

**Pennon Group plc**

**Response to Ofwat Consultation on driving better company performance through clear and effective whistleblowing practices**

**13 October 2023**

Please direct all enquiries regarding this response to:

Barry Matthews

Group Deputy General Counsel



Good Practice Expectation	Details
<p><b>1. A clear understanding of whistleblowing law</b></p>	<p>We expect companies to be able to demonstrate a clear understanding of the law governing whistleblowing. This includes the <a href="#">Public Interest Disclosure Act (PIDA)</a> which requires employers not to dismiss workers or subject them to any other detriment because they have made a protected disclosure.</p> <p><i>Pennon Group plc (“we”) believe that the cornerstone of a demonstrable understanding of the law governing whistleblowing is a comprehensive Code of Conduct which has a clear commitment to the whistleblowing regime at its heart and makes clear that there will be no retaliation towards those who whistleblow. We believe the Pennon Group Code of Conduct meets this standard: <a href="#">Pennon Code of Conduct March 2021 (pennon-group.co.uk)</a></i></p>
<p><b>2. An open and honest culture</b></p>	<p>We expect companies to have an open and honest culture that promotes integrity and includes:</p> <ul style="list-style-type: none"> <li>• The right tone from the top of the organisation with Board and Executive teams making it clear that any concerns will be welcomed and providing assurance that they will take concerns seriously and not punish any workers if such concerns turn out not to be true.</li> <li>• Clear, consistent, and regular, communications to workers (including contractors) on the importance of whistleblowing.</li> <li>• Making it clear to workers that it is safe and acceptable for them to raise a concern about malpractice and that disciplinary action will be taken against anyone found to have victimised a whistleblower for raising concerns.</li> </ul> <p><i>We fully subscribe to the creation and maintenance of an open and honest culture.</i></p> <p><i>We have created multiple channels beyond the whistleblowing Speak Up line to identify and remedy concerns employees have, consisting of:</i></p> <ul style="list-style-type: none"> <li>• <i>our online based ‘Big Chat’ conversations between the Executive and staff;</i></li> <li>• <i>the creation of our RISE employee forum (numbering 100 employee representatives which complements our recognised trade union relationships with Unite and GMB) which has direct access to our Group CEO</i></li> </ul>

	<p><i>and Group Chief People Officer;</i></p> <ul style="list-style-type: none"> <li>• <i>our ‘Open Door’ communications channel which enables employees to ask any question to senior leaders and our Execs; and</i></li> <li>• <i>our annual ‘Great Place to Work’ Survey which measures engagement and more importantly trust.</i></li> </ul> <p><i>This is supplemented by traditional and frequent communications relating to whistleblowing (in a variety of media to reflect diverse working practices in the water industry) and the provision of access to our Speak Up line to our contractors and suppliers alike.</i></p> <p><i>As noted above, our Code of Conduct explicitly confirms that action will be taken against those who seek to victimise individuals who raise concerns.</i></p> <p><i>Finally, the culture embodied in the measures set out above has been reflected in our approach to compiling our PR24 Business Plan submission which incorporated the following statement:</i></p> <p style="padding-left: 40px;"><i>“We have also been looking at our culture and values, the “golden thread” across the Group that focuses on not just what we do, but why and how we do it and in support of our aspiration to continue to be a Great Place to Work. Built from the inside out, with employee forums, stakeholder interviews, leadership sessions, and sessions with our trade unions, we also undertook external and competitor desk research. Three themes emerged around Trust, Responsibility and being future focused. We believe our new values are powerful. Not only will they help us be the very best we can be, as individuals, teams and as a business, but there’s an added dimension with an external focus in being rock solid in the way we act and build trust.”</i></p>
<p><b>3. Multiple and alternative channels for staff to speak up</b></p>	<p>Staff may not want to discuss concerns with their immediate management (such as with their line manager) so we expect alternatives to this to be available such as nominated officers or a whistleblowing hotline.</p> <p>This may include establishing a secure, and confidential, whistleblowing system to allow staff to whistleblow and submit a disclosure. This will increase the sense of security in an organisation.</p>

We also expect companies to communicate to staff the option of submitting a disclosure to external bodies such as prescribed persons such as Ofwat. It should also be made clear to staff that they are not required to submit a disclosure internally first before contacting an external organisation with their concerns.

*We agree that concerned individuals should have the ability to voice concerns to someone other than their line manager and to this end we have established the Speak Up line service. This is overseen by our Legal Compliance function who are subject to an independence professional conduct duty under SRA rules. The service is based on NAVEX Ethics Point technology - this enables anonymity (if required) to be preserved through the online submission process and the dedicated telephone service provided by individuals who are not employees of Pennon Group plc or its subsidiaries.*

*We note the prescribed person pathway and see this an equally important route to reporting concerns as our Speak Up line. Hence, we are clear to our staff when queried that they are free to report concerns externally whenever they wish.*

*We would welcome the opportunity for the September workshop group to continue to share best practice in communicating pathways to reporting including highlighting whether concerns raised are personal grievances or whistleblows to ensure the most appropriate personnel investigate them.*

<p><b>4. A comprehensive, accessible, written policy</b></p>	<p>We expect companies to have in place a comprehensive, accessible, and written whistleblowing policy. This should clearly explain to staff how to blow the whistle and include details on:</p> <ul style="list-style-type: none"><li>• Who can make a disclosure.</li><li>• What can be reported (including a clear difference between whistleblowing and grievance or HR processes).</li><li>• Details on anonymity and confidentiality (including how confidentiality will be treated and outlining some of the drawbacks to anonymous disclosures).</li><li>• Details on how and when action will be taken to consider a disclosure.</li><li>• Details on what whistleblowers can expect in terms of feedback on the outcome of their disclosure.</li><li>• Details on how to access independent advice.</li></ul> <p><i>We agree these are the core pillars of an effective policy and are reflective of our own: <a href="https://pennon-group.co.uk">Whistleblowing - Speak up 2022 (pennon-group.co.uk)</a></i></p> <p><i>As noted above, we agree that it would be beneficial to discuss with our peer group how to best communicate the clear difference between whistleblowing and grievance outside of the policy.</i></p>
<p><b>5. Regular reviews of whistleblowing policies</b></p>	<p>We expect companies to put in place regular reviews of their whistleblowing policy. This is to ensure the policy is fit for purpose and is regularly updated with the right contact details.</p> <p><i>We review our company policies (including whistleblowing) annually and suggest this be the most appropriate frequency of review to ensure employee certainty and resulting trust in the whistleblowing programme.</i></p>

<p><b>6. A clear process for managing disclosures</b></p>	<p>We expect companies to have a clear, simple, process in place to ensure that any disclosures are considered for investigation in an appropriate, sensitive, and effective way; any accompanying concerns are addressed; and feedback is provided. An effective process:</p> <ul style="list-style-type: none"><li>• ensures all disclosures are treated in a sensitive manner, with confidentiality clearly considered.</li><li>• is clearly independent from any staff who are the subject of a disclosure.</li><li>• ensures any investigators assigned to investigate disclosures are appropriately qualified, and trained, to review the specific concerns that have been raised.</li><li>• where possible, provides clear feedback to the whistleblower on actions/outcomes in a reasonable timeframe.</li></ul> <p><i>We believe that the key to achieving this limb is the creation of comprehensive investigator training and standardised templates for the conduct of investigations. We have created these and adopt a continuous improvement approach by reviewing them on at least an annual basis or sooner if material improvements are identified in year.</i></p>
---	---

<p><b>7. Clear outcomes and insight</b></p>	<p>We expect companies processes to ensure that all whistleblower complaints reach a clear conclusion. This may be through steps to directly address a particular concern raised, and / or to take the insight and learning gained from the complaint to inform future business practices. These outcomes should be followed up.</p> <p><i>We believe this is critical in establishing trust in and underpinning the integrity of the whistleblowing process. We commit to clearly explaining the outcome of all investigations in plain English with a full reasoning of why the conclusion has been reached and, if relevant, identification of actions taken/to be taken to remedy an upheld concern.</i></p>
<p><b>8. An Executive team and Board that have oversight and a clear line of sight of what is happening with whistleblowing</b></p>	<p>We expect companies to have an Executive team and Board that have oversight and a clear line of sight of what is happening with whistleblowing including:</p> <ul style="list-style-type: none"><li>• A company's whistleblowing policy.</li><li>• The volumes of whistleblowing and any complaints about victimisation for making a disclosure (including complaints about breaches in confidentiality) and what this says about the company's culture and behaviours.</li><li>• The types of issues being raised by whistleblowers and the insight this may provide on the company's day-to-day operations.</li><li>• The outcomes of resulting investigations and how these are taken forward.</li></ul> <p><i>We agree with the principle of clear line of sight for Executive and Board on all whistleblowing activity. To this end, we have established an Ethics Management Committee which is co-chaired by our Group General Counsel and Company Secretary and Group Chief People Officer which meets regularly to consider all live whistleblow cases and policy. This committee reports to the Pennon Executive who in turn report to the full plc Board.</i></p>

<p><b>9. A Board that regularly considers the effectiveness of its whistleblowing policies and procedures</b></p>	<p>We expect companies to have a Board that regularly considers the effectiveness of its whistleblowing policies and procedures as part of its oversight of internal controls.</p> <p>A company's internal audit function may support a Board in considering this. A Board may choose to seek independent assurance that its organisation's policy and procedure is effective.</p> <p><i>The Pennon plc Board reviews and approves all Pennon policies (including whistleblowing) on an annual cycle. We believe this is the appropriate frequency to ensure employee certainty and resulting trust in the whistleblowing programme.</i></p>
<p><b>10. Regular communications and training for workers on whistleblowing</b></p>	<p>We expect companies to reinforce a culture of "doing the right thing" within the organisations, including by putting in place regular training, communications, and awareness raising for all workers (including contractors) on the importance of whistleblowing, how to make disclosures, and how their whistleblowing process works.</p> <p>Managers – who may be recipients of disclosures – and investigators should also receive appropriate training on handling and investigating disclosures respectively.</p> <p><i>We agree that clear communication of the principle of 'doing the right thing' is central to delivering an open and honest culture – indeed, this is the central core of our Code of Conduct. We believe that an annual review of the effectiveness/content of training and communication would be an appropriate frequency to evidence compliance with this limb of guidance.</i></p>



**OGL**