (TCFD), having disclosed voluntarily last year and received positive feedback. We want to build on that feedback by giving shareholders the opportunity to vote on our disclosure, and we look forward to hearing your thoughts.

The momentum that we built in 2020/21 with our strategic review to focus on UK water has continued steadily. And following the acquisition of Bristol Water in June 2021, we recognised the ongoing loyalty of our shareholders with a £1.5 billion special dividend payment, the implementation of a share buy-back programme, as well as making further investment in our pension scheme and much needed investment in the green recovery of our region.

Pennon's sector-leading dividend policy of growth of CPIH +2% reflects the Board's confidence in the Group's sustainable growth strategy and is underpinned by continued RORE outperformance in South West Water, and now Bristol Water.

The Board is recommending a final dividend of 26.83p per share for the year ended 31 March 2022. Together with the interim dividend of 11.70p per share paid on 5 April 2022, this gives a total ordinary dividend for the year of 38.53p. This represents an increase of 8.2% on the adjusted base.

This is the second year in my role as Chair, and I am grateful to work alongside our diverse and talented Board. Everyone who works for Pennon deserves credit for the achievements in the year. With the addition of Bristol Water, we now employ c.3,000 people and it's their dedication and care for each other and to our customers, as well as their passion for the places they live and work in, that have enabled us to deliver another year of robust results. On behalf of the Board, thank you.

## Annual General Meeting 2022

Please find attached to this letter, the Notice of our 2022 AGM, together with notes explaining the business of the meeting. **The AGM will be held at Peninsula House, Rydon Lane, Exeter EX2 7HR on Thursday 21 July 2022 at 9.30am, with facilities to attend remotely.** The current arrangements for our AGM are described in this letter. However, in view of the unpredictability of the COVID-19 pandemic, shareholders are requested to monitor the Company's website at [www.pennon-group.co.uk/investor-information/shareholder-services](http://www.pennon-group.co.uk/investor-information/shareholder-services), where we will communicate any changes to these arrangements. Our AGM will be held in line with any Government guidelines in force at the time of the meeting.

### Attending the AGM

We are pleased to welcome shareholders to attend the AGM in person at Peninsula House this year (subject to any Government guidelines in force at the time of the meeting). We are also providing facilities for shareholders to attend the AGM remotely, should they so prefer.

If you would like to attend the AGM in person at Peninsula House, we kindly ask that you register your intention as soon as possible by contacting [IR@pennon-group.co.uk](mailto:IR@pennon-group.co.uk), to help us plan appropriately.

### Voting at the AGM

In line with best practice, we continue to encourage the use of electronic proxy voting and are not providing paper proxy forms alongside the AGM Notice.



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

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

Alternatively, Link has launched a shareholder app, LinkVote+. The app gives shareholders the ability to access their shareholding record at any time, submit a proxy appointment quickly and easily online rather than through the post, and also allows shareholders to attend the live webcast via the app. The app is free to download and use and is available on both the Apple Store and Google Play, or by scanning the relevant QR code below.

#### Apple App Store



#### GooglePlay



**The deadline for the receipt by Link of all proxy appointments is 9.30am on 19 July 2022.** Voting at the AGM will be on a poll and will reflect all proxy voting instructions duly received. Appointing a proxy will not prevent you from attending and voting at the AGM in person at Peninsula House (Government guidelines permitting) or remotely.

#### Shareholder questions

If you would like to ask a question of the Board on the business of the AGM, we invite you to pre-submit it to our Investor Relations team by email at [IR@pennon-group.co.uk](mailto:IR@pennon-group.co.uk). Questions on the business of the AGM will, where possible, be answered during the meeting, and a summary of responses will be published at [www.pennon-group.co.uk/investor-information/shareholder-services](http://www.pennon-group.co.uk/investor-information/shareholder-services). Responses to questions received before 13 July 2022 will be provided before proxy voting closes on 19 July 2022, so that shareholders who do not plan to attend the AGM can make an informed voting decision. Shareholders joining us for the AGM, including those joining us remotely, will also have the opportunity to ask questions on the day.

Shareholders can also submit any questions to the Board in relation to the business of the meeting via Signal Shares ([www.signalshares.com](http://www.signalshares.com)) when inputting their proxy votes. The facility for questions will be available once the voting has been entered. Please type your question into the space provided and press submit. A summary of your voting and question(s) will be shown on the screen in order to allow you to review your submissions. Questions submitted via Signal Shares must be entered no less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjournment of it.

#### Attending the AGM remotely

We are providing a live webcast to enable shareholders to listen to, view, ask questions and vote at the 2022 AGM remotely.

This year, shareholders joining us remotely will also be able to vote on the day, although we encourage you to submit your vote in advance by appointing the Chair of the meeting as proxy, with voting instructions. Instructions on how to access the live webcast and on how to ask a question and vote during the meeting are set out on page 8.

#### WaterShare+ Share Scheme participants

**WaterShare+ Share Scheme participants (WaterShare+ participants) are reminded that the deadline for giving their voting instructions to the registered shareholder Link Market Services Trustees (Nominees) Limited (the WaterShare+ Nominee) on the resolutions to be put to Pennon's AGM is 9.30am on 18 July 2022.** You will need to give your voting

instructions using Signal Shares ([www.signalshares.com](http://www.signalshares.com)). Your views are very important to us, and we encourage you to give your voting instructions.

All WaterShare+ participants are invited to join us for the live webcast of Pennon's AGM.

Any WaterShare+ participants who would like to attend the AGM in person, or who would like to join remotely (rather than giving instructions to the WaterShare+ Nominee) must make a request to obtain a letter of representation to the WaterShare+ nominee, by 9.30am on 18 July 2022, so that the required paperwork can be processed. We may be unable to permit entry to the meeting to any WaterShare+ participants who have not made appropriate arrangements. Instructions on how to access the meeting remotely can be found on page 8 under 'How to join the live webcast'.

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

#### Business of the AGM

We will be asking shareholders to approve a number of standard resolutions that UK listed companies typically propose annually, including resolutions to re-elect our Directors. The directors are all standing for re-election this year. Details of their skills, experience and contribution can be found on pages 12 to 13.

To further demonstrate the Company's commitment to shareholders, the Board is 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, in particular, 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.

We will also be seeking approval to amend the Company's Articles of Association to permit a second WaterShare+ share offer, to extend this further to our customers, as set out in the explanatory notes.

A full explanation of each of the resolutions to be put to the AGM is on pages 9 to 11.

#### Recommendation

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

#### Electronic communications

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

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

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

Yours sincerely

**Gill Rider**  
Chair  
Pennon Group plc

15 June 2022

# Notice of Annual General Meeting 2022

Notice is hereby given that the 2022 AGM of Pennon Group plc will be held at Peninsula House, Rydon Lane, Exeter, EX2 7HR on Thursday 21 July 2022 at 9.30am, with facilities to attend remotely, and for the transaction of the following business.

The following resolutions will be proposed as ordinary resolutions:

## Annual Report and Accounts 2022

### Resolution 1

That the Annual Report and Accounts for the year ended 31 March 2022 be received and adopted.

### Dividend

#### Resolution 2

That a final dividend of 26.83p per ordinary share of 61.05p each, as recommended by the Directors for the financial year ended 31 March 2022, be declared for payment on 5 September 2022 to ordinary shareholders registered on the register of members as at the close of business on 22 July 2022.

## Directors' remuneration report

### Resolution 3

That the Directors' remuneration report for the financial year ended 31 March 2022, as contained in the Company's Annual Report 2022 (excluding those elements forming part of the Directors' remuneration policy), be approved.

### Directors

#### Resolution 4

To re-elect Gill Rider as a Director.

[Read biography on page 12](#)

#### Resolution 5

To re-elect Susan Davy as a Director.

[Read biography on page 12](#)

#### Resolution 6

To re-elect Paul Boote as a Director.

[Read biography on page 13](#)

#### Resolution 7

To re-elect Neil Cooper as a Director.

[Read biography on page 13](#)

#### Resolution 8

To re-elect Iain Evans as a Director.

[Read biography on page 13](#)

#### Resolution 9

To re-elect Claire Ighodaro as a Director.

[Read biography on page 13](#)

#### Resolution 10

To re-elect Jon Butterworth as a Director.

[Read biography on page 13](#)

## Reappointment of auditor

### Resolution 11

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

## Auditor's remuneration

### Resolution 12

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

## Political donations

### Resolution 13

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

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

during the period from the date of this resolution to the date of the next AGM of the Company in 2023, or if earlier at the close of business on 1 October 2023, provided that the aggregate amount of any such donations and expenditure shall not exceed £75,000 and that for the purpose of this resolution the terms 'political donations', 'political parties', 'independent election candidates', 'political organisations' and 'political expenditure' have the meanings set out in Sections 363 to 365 of the Companies Act 2006.

## Authority to allot shares

### Resolution 14

That:

- a. the Directors be generally and unconditionally authorised, in accordance with Section 551 of the Companies Act 2006, to exercise all powers of the Company to allot shares in the Company and grant rights to subscribe for, or convert any security into, shares in the Company:
  - i. up to a maximum nominal amount of £53,895,670 (such amount to be reduced by the nominal amount of any equity securities (as defined in Section 560 of the Companies Act 2006) allotted under paragraph (ii) below in excess of £53,895,670); and
  - ii. comprising equity securities (as defined in Section 560 of the Companies Act 2006) up to a maximum nominal amount of £107,791,340 (such amount to be reduced by any shares allotted or rights granted under paragraph (i) above) in connection with an offer by way of a rights issue:
    - A. to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
    - B. to holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

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

- b. this authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 1 October 2023;
- 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 Companies Act 2006 shall cease to have effect (save to the extent that the same are exercisable pursuant to Section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).

The following resolutions will be proposed as special resolutions, except for resolution 19 (Task Force on Climate-related Financial Disclosures), which will be proposed as an ordinary resolution.

### General authority to disapply pre-emption rights

#### Resolution 15

That:

- a. the Directors be given power:
    - i. subject to the passing of Resolution 14 above, to allot equity securities (as defined in Section 560 of the Companies Act 2006) for cash pursuant to the authority conferred on them by that resolution under Section 551 of that Act; and
    - ii. to allot equity securities as defined in Section 560(3) of that Act (sale of treasury shares) for cash,
- in either case as if Section 561 of that Act did not apply to the allotment or sale, but this power shall be limited:

- A. to the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under Resolution 14(a) (ii), by way of a rights issue only) to or in favour of:
  - (i) holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

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

- B. to the allotment of equity securities pursuant to the authority granted under Resolution 14(a)(i) and/or by virtue of Section 560(3) of the Companies Act 2006 (in each case otherwise than under paragraph (A) above) up to a maximum nominal amount of £8,084,351;
- b. this power shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 1 October 2023; and
- c. the Company may, before this power expires, make an offer or enter into an agreement, which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

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

#### Resolution 16

That:

- a. the Directors, in addition to any authority granted under Resolution 15 above, be given power:
  - i. subject to the passing of Resolution 14, to allot equity securities (as defined in Section 560 of the Companies Act 2006) for cash pursuant to the authority conferred on them by that resolution under Section 551 of that Act; and
  - ii. to allot equity securities as defined in Section 560(3) of that Act (sale of treasury shares) for cash,

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

- A. limited to the allotment of equity securities up to a maximum nominal amount of £8,084,351; and
- B. used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice;

- b. this power shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 1 October 2023; and
- c. the Company may, before this power expires, make an offer or enter into an agreement, which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

### Authority to purchase own shares

#### Resolution 17

That in accordance with the Companies Act 2006, the Company is generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares 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 26,484,359;
- 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 105% of the average of the middle market quotations for such ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out;

- d. this authority will, unless previously varied, revoked or renewed, expire at the conclusion of the next AGM of the Company or, if earlier, on 1 October 2023, but the Company may make a contract or contracts to purchase ordinary shares under this authority before its expiry which will or may be executed wholly or partly after the expiry of this authority and may make purchases of ordinary shares pursuant to any such contract; and
- e. all existing authorities for the Company to make market purchases of ordinary shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this resolution and which has or have not yet been executed.

## Notice of general meetings

### Resolution 18

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

## Task Force on Climate-related Financial Disclosures

### Resolution 19

To consider and approve the Company's climate-related financial disclosures as set out on pages 106 to 122 of the 2022 Annual Report.

## Second WaterShare+ Share Offer – Amendment to article 5A of the articles of association

### Resolution 20

#### That article 5A of the articles of association of the Company be and is hereby amended as follows:

- a. by the insertion of the following as a new Article 5A(1)(a)(ii):
 

“(ii) one or more dividends of up to the Sterling equivalent of €8 million in aggregate calculated (at the spot exchange rate obtained via Bloomberg on the last practicable date before implementing the Second WaterShare+ Share Offer (as defined below)) with the amount of each such dividend to be determined and resolved upon by the board, in priority to any payment to the holders of ordinary shares in the capital of the Company and in priority to or *pari passu* with the holders of any other class of preference shares in the capital of the Company (if any), for the sole purpose of the second WaterShare+ customer share offer (as described in the Company's notice of meeting for its 2022 Annual General Meeting dated 15 June 2022) (the **Second WaterShare+ Share Offer**) in order for:

  - A. the holder of the WaterShare+ Share (or its Affiliates) to acquire existing ordinary shares in the capital of the Company at market value through the London Stock Exchange to satisfy elections pursuant to the Second WaterShare+ Share Offer;
  - B. the holder of the WaterShare+ Share (or its Affiliates) to hold such acquired existing ordinary shares (or procuring that such ordinary shares are held by its Affiliates) as nominee on behalf of those eligible customers, being customers of any water and sewerage undertaker and/or water only undertaker which is a subsidiary of the Company and which is included in the Second WaterShare+ Share Offer, who elect to receive ordinary shares in the capital of the Company pursuant to the Second WaterShare+ Share Offer; and
  - C. covering the costs of the holder of the WaterShare+ Share and its Affiliates in acquiring the ordinary shares to satisfy elections pursuant to the Second WaterShare+ Share Offer; and”; and

- b. by renumbering existing Article 5A(1)(a)(ii) as Article 5A(1)(a)(iii) and amending it as follows:
  - i. deleting the words “subject to the board being authorised by the members of the Company (by way of special resolution) to resolve to pay the dividend in (i) above”
  - ii. after the words “for the purpose of covering the costs of the holder of the WaterShare+ Share and its Affiliates in operating the WaterShare+ scheme” inserting the words “(including the Second WaterShare+ Share Offer and all subsequent share offers made thereunder to eligible customers from time to time)”; and
  - iii. deleting the words “pursuant to the corporate sponsored nominee service agreement” and replacing them with the words “as agreed”; and
- c. by renumbering existing Article 5A(1)(a)(iii) as Article 5A(1)(a)(iv).

By order of the Board



**Simon Pugsley**

Group General Counsel and Company Secretary,

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

Registered in England and Wales No. 2366640

15 June 2022

# Important notes

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

## Meeting arrangements

Please refer to the Chair's letter on pages 1 and 2 for information on our meeting arrangements for this year and to page 8 for more detailed information on how to attend remotely. In view of the unpredictability of the COVID-19 pandemic, shareholders are requested to monitor the Company's website at [www.pennon-group.co.uk/investor-information/shareholder-services](http://www.pennon-group.co.uk/investor-information/shareholder-services), where we will communicate any changes to these arrangements. Our AGM will be held in line with any Government guidelines in force at the time of the meeting.

## Entitlement to vote

Only those shareholders registered on the register of members of the Company as at close of business on 19 July 2022 (or, if this meeting is adjourned, at close of business on the day that is two days prior to the date fixed for the adjourned meeting), shall be entitled to vote at the AGM in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after close of business on 19 July 2022 or, if this meeting is adjourned, at close of business on the day that is two days prior to the adjourned meeting, shall be disregarded in determining the rights of any shareholder to vote at the AGM. In calculating the period mentioned in this paragraph, no account shall be taken of any day that is not a working day.

A shareholder is entitled to appoint one or more proxies to exercise all or any of his or her rights to attend, speak and vote provided that each proxy is appointed to vote in respect of a different share or shares. A proxy need not be a shareholder but must attend the meeting for the shareholder's vote to be counted. Appointing a proxy does not prevent a shareholder from attending and voting in person if he or she so wishes (whether at Peninsula House, Government guidelines permitting, or remotely). You must 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](http://www.signalshares.com).

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

As noted on page 2, you may also use the LinkVote+ shareholder app to submit a proxy appointment. The app is free to download and use and gives shareholders the ability to access their shareholding record at any time and allows users to submit a proxy appointment quickly and easily online, rather than through the post. The app is available to download on both the Apple Store and Google Play, or by scanning the relevant QR code on page 2.

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](http://www.signalshares.com) or the LinkVote+ app if the appointment is made electronically, or by delivery to the registrar at the address shown on the proxy form if submitted in hard copy form, or lodged using the CREST or Proximity proxy voting service: (i) no later than 9.30am on 19 July 2022; or (ii) in the case of any adjourned meeting that is to be held more than 48 hours after the time fixed for holding the original meeting, no less than 24 hours (excluding any part of a day that is not a working day) before the time for holding any adjourned meeting; or (iii) in the case of a poll taken more than 48 hours after it is demanded, no less than 24 hours (excluding any part of a day that is not a working day) before the taking of the poll at which it is to be used. Further details regarding the CREST proxy voting service are given below. Any power of attorney or any other authority under which the proxy form is signed (or a certified copy of such authority) must be included with the proxy form.

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

## Electronic proxy appointment through CREST or Proximity

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 21 July 2022 and any adjournment(s) thereof by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.



In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction as described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must in order to be valid be transmitted so as to be received by the Company's registrar, Link Group (ID RA10), by no later than 9.30am on 19 July 2022 or, if the meeting is adjourned to a time more than 48 hours after the time fixed for holding the original meeting, 24 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting. For this purpose the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) at which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instruction to proxies appointed through CREST should be communicated to the appointees through other means.

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

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

If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by Link Group. For further information regarding Proxymity, please go to [www.proxymity.io](http://www.proxymity.io). Your proxy must be lodged by 9.30am on Tuesday 19 July 2022 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

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

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

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

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

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

### **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](http://www.pennon-group.co.uk/investor-information/shareholder-services).

As at 30 May 2022 (being the last practicable date prior to the publication of this Notice of AGM), the Company's issued share capital consists of 264,849,218 ordinary shares of 61.05p each, of which 5,628 ordinary shares are held in treasury. Therefore, the total voting rights in the Company as at 30 May 2022 are 264,843,590.

### **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 pages 1 and 2 for the arrangements we have made for shareholders to ask questions this year.

### Documents available 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: [IR@pennon-group.co.uk](mailto:IR@pennon-group.co.uk), should you wish to make arrangements to inspect a document.

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

### Electronic addresses

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

### Attending the AGM remotely

We are pleased to be able to provide a facility for shareholders to attend the AGM remotely and raise questions to the Board on the business of the meeting. This year, shareholders joining us remotely will also be able to vote on the day, although we encourage you to submit your vote in advance by appointing the Chair of the meeting as proxy, with voting instructions, as explained in the Chair's letter on page 2.

If you plan to join the AGM remotely, please note that an active internet connection is required at all times in order to watch the webcast, raise questions and cast your vote when the poll opens if you wish to vote on the day. It is your responsibility to ensure you remain connected for the duration of the meeting.

### How to join the live webcast

In order to join the AGM electronically and vote via the platform, shareholders will need to connect to the following site: [web.lumiagm.com](http://web.lumiagm.com). The Lumi platform is available on the internet and can be accessed via a computer, tablet or smartphone device using the latest versions of the Chrome, Firefox, Edge or Safari web browsers.

Once you have accessed [web.lumiagm.com](http://web.lumiagm.com) from your web browser on your tablet, smartphone or computer, you will be asked to enter the Lumi Meeting ID which is **180-381-123**. You will then be prompted to enter your unique 11 digit Investor Code (IVC) including any leading zeros. You will then be prompted to enter your 'PIN', which 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 will find this under 'Manage your account' when logged into the Signal Shares portal ([www.signalshares.com](http://www.signalshares.com)). You can also obtain your IVC by contacting Link, our registrar, by calling +44 (0) 371 277 1020\*.

Remote access to the AGM will be available from 30 minutes before the meeting start time, although the voting functionality will not be enabled until the Chair of the meeting declares the poll open. During the AGM, you must ensure you are connected to the internet at all times in order to vote when the Chair commences polling on the resolutions. Therefore, it is your responsibility to ensure connectivity for the duration of the AGM via your WiFi. A user guide to the Lumi platform is available on our website at [www.pennon-group.co.uk/investor-information/shareholder-services](http://www.pennon-group.co.uk/investor-information/shareholder-services).

In addition to the Lumi platform, you may also join the live webcast via the LinkVote+ app (described on page 2), which will connect you to the Lumi platform via the app. To join the meeting from the LinkVote+ app, select the Pennon Group plc tile and then click the orange "Attend Meeting" button at the bottom of the page. Once the meeting platform has loaded, please enter your IVC and your PIN, as described above.

### How to ask a question during the live webcast

Shareholders who log on for the live webcast will be able to ask questions directly via the related audio line, with instructions appearing on the screen at the relevant time. Please note that we encourage you, where possible, to submit your questions in advance of the meeting, as explained in the Chair's letter on page 2. A user guide to the Lumi platform is available on our website at [www.pennon-group.co.uk/investor-information/shareholder-services](http://www.pennon-group.co.uk/investor-information/shareholder-services).

### How to vote during the live webcast

As noted above, shareholders joining remotely will be able to vote on the day of the AGM, although we encourage you to submit your vote in advance by appointing the Chair of the meeting as proxy with voting instructions. Shareholders are able to vote during the live webcast either via the Lumi platform online or via the LinkVote+ app (which connects to the Lumi platform). Instructions on how to vote are included in the user guide to the Lumi platform that is available on our website at [www.pennon-group.co.uk/investor-information/shareholder-services](http://www.pennon-group.co.uk/investor-information/shareholder-services).

### Proxies/corporate representatives

If you wish to appoint another proxy, other than the Chair of the meeting, and for them to attend the virtual meeting on your behalf, please submit your proxy appointment in the usual way before contacting Link on +44 (0) 371 277 1020\* in order to obtain an IVC and PIN. It is suggested that you contact Link as soon as possible, noting the proxy submission deadline.

### Indirect investors

If your shares are held within a nominee, and you wish to join the live webcast, you will need to contact your nominee as soon as possible. Your nominee will need to present a corporate letter of representation to Link, our registrar, as soon as possible and at least 72 hours (excluding non-business days) before the meeting, so your nominee can obtain your unique IVC and PIN for you to enable you to access the meeting remotely.

\* Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). 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.

# Explanatory notes on resolutions

## Annual Report and Accounts 2022

Resolution 1 proposes that shareholders receive and adopt the Company's Annual Report and Accounts (the Annual Report).

The Annual Report is available on the Company's website at [www.pennon-group.co.uk/investor-information/financial-reports-and-presentations](http://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.

## Final dividend

Resolution 2 proposes that shareholders approve the declaration of a final dividend. If approved, a final dividend of 26.83p per ordinary share will become payable on 5 September 2022 to ordinary shareholders on the register at close of business on 22 July 2022. 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.

## Directors' remuneration report

Resolution 3 proposes the approval of the Directors' remuneration report (excluding those elements forming part of the Director's remuneration policy), which is set out on pages 162 to 179 inclusive of the Annual Report. It is a requirement, pursuant to Section 439 of the Companies Act 2006, that the Directors' remuneration report be submitted to shareholders for approval. The vote on Resolution 3 is advisory only and the Directors' entitlement to remuneration is not conditional on this resolution being passed.

## Re-election of Directors

In accordance with the UK Corporate Governance Code, each Director will stand for re-election at the AGM (see resolutions 4 to 10).

Details of the skills and experience of each Director can be found on pages 12 to 13. 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 particular knowledge and experience of each Director assists in ensuring that the Board has an appropriate balance of skills and experience for the requirements of the business. It is the Board's view that the Directors' biographies on pages 12 and 13 illustrate 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 February 2022 concluded that each Non-Executive Director performed effectively and demonstrated commitment to his or her role, including commitment to time for Board and Committee meetings and other duties as they are likely to arise.

The Board has determined that each of the Non-Executive Directors is independent. In making its assessment, the Board gave particular consideration to those with the longest service. 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 pages 127 to 143 of the Annual Report. Information on Gill Rider's continuing service as Chair and our succession planning is on page 143 of the Annual Report.

## Reappointment of auditor

Resolution 11 proposes the reappointment of Ernst & Young LLP as auditor of the Company to hold office until the conclusion of the next AGM at which accounts are laid before the Company, as recommended by the Audit Committee.

## Auditor's remuneration

Resolution 12 proposes that the Audit Committee be authorised to determine the level of the auditor's remuneration.

## Political donations

Whilst Resolution 13 requests shareholder approval by way of an ordinary resolution to approve political donations and expenditure, please note that the Company and its subsidiaries have a policy that they do not make political donations or incur political expenditure. However, the Companies Act 2006 contains restrictions on companies making donations or incurring political expenditure and defines these terms very widely, such that activities that form part of the normal relationship between the Company and its subsidiaries and bodies concerned with policy review, law reform and other business matters affecting the Company may be included.

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

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

## Authority to allot shares

Resolution 14 requests shareholder approval by way of an ordinary resolution to renew (in compliance with published institutional guidelines) until 1 October 2023 or, if earlier, the conclusion of the next AGM of the Company, the Directors' authority to allot ordinary shares or grant rights to subscribe for or convert any security into shares in the Company in accordance with Section 551 of the Companies Act 2006. It is the Directors' intention to seek to renew this authority annually in accordance with investor guidelines.

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

Paragraph (a)(i) of Resolution 14 will allow the Directors to allot ordinary shares up to a maximum nominal amount of £53,895,670 representing approximately one-third (33.33%) of the Company's existing issued share capital (excluding shares held in treasury) and calculated as at 30 May 2022 (being the latest practicable date prior to publication of this Notice of AGM).

In accordance with the guidelines issued by the IA, paragraph (a)(ii) of Resolution 14 will allow Directors to allot, including the ordinary shares referred to in paragraph (a)(i) of Resolution 14, further of the Company's ordinary shares in connection with a pre-emptive offer by way of a rights issue to ordinary shareholders up to a maximum nominal amount of £ 107,791,340 representing approximately two-thirds (66.67%) of the Company's existing issued share capital (excluding shares held in treasury) and calculated as at 30 May 2022 (being the latest practicable date prior to publication of this Notice of AGM).

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

As at 30 May 2022, the Company held 5,628 ordinary shares of 61.05p each in treasury, which represents approximately 0.002% of the total ordinary share capital in issue (excluding shares held in treasury) as at 30 May 2022 (being the latest practicable date prior to publication of this Notice of AGM).

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

Resolution 15 requests shareholder approval by way of a special resolution to renew until 1 October 2023 or if earlier, the conclusion of the next AGM of the Company, the Directors' authority to allot equity securities for cash without first being required to offer such securities to existing shareholders. If 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 up to a maximum nominal amount of £8,084,351 which includes the sale on a non-pre-emptive basis for cash of any shares the Company may hold in treasury.

The maximum nominal amount of equity securities to which this authority relates represents not more than 5% of the issued share capital of the Company (excluding shares held in treasury) calculated as at 30 May 2022 (being the latest practicable date prior to publication of this Notice of AGM).

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

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

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

Resolution 16 requests further shareholder approval, by way of a separate special resolution in line with the best practice guidance issued by the Pre-Emption Group, for the Directors to allot equity securities or sell treasury shares for cash without first being required to offer such securities to existing shareholders. The proposed resolution reflects the Statement of Principles and will expire on 1 October 2023 or at the conclusion of the AGM in 2023, whichever is the 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 £8,084,351, which represents not more than 5% of the issued share capital of the Company (excluding shares held in treasury) calculated as at 30 May 2022 (being the latest practicable date prior to publication of this Notice of AGM); and
- ii. will only be used in connection with an acquisition or other capital investment of a kind contemplated by the Statement of Principles, and which is announced contemporaneously with the allotment, or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The authority granted by this resolution would be in addition to the authority under Resolution 15.

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 £16,168,702, which represents not more than 10% of the issued share capital (excluding shares held in treasury) of the Company calculated as at 30 May 2022 (being the latest practicable date prior to publication of this Notice of AGM).

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

Resolution 17 requests shareholder approval by way of a special resolution to renew the Company's authority to purchase up to 26,484,359 shares (representing approximately 10% of its ordinary shares in issue (excluding treasury shares) as at 30 May 2022 (being the latest practicable date prior to publication of this Notice of AGM)). The resolution specifies the minimum and maximum prices at which shares may be purchased.

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 and to continue the Share Buy-back Programme announced on 3 June 2021 and expected to conclude before 30 September 2022 (the Share Buy-back Programme). 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.

In the event that compelling growth opportunities arise in the UK water sector, the Board may decide to halt the Share Buy-back Programme and use the remaining proceeds from the sale of Viridor to pursue that opportunity in order to drive further shareholder value.

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

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

The total number of options to subscribe for ordinary shares that were outstanding as at 30 May 2022 (being the latest practicable date prior to publication of this Notice of AGM) was 1,500,475. The proportion of the Company's issued share capital (excluding treasury shares) that they represented at that time was 0.57% and the proportion of issued share capital (excluding treasury shares) that they will represent if the full authority to purchase shares, existing and being sought, is used is 0.63%.



The Company has used its authority to purchase own shares in the market, as granted by shareholders at the last AGM held on 22 July 2021, to buy back a total of 17,146,744 of the Company's ordinary shares as at 30 May 2022 under the Share Buy-back Programme. Further information on the Share Buy-back Programme is set out in the Annual Report. Information on transactions in own shares is publicly available via the regulatory information service and on the Company's website.

### Calling of general meetings

Resolution 18 requests shareholder approval by way of a special resolution to enable Directors to continue to be able to call general meetings, other than AGMs, on 14 clear days' notice. A similar resolution has been passed by shareholders at previous AGMs. The notice period required by the Companies Act 2006 for general meetings is 21 clear days' notice unless shareholder approval has been obtained for the holding of such meetings on not less than 14 clear days' notice, as sought by Resolution 18. AGMs must always be held on at least 21 clear days' notice. The Company undertakes to meet the requirements for electronic voting under the Companies Act 2006 before calling a general meeting on less than 21 clear days' notice.

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

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

### Task Force on Climate-related Financial Disclosures

Resolution 19 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, in particular, 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.

### Second WaterShare+ Share Offer

Resolution 20 requests shareholder approval of the amendment of Article 5A of the Articles of Association to allow for a second WaterShare+ customer offer, which will enable the Company to extend its successful WaterShare+ scheme to eligible customers of both South West Water Limited and Bristol Water plc (each a subsidiary of the Company).

#### WaterShare+ – Customer rewards

Building on the successful launch of our first WaterShare+ customer offer in 2020, the Company intends to accelerate plans to share c.£20 million of outperformance with eligible customers of South West Water and Bristol Water.

Under the second WaterShare+ customer offer, eligible customers would be offered a choice between receiving either:

- i. a future bill reduction; or
- ii. ordinary shares in the Company to be acquired at market value at the time the Second WaterShare+ Share Offer is implemented.

The total aggregate value of the shares in the Company acquired under the Second WaterShare+ Share Offer will not exceed the Sterling equivalent of £8 million (calculated by reference to the spot exchange rate quoted via Bloomberg on the latest practicable date before the Second WaterShare+ Share Offer is implemented) in order to benefit from an exemption under the prospectus requirements applicable to offers of shares.

Applications for shares in the Company from eligible customers will be considered by the Company on a first-come first-served basis in accordance with terms and conditions to be published in connection with the Second WaterShare+ Share Offer.

To implement the second WaterShare+ customer offer, the Company must amend Article 5A to allow for the payment of one or more dividends to fund the purchase of shares that will be offered to customers who elect to receive shares in the Company under the second WaterShare+ customer offer.

### Amendment to Article 5A of the Articles of Association of the Company

In 2020, the Company issued a single non-cumulative redeemable preference share of 1p in the Company (the WaterShare+ Share) to facilitate implementation of the first WaterShare+ customer share offer in 2020. Article 5A of the Articles of Association of the Company sets out the rights and restrictions attached to the WaterShare+ Share. The WaterShare+ Share is held by Link Market Services Limited on trust for Link Market Services Trustees Limited, each an entity within Link Group, the Company's registrar. Link Group operates the WaterShare+ share scheme for the Company.

Resolution 20 requests shareholder approval by way of a special resolution to amend Article 5A of the Articles of Association of the Company to attach a new right to the WaterShare+ Share pursuant to which the Company may pay one or more dividends to the holder of the WaterShare+ Share to facilitate implementation of the Second WaterShare+ Share Offer (the Second WaterShare+ Share Offer Dividends). The maximum aggregate amount of the Second WaterShare+ Share Offer Dividends would be limited to the Sterling equivalent of €8 million (calculated by reference to the spot exchange rate quoted via Bloomberg on the latest practicable date before the Second WaterShare+ Share Offer is implemented) in order to benefit from an exemption under the prospectus requirements applicable to offers of shares. The final amount of the Second WaterShare+ Share Offer Dividends will be determined by the Board of the Company, up to such specified limit in aggregate.

In addition, the WaterShare+ Share carries a right to an additional annual dividend for the purposes of covering the ongoing costs of operating the WaterShare+ share scheme, including dealing costs and the costs of the ongoing services to be provided by the operator of the WaterShare+ share scheme and the nominee shareholder which holds the ordinary shares in the Company on behalf of the participants in the WaterShare+ share scheme.

All ordinary shares in the Company available to eligible customers under the Second WaterShare+ Share Offer would be existing ordinary shares that have previously been admitted to trading. No new ordinary shares in the Company would be issued in connection with the Second WaterShare+ Share Offer.

### Written consent of the holder of WaterShare+ Share to vary the class rights attached to the WaterShare+ Share.

The proposed amendment of Article 5A of the Articles of Association of the Company involves the variation of the class rights attached to the WaterShare+ Share. Under Article 16(a) of the Company's articles of association (and also under section 630 of the Companies Act 2006), the Company must obtain consent in writing from the holder of the WaterShare+ Share to vary the rights attached to the WaterShare+ Share. The Company has obtained such written consent from the holder of the WaterShare+ Share.

# Board of Directors



## 1 GILL RIDER

### Chair

CB, PhD, CCIPD

ESG HS N R

### Appointed

Gill was appointed to the Board on 1 September 2012 and became Chair on 31 July 2020.

### Skills and experience

- Gill has a wealth of experience in leadership and governance across a broad range of sectors including professional services, education, not for profit and government.
- Gill was the senior independent director of Charles Taylor plc until its sale in January 2020.
- Formerly, Gill was Head of the Civil Service Capability Group in the Cabinet Office, reporting to the Cabinet Secretary and prior to that held a number of senior positions with Accenture LLP culminating in the post of Chief Leadership Officer for the global firm. She was previously President of the Chartered Institute of Personnel and Development and Chair of the Council of the University of Southampton.

### Other appointments

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

## 2 SUSAN DAVY

### Group Chief Executive

BSc Hons, ACA

ESG HS

### Appointed

Susan was appointed Group Chief Executive on 31 July 2020. She was appointed to the Board in February 2015 as Chief Finance Officer, having joined the Group as Finance Director of South West Water in 2007.

### Skills and experience

- Susan's knowledge of the industry, coupled with her financial and regulatory expertise, has underpinned the development of Pennon's strategy. This has included the value-creating acquisitions of Bournemouth Water, Bristol Water, and the Viridor disposal, all of which she has led. In her 25+ years' experience in the utility sector, Susan has also held a number of other senior roles in the water sector, including at Yorkshire Water.
- Under her guidance South West Water has become the only water company to have achieved fast-track status for two consecutive business plans – the first in 2014, the second in 2019.
- Susan is highly respected in the City and has been instrumental in building Pennon's reputation.

### Other appointments

Susan is a non-executive director and Audit Chair of Restore Plc, a member of the CBI President's Committee, and deputy Chair of the CBI South West, having served as its Chair from 2018-2021. She holds a place on the board of Water UK, is a member of the Energy & Utilities Skills Partnership Council and was previously a member of the A4S (Accounting for Sustainability) CFO leadership network.

### Key:

|                                       |                                 |
|---------------------------------------|---------------------------------|
| <b>A</b> Audit Committee              | <b>N</b> Nomination Committee   |
| <b>ESG</b> ESG Committee              | <b>R</b> Remuneration Committee |
| <b>HS</b> Health and Safety Committee | <b>■</b> Chair of Committee     |

### 3 PAUL BOOTE

#### Group Finance Director

BSc, FCA

ESG HS

#### Appointed

Paul was appointed to the Board on 8 July 2020, having joined Pennon on 1 January 2010.

#### Skills and experience

- Paul is a chartered accountant with over 20 years' experience, having also held senior finance roles at companies operating in the sport, construction and environmental infrastructure industries.
- He has held a number of senior roles at Pennon, most recently as Pennon's Director of Treasury, Tax and Group Finance. During this time, he was responsible for the development of Pennon's sector-leading sustainable debt portfolio, ensuring the Group maintains a responsible approach to tax, as well as leading on financial reporting matters.
- Paul has been instrumental in the development and successful implementation of the Group's strategic review.
- He holds a number of directorships with Group subsidiary companies and is a key member of the executive Finance Committee which he chairs.
- Paul's knowledge of the Group and relationships with key external stakeholders, coupled with his corporate finance and financial reporting experience, provides continuity to the Board as the Group evolves through this strategic review period.

#### Other appointments

None.

### 4 NEIL COOPER

#### Senior Independent Director (Non-Executive)

BSc Hons, FCMA

ESG HS N R A

#### Appointed

Neil was appointed to the Board on 1 September 2014 and became Senior Independent Director on 31 July 2020.

#### Skills and experience

- Neil brings to the Board extensive experience in a wide variety of corporate and financial matters.
- Previously, he was group finance director of Barratt Developments plc and before that, group finance director of William Hill plc and Bovis Homes plc. Neil also held senior finance positions at Whitbread plc, worked for PricewaterhouseCoopers as a management consultant and held a number of roles with Reckitt & Colman plc.
- As chair of the Audit Committee, Neil has been influential in directing Pennon's approach on a number of significant matters including internal control, governance and financial reporting.

#### Other appointments

He is currently the Chief Financial Officer of Currencies Direct, a foreign exchange broker and international payment provider.

### 5 IAIN EVANS

#### Independent Director (Non-Executive)

CBE, BSc Hons, FCA, MBA

ESG HS N R A

#### Appointed

Iain was appointed to the Board on 1 September 2018.

#### Skills and experience

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

#### Other 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.

### 6 CLAIRE IGHODARO

#### Independent Director (Non-Executive)

CBE, BSc Hons, FCMA, DUniv (Hon)

ESG HS N R A

#### Appointed

Claire was appointed to the Board on 1 September 2019.

#### 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 audit, remuneration and governance committees.
- She is a past president of the CIMA (Chartered Institute of Management Accountants) and was the first woman to lead this organisation.
- Claire has 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.
- As chair of the Remuneration Committee, Claire continues to guide Pennon's approach to executive remuneration, ensuring that it is aligned with and supports the Group's strategy.

#### Other appointments

Claire is non-executive Chair of the Board and the Governance Committee for Axa XL – UK entities and non-executive Chair of the Audit Board of KPMG LLP.

### 7 JON BUTTERWORTH

#### Independent Director (Non-Executive)

MBE, MSc, Flod

ESG HS N R A

#### Appointed

Jon was appointed to the Board on 8 July 2020.

#### Skills and experience

- Jon is the Chief Executive Officer of the UK Gas Business for National Grid plc and a member of the National Grid Executive Committee.
- Jon has a distinguished track record and an immense depth of experience and knowledge within the utility sector, having begun his career over 44 years ago as an apprentice in British Gas.
- He has been the 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 CEO of National Grid Ventures, building (£3bn) of growth in renewables across the USA and Europe.
- Jon's utility background makes him keenly aware of the importance of maintaining a balance between performance and safety, and he constructively challenges the Board and management to constantly raise the bar in this area.

#### Other appointments

Jon is a Fellow of the Institute of Directors and is a Director of National Grid Gas, National Grid Metering Limited, E.Tapp & Co Limited, Shopfittings Manchester Limited and TMA Property Limited. He is also an Ex-Chair of the CORGI Board, an Ex-Ambassador of the HM Young Offenders Programme and a trustee of the National Gas Museum Trust.

## Key dates

| Date and time                   | What happens   |
|---------------------------------|--|
| Monday 18 July 2022<br>9.30am   | Deadline for receipt of voting instructions from WaterShare+ participants to the WaterShare+ nominee |
| Tuesday 19 July 2022<br>9.30am  | Deadline for receipt of proxy appointment from shareholders to our registrar, Link                   |
| Thursday 21 July 2022<br>9.30am | AGM held at Peninsula House, Rydon Lane, Exeter EX2 7HR  |
| Friday 22 July 2022             | Record date for entitlement to the 2022 final dividend   |
| 5 September 2022                | Payment of the 2022 final dividend to holders of ordinary shares                                     |

## Contact information

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

### Telephone

Shareholder helpline – for general enquiries call:

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

+44 371 664 9234 (for outside the UK)

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

### Email

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

### Post

Link Group 10<sup>th</sup> Floor,  
Central Square,  
29 Wellington Street, Leeds,  
LS1 4DL

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











**Pennon Group plc**

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

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