

GROUP FINANCIAL CRIME POLICY

**Conducting business
the right way**

We will never tolerate fraud, bribery, corruption
or financial crime

Version 1 [August 2016]

CONDUCTING BUSINESS THE RIGHT WAY

Our Values, Doing the Right Thing and Group Policies

Our purpose is to serve our communities and build a lasting water legacy. Our vision is to be the most trusted water company. Our Values, our Doing the Right Thing code and our Group Policies are the foundation for how we operate to achieve our purpose and to become the most trusted water company. They help us to make the right decisions, and provide guidance where needed.

Acting with Integrity is one of our Core Values, and we must never compromise it.

Your Commitment to this Policy

- To conduct yourself with Integrity and comply with the law
- Recognise that your decisions have an impact on others - have high standards
- Unequivocally expect responsible and ethical decisions from others
- Speak up if you observe behaviours that are not consistent with our Values
- Tirelessly adhere to our Value of Acting with Integrity

Our values

- We put our **customers first**
- We are **passionate** about what we do
- We act with **integrity**
- We protect our **environment**
- We are inspired to create an **awesome company**

INTRODUCTION

We want to be the best in our industry, but not at any price

We do not tolerate criminal activity of any kind. Our reputation, which is based on always doing the right thing and acting within the law, is our greatest asset. Employees at all levels of our company have an important role to play in helping us detect, prevent and deter financial crime.

This policy outlines acceptable and non-acceptable behaviours to ensure compliance with anti-bribery and anti-fraud laws which includes improper payments, gifts or inducements of any kind to and from persons including officials in private or public office, customers and suppliers. This policy also covers our approach to Insider Dealing, Political Donations, Conflicts of Interest and Continuous Disclosure.

Scope

Our Group Financial Crime Policy applies to you if you are employed by, or carry out work on behalf of Severn Trent Plc and extends to any Severn Trent group company, employees, contractors, temporary staff and agency workers.

POLICY

Bribery

- It is our policy to conduct all of our business in an honest and ethical manner. We strictly prohibit bribery, fraud and all other corrupt business practices at Severn Trent Plc and we expect all employees to at all times obey the law and maintain high ethical standards.
- Our people should:
 - never offer to pay, make, seek or accept a personal payment, gift or favour in return for favourable treatment or to gain any business advantage
 - follow the anti-bribery and corruption laws to which we and our company are subject, remembering that UK and US anti-bribery and corruption laws apply wherever they are operating.
- We will uphold all laws relevant to countering fraud, bribery and corruption in all of the jurisdictions in which we operate. As well as implementing and enforcing effective systems to counter fraud, bribery and corrupt practices.
- A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage. Bribery includes:
 - Offering a bribe
 - Receiving a bribe
 - Bribing a foreign official

Remember:

It is not acceptable for you (or someone on your behalf) to:

- Give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- Give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to “facilitate” or expedite a routine procedure;
- Accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- Accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- Threaten or retaliate against another worker who has refused to commit a bribery offence or who has raised concerns under this policy; or
- Engage in activity that might lead to a breach of this policy.
- Please refer to **Severn Trent Plc Anti-Bribery & Anti-Fraud Policy** for more information.

POLICY

Gifts & Hospitality

- All employees must use good judgement and moderation in acceptance of gifts or hospitality. In any event gifts or hospitality should be appropriate and proportionate and proper records of such gifts, hospitality or expenses should be kept. They should ensure that they are not influenced to further a business relationship. Our people must declare and keep a record of hospitality or gifts accepted or offered, which will be subject to managerial review.
- Severn Trent recognises that market practice varies across the territories in which it does business and what may be normal and acceptable in one place may not be in another.
- Gifts include money, goods, services or loans given without the expectation of receiving anything in return.
- Hospitality includes entertaining, meals, receptions, tickets to entertainment, social or sports events where those activities are being offered or accepted to initiate or develop business relationships

Remember:

- As a general rule it should be considered whether the expenditure could be perceived as being disproportionate or inappropriate by others.
- Individuals should always seek prior approval from the appropriate manager for the type and costs of entertaining which is intended to be offered by them to third parties.
- Gifts or hospitality offered or received should be declared and properly recorded on the Gifts and Hospitality Register.
- Please refer to **Severn Trent Plc Anti-Bribery & Anti-Fraud Policy** for more information.

POLICY

Fraud

- We are committed to the prevention, detection and investigation of fraud we expect all employees to at all times obey the law and maintain high ethical standards.
- Our people should never undertake any fraudulent activities, including the being involved in the following acts:
 - Theft, misuse and misappropriation of Severn Trent property, equipment, funds, materials, records or any other assets.
 - False accounting and/or making fraudulent statements financial or non-financial with a view to personal gain or gain of another (e.g. timesheets, expense claims, purchase orders, budgets, regulatory returns).
 - Any activity which involves the alteration, destruction, copying or manipulation of data for inappropriate purposes.
- Fraud can involve one individual or several people in collusion with each other, who can be either internal or external to our company.

Remember:

- Understand and act in accordance the law and maintain high ethical standards;
- Report any known or suspected instances of attempted or actual bribery, fraud, or corruption in line with this policy;
- Notify the company at the earliest opportunity of the concern so that the issue can be investigated appropriately;
- Record gifts, hospitality or expenses appropriately; and
- Co-operate with any investigation into any concern.
- Please refer to **Severn Trent Plc Anti-Bribery & Anti-Fraud Policy** for more information.

POLICY

Conflicts of Interest

- No employee may use their position, company information, assets or resources in a way that benefits them personally or improperly benefits others.
- Potential conflicts of interest must be avoided or, if unavoidable, carefully managed.
- All cases of actual or potential conflicts of interest must be reported to your manager and discussed openly, promptly and documented in writing.

Continuous Disclosure

- We place considerable importance on effective communication with our stakeholders.
- We are committed to adopting best practice governance standards and will do so even in circumstances where a particular practice is not required to meet any prevailing statutory obligations.
- As a minimum, we are committed to meeting our continuous disclosure obligations contained in the Listing Rules.

Insider Dealing

- We are committed to the promotion of investor confidence by taking steps within its power to ensure that trading in its securities takes place in an efficient and informed market.
- Our people must not deal in any Severn Trent Plc securities at any time when they have unpublished inside information or price sensitive information in relation to Severn Trent Plc securities.
- Severn Trent will seek to ensure that inside information and potential inside information is adequately protected and will seek to control access to such information through its standards and procedures.
- We maintain an insider lists in accordance with the obligations imposed by law.

Political Donations

- We do not affiliate with any political party and nor do we make any direct or indirect contributions to political parties.

Disciplinary Action

- Severn Trent Plc is committed to pursuing disciplinary, criminal and civil sanctions where there is evidence to support the occurrence of fraud and/or corruption.

OUR RESPONSIBILITIES



DOING THE RIGHT THING

Your Responsibility

We are all responsible for preventing, detecting, deterring and reporting financial crime. You need to consider and implement the commitments made in our Group Financial Crime Policy when performing your work activities and when making decisions.

Leaders

Leaders are responsible for making proper arrangements within their business areas to ensure compliance with this Group Financial Crime Policy.

STEC

The Severn Trent Executive Committee of the Severn Trent Plc Board provides regular oversight of this policy.

REPORTING CONCERNS

Information about this policy and relevant guidelines are communicated through our internal communication channels

I have a concern!

Any person who discovers or suspects bribery or fraudulent activity, or any activity which goes against this policy should **raise any concerns** through their line manager. Alternatively, **concerns may be raised** with any of the following group senior executives: the CEO, HR Director or General Counsel or through our confidential and independent whistleblowing helpline. Please refer to our 'Speak Up' policy.

Severn Trent's Commitment

We are **committed to acting with integrity**. Individuals who refuse to accept or offer a bribe, or those who raise concerns are sometimes worried about possible repercussions. We are **committed** to ensuring that **no one suffers any detrimental treatment** as a result of their refusal to participate in bribery or raising concerns. We will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

I have a question?

If you have a question about this policy or any financial crime matter, you can contact the Head of Legal or the Deputy Company Secretary.