



PENNON GROUP PLC WATERSHARE+ ONLINE BULK DEALING SERVICE TERMS AND CONDITIONS OF BUSINESS

1. DEFINITIONS AND INTERPRETATION

In these Conditions the following words and expressions have the meanings and interpretation set out below:

“Business Day” means a day on which the London Stock Exchange is open for business, normally Monday to Friday, 8am-4.30pm, excluding UK public and bank holidays;

“Conditions” means these terms and conditions of business;

“Corporate sponsored nominee” means a service provided by Link where we hold Shares electronically on behalf of shareholders;

“CREST” means the centralised system operated by Euroclear UK & Ireland Limited for the settlement of securities in the UK and Republic of Ireland;

“FCA” means the Financial Conduct Authority, whose current address is 12 Endeavour Square, London, E20 1JN website www.fca.org.uk;

“Identification Details” means your name, address including postcode (where applicable), date of birth and shareholder reference/investor code;

“Link”, “we”, “us” means Link Market Services Trustees Limited, a company registered in England with company number 2729260 whose registered address is 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL. Link is authorised and regulated by the Financial Conduct Authority (see ‘FCA’ above) with registered number 184113. The main business of Link is the provision of dealing, administration, trustee, and nominee services;

“MiFID II” means the Markets in Financial Instruments Directive (2014/65/EU) and all rules and regulations relating to it within the United Kingdom;

“NCI” means National Client Identifier as defined under MiFID II;

“Nominee Service” means the nominee service provided by Link in respect of the Watershare Scheme Offer;

“Service” means this Link Corporate and Employee Dealing service as described in full in these Conditions;

“Settlement” this is the date when delivery of your shares to and payment is due from the market in the case of share sales. It is also the date where delivery of your shares from and payment to the market is due in the case of share purchases;

“Shares” a share is a portion of the capital stock of a company which typically entitles the holder to vote at general meetings, receive income in the form of dividends and to share in the surplus assets of the company in the event of a winding up;

“Watershare Scheme Offer” means the offer of Water Shares to eligible customers as described in the prospectus titled “the WaterShare+ Scheme Offer for up to 1,900,000 Existing Ordinary Shares to Qualifying Household Customers” dated 18 September 2020”; and

“Watershare+ Shares” means the Shares awarded to you as a result of the Watershare+ Scheme Offer

The headings in these Conditions are for convenience only and shall not affect the interpretation or construction of these Conditions.

Reference to any statute, statutory provision or the FCA rules includes a reference to that statute, statutory provision or the FCA rules as from time to time amended, extended or re-enacted.

Any phrase introduced by the terms including, include, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

The Service

2. This Service is an ‘execution only’ service through which we will receive online instructions from you to sell your WaterShare+ Shares. This Service is only available if you only hold Watershare+ Shares in your Nominee Account. Sale orders will be undertaken every Tuesday and Thursday (the Dealing Day) with a cut off at 5pm two Business Days before the Dealing Day. We transmit these orders on your behalf to an authorised broker for execution.. The Service is designed for those with a reasonable understanding of how financial markets operate and the risks involved. The Service is provided by Link Market Services Trustees Limited.

3. Link reserves the right to terminate the Service or to vary these Conditions, with notice where practicable. Your use of the Service will constitute your agreement to be legally bound by these

Conditions.

4. The Service is only available to participants in the Nominee Service, (including legal representatives such as executors whose details have been registered with registrars) aged 18 or over (in the case of natural persons), who are resident in the United Kingdom (or any other country confirmed by Link in writing). The Service is normally only available for individual transactions and is conditional on our being able to verify your identity and details of your shareholding.
5. We may decline to accept an instruction to sell shares or, having received your instructions, we reserve the right to refuse to act upon them without informing you of our reasons.
6. The Service enables you to sell your WaterShare+ Shares, which are classified under FCA rules as ‘non-complex instruments’ traded on a regulated market. In providing the Service, Link is not required to assess the appropriateness of the instrument or the service provided or offered to you and, as a result, you will not benefit from the protection of the FCA rules on assessing appropriateness. Therefore we will not assess whether: (i) the Service meets your investment objectives; (ii) you would be able financially to bear the risk of any loss that the Service may cause; or (iii) you have the necessary knowledge and experience to understand the risks involved.
7. Link is also not required to assess the suitability for you of any product, service or transaction provided or offered to you in connection with the Service.
8. The Service is available on any Business Day by email. Instructions submitted on a day which is not a Business Day or outside of the London Stock Exchange trading hours will be deemed to have arrived on the immediately following Business Day.

Customer categorisation

9. For the purpose of the FCA rules, you will be classified as a retail client on the basis of information available to us. You may request to be treated as a different categorisation of client, meaning that you will receive less regulatory protection, however we have no obligation to accept such a request. The Service is not available to persons or firms who are authorised and regulated by the FCA, their nominee bodies or custodians or other EU regulated persons or firms. Please note, although we will classify you in this way, you may not be eligible to refer to the UK Financial Ombudsman Service of the UK Financial Services Compensation Scheme if you fail to meet their own eligibility criteria.

Verifying your Identity

10. We reserve the right to require any person(s) using this Service to produce satisfactory evidence of their identity to enable compliance with applicable regulations (e.g. the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017). If we require such evidence, we may use an electronic database(s) to establish your identity. This may include making searches at credit reference agencies which may be recorded by the credit reference agencies. We may check what you have told us and share information with fraud prevention agencies. You must give us accurate information as if you give false or inaccurate data and we suspect fraud, we may record this at the fraud prevention agencies. These records may be used by us and other organisations to help make decisions about you and members of your household for credit and credit related services, to manage your accounts, for debt tracing, fraud prevention and to prevent money laundering.
11. If your instruction is received, accompanied by any documentation that requires verifying and/or authenticating this may result in a delay in the execution of the deal. Examples of such documentation may include, but are not restricted to, a marriage certificate, death certificate, grant of representation, power of attorney, or court orders. In such circumstances, we will use reasonable endeavours not to cause undue delay in the execution of the instruction to deal. If an instruction to deal be delayed for this reason, we will not be liable for, the fluctuation in the share price and therefore any actual or potential loss or gain in connection with this transaction (or any related transactions that may or may not be disclosed to us) in the time it takes us to verify or authenticate such documentation.

Selling your shares

12. Your instructions may not be withdrawn once given. By instructing Link to sell eligible shares through the Service, you undertake, represent and warrant that (a) your shares will be transferred with full title guarantee and free from liens, charges, or other third party rights of any kind; (b) that you and any underlying beneficial owner are entitled to sell the shares and (c) that the use of the Service by you or the sale of the shares pursuant to the Service does not and

will not breach any applicable laws.

13. Your instruction will only be accepted if the relevant NCI/LEI information is provided to us for all relevant parties. Further information on the relevant NCI/LEI for your trade can be found on www.signalshares.com/help-centre/ or by calling (+44) (0) 0371 664 9234 (select option 2) Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.
14. Dealing will normally take place twice weekly on Tuesday and Thursday (the "Dealing Day") and will comprise all orders received up until 5:00pm two Business Days before the Dealing Day. Instructions received on a day which is not a Business Day or outside of London Stock Exchange trading hours will be deemed to have arrived on the immediately following Business Day. We reserve the right to deal more or less frequently than stated in these Conditions where in our opinion it would be prudent to do so, such as where extreme volumes of instructions have been received, or a purchaser cannot be found or when in its opinion it is appropriate to deal less frequently as per the volumes involved. If the Company is in a close period and you are an Insider, your application will be held until the Company has entered an open period. Please note that the share price may change significantly between you deciding to deal and the deal being executed and we will not be responsible for any changes in the share price between the time you decide to deal and when the deal is executed. We also reserve the right, at our sole discretion, to refuse a request to deal.
15. Your order may be aggregated with those of other shareholders for execution. Aggregated orders may result in a large number of shares being dealt in the market which may result in a higher or lower price being obtained or a delay in executing the order in full on the designated market. In the event that it is not possible to fully execute an aggregated order on the day the order is placed, the broker will be instructed by Link to fulfil the order in its entirety, which may take a number of days. Sale proceeds will only be issued after the broker has provided a contract note to Link confirming fulfilment of the order. In placing an aggregated order irrespective of the size of the order and the length of time taken to fulfil the order in the designated market, a more or less favourable price might be achieved than if your order had been executed separately.
16. Within one Business Day of the date of a transaction, we will issue you with confirmation setting out details of the transaction and the terms of settlement; by providing us with your email at the point of your transaction you are providing us with your specific consent to communicate with you electronically, otherwise we will issue this to you in writing. This may include changes to our fees and charges, and you will be deemed notified of such changes upon receipt of the email. You should retain your written confirmation for tax purposes. If you do not receive a confirmation or you consider that the confirmation does not match your instructions, or any other details are incorrect, then you should notify us as soon as possible. If you fail to notify us of any error as soon as possible the confirmation will be binding upon you, although this does not affect your right to make a complaint about us.
17. Settlement for the sale of eligible shares will normally take two Business Days from the date of the transaction.
18. In respect of the sale of Shares, settlement will be effected by means of a delivery versus payment transaction (commonly referred to as DvP) within CREST. In order to effect a delivery versus payment transaction, your shares/ monies (as applicable) will not benefit from the protection provided under the FCA client money and custody rules. We will hold your shares/ monies outside of such protection for no longer than the duration provided for, and in accordance with, the rules of the FCA.
19. If we are unable to settle your transaction for any reason, including (without limitation) if you:
 - (a) do not have a valid holding; or
 - (b) are trying to sell eligible shares which you do not own; or
 - (c) do not have the authority to sell any of the eligible shares; or
 - (d) fail to arrange for the registration of your grant of probate, letters of administration or other applicable evidence of authority with the company's registrar (where you are an executor or hold an equivalent office), before giving us an instruction; or
 - (e) have not correctly completed any documentation we have requested (or provided satisfactory evidence of your identity) within seven Business Days of the transaction date as shown on the

advice we send you;

we may at our discretion, then or at any time afterwards, take any action we reasonably consider appropriate, including buying or selling shares at the then prevailing market price to satisfy your delivery obligations. You will be responsible for any loss, cost, liability and expense we may reasonably incur, including (without limitation), making good any dividends or benefits associated with the eligible shares sold, reasonable associated dealing costs, administration charges and legal fees which we have to pay.

20. You hereby consent to your orders being executed outside a trading venue, such as a regulated market or multilateral trading facility, in the unlikely event that we deem this appropriate.

Payments

21. Sale proceeds will normally be sent as soon as practicable after we receive the settlement proceeds from our broker, provided we have received all the relevant documentation to settle the trade. The proceeds of settled sale transactions will normally be sent to the bank account you have registered on your Nominee Service account. If you have not provided full bank account details or we cannot pay the sale proceeds to your bank account for any reason, you will receive a cheque. If payment made by our payment processor is rejected by your bank, we will deduct any bank charges incurred from your sale proceeds before they are re-sent.
22. If we send you a cheque, this will be sent to the registered address appearing on the nominee register and the cheque will only be made payable to the named holder(s). Where holdings are registered in joint names, settlement cheques will be made payable to all registered holders. Cheques will not be made payable to any other third party except at our reasonable discretion. Where the holder is deceased, settlement cheques can only be made payable to the deceased and their representatives, as registered with the registrar. Cheques cannot be made payable to another party unless we are in receipt of written instructions to that effect signed by all registered holders..

Fees & charges

23. Link will not charge you any fees or commission in respect of your sales of Watershare+ Shares if you use this service. Other fees, levies and taxes may exist which are not imposed or collected by Link and we will not be liable for informing you of any such costs.
24. Any payment of sale proceeds will be made to your bank account. If we are unable to pay the sale proceeds to your bank account (for instance, if your bank account details are not up-to-date) and issue a cheque, Link may also charge an administration fee for re-issuing a cheque to you at its then prevailing rate, which is (including value added tax) currently £16.50, to reasonably reflect the costs we will incur in cancelling the original cheque. We may also levy an administration fee of £9.50 where we receive written instructions, prior to payment being made, to issue the cheque to a third party other than the registered shareholder. Any cheque sent to us should be made payable to 'Link Market Services Trustees Limited'.

Best Execution

25. We will comply with our regulatory obligation to act in your best interests when receiving orders from you and transmitting them to brokers on your behalf for execution. We do not execute orders but will place the order with a broker. We reserve the right to instruct other brokers from time to time and will rely on these brokers to take all sufficient steps to obtain, when executing orders, the best possible result, in accordance with the FCA rules. The main factors normally used to determine the best possible result will be price and the costs related to execution. We will also check that each broker has in place a policy and procedures designed to obtain the best possible result, subject to and taking into account the nature of your order(s) and the market in question. Link will monitor these brokers and review their performance at least once a year. If we are required to execute your order or the aggregated order in tranches and your contract note refers to the average price of the Shares, you may request us to provide the price of each tranche by writing to us at the address set out in Condition 1. A full copy of Link's best execution policy is available online at <http://www.linkshareadeal.com/media/BestExecutionPolicy.pdf> or upon written request to the address provided in Condition 1.

Your personal information

26. Link collects personal information about you and we are committed to protecting this information and your privacy. A full copy of Link's privacy policy is available online at <https://www.linkgroup.eu/privacy-notice/> or upon written request to the address provided in section 41.

Client money and assets

27. Shares, money and any other assets (“**Client Assets**”) will be classified as client assets and held in a bank account in accordance with FCA rules regarding client assets. No interest shall be payable to you in respect of such client money.
28. Client Assets will be pooled with funds held on behalf of other investors using the Service. In the event of the financial failure of Link or another financial institution holding client money on behalf of Link, all general client money bank accounts operated by Link may be pooled together. This could result in you receiving less back than you may be entitled to.
29. You agree that we may pay away any unclaimed Client Assets (including, without limitation, Shares) to charity in accordance with the FCA rules. We undertake to make good any valid claim which may subsequently be made against any unclaimed Client Assets paid to charity in this way and reserve the right to request such evidence as we feel reasonably necessary to confirm the identity of the person claiming these Client Assets in order to validate any claim prior to settlement. Subject to Condition 37, we will not be liable for any losses or claims for interest whatsoever in respect of such unclaimed Client Assets unless such losses or claims were caused by our fraud, wilful default, negligence or breach of the FCA Rules or Financial Services and Markets Act (“FSMA”).
30. In certain situations, for example where a trade takes more than two Business Days to settle, we may temporarily find ourselves holding safe custody assets, as defined in the FCA rules, for you in respect of the Service. If this happens, we will hold such assets in a way that ensures that they are adequately protected for you in the event of our failure. Should a situation where we are temporarily holding safe custody assets for you arise, we will promptly write to you with more information.

Liability & Risk

31. You will be solely responsible for the decision to sell your shares. Neither Link nor the broker will provide investment or taxation advice to you as part of the Service. If you are in any doubt as to what action (if any) to take, you are recommended to seek your own advice from a suitably authorised and qualified advisor.
32. The price of a share depends on fluctuations in the financial markets outside Link’s control and past performance is no indicator of future performance. The value of shares and the income from them can fall as well as rise and you may not recover the amount of money you invest. Any dealing should be considered as part of a diversified portfolio. The risks that are relevant to shares include but are not limited to:
 - (a) the risks that the issuer of a share becomes insolvent, and so the share becomes valueless;
 - (b) as shares are valued from second to second, for example because of market perception of the value of the share, their buy and sale value can sometimes fluctuate widely;
 - (c) the risk that it becomes difficult to find a buyer for a share if you wish to sell it, meaning it is not possible to obtain a full price for the share;
 - (d) the risk of sudden changes in the market for a share, for example a regulator suspending trading in a particular share;
 - (e) the value of shares may rise or fall due to the volatility of world markets, the economy, interest rates and capital values; and
 - (f) if the shares are in a company in an emerging market, where for example the legal, judicial and regulatory infrastructure is still developing, there is greater uncertainty regarding how the market for shares will function, and a greater risk of fraudulent activity.
33. The Service is not being offered to residents of any territory outside of the UK, Channel Islands or the Isle of Man (unless confirmed otherwise by Link in writing in respect of a particular territory). Any such person receiving the Service documents should note that they are for information only. It is the responsibility of a shareholder in any jurisdiction to ensure compliance with local law and regulatory requirements.
34. We will not be liable for any special, indirect or consequential damage or loss suffered by you (including any loss of profits).
35. We will not be liable for any losses or expenses suffered by you as a result of a delay or failure due to circumstances beyond our reasonable control (for example, failure of computer systems or telecommunications links or overriding emergency procedures, postal delays, flood, fire, storm, labour disputes, accidents, vandalism, malicious damage, war or terrorism, failure of third parties to carry out their obligations, the suspension of trading by any exchange or clearing house, the acts of governmental or

regulatory authority (including changes to any applicable laws or regulations)), or the absence of, or inaccuracy in any information provided to us by you or on your behalf. We will, where possible, take such reasonable steps as we can to provide the Service as soon as possible.

36. We shall not be liable for acting upon any instructions which are forged or fraudulent and shall be entitled to assume that all instructions are genuine provided that we have acted with all due care in accepting those instructions.
37. Nothing in these Conditions excludes or limits (i) our liability for death or personal injury caused by our negligence; or (ii) our liability for any losses or expenses suffered as a direct result of our fraud; or (iii) any other liability which cannot be excluded or limited by law, including the FCA rules. Our liability to you under these Conditions is limited to any losses directly associated with the act or omission that gave rise to the liability. We will not be liable for any other damage or loss suffered by you which we could not reasonably have foreseen (for example, the loss of an investment opportunity as a result of any delay in selling your shares).

Complaints & compensation

38. If you think that you have reason to make a complaint, please write to: Link Group, 10th floor, Central Square, 29 Wellington Street, Leeds LS1 4DL. Your complaint will be fully investigated and a full resolution sought. If you remain dissatisfied, you may be able to refer the matter to the UK Financial Ombudsman Service, Exchange Tower, London E14 9SR. You can find additional information at www.financial-ombudsman.org.uk. Link’s complaints procedure is available upon request, but a copy will automatically be provided in the event of a complaint being received.
39. We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim, but most types of investment business are covered up to a maximum of £85,000 as at the date of these Conditions. This amount may be subject to change. Further information about compensation arrangements is available from the UK Financial Services Compensation Scheme, PO Box 300, Mitcheldean, GL17 1DY. Telephone: +44 (0) 20 7741 4100.

Contacting each other

40. You may communicate with us by email on info@linkgroup.co.uk. All communications between you and us, pursuant to these Conditions, must be in English. You can also call us on (+44) (0) 0371 664 9234 (select option 2) Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.
41. If you wish to write to us by post, you may do so at the following address:

**Link Group
Share Dealing
10th Floor, Central Square
Wellington Street
Leeds LS1 4DL**
42. All communications will be sent by us to your last email address that you have notified to us. Communications sent to you by email will be treated as received by you at the time the email is evidenced as sent by us on a Business Day. All communications sent to you by post will be treated as received by you on the second Business Day following the day they were sent in the case of an address in the UK or on the fifth Business Day following the day they were sent in the case of an address elsewhere outside of the UK. We accept no liability prior to receipt by us of any communication or documents from you or, where relevant, after despatch of any communication, document or cheque to you from. All documents and cheques whether posted by you or by us will be posted at your own risk. We recommend you send share certificates and other important documents to us by recorded or special delivery for your own safety and security. All communications in respect of the Service must be in the English language.
43. You are responsible for keeping your contact details up-to-date, by notifying us in writing of any change of name, your email address, your physical address, and your bank account details. You must also provide us with the supporting documentation where required (e.g. in the case of a change of name, the deed poll or marriage certificate).
44. Please note that, unless we have informed you otherwise, all communications and documents, sent to you by us by post are sent by second class post or by an equivalent method of postage. Any

communications or documents, posted to you by us (or by you to us) are posted at your risk.

45. Where we feel that this is appropriate, we would like to write to you (or email you) with marketing information. Please note this would be different to sending you communications relating to the Service. This marketing information will cover:

- Link products and services we believe may be of interest to you such as our share dealing services, nominee services, international payment services, services in relation to initial public offerings and services which complement or are similar to this Service; and /or
- Selected products and services from third party businesses we know and trust. This means services from other companies in our group as well as other companies outside our group in relation to financial education, corporate actions such as initial public offerings, investment and saving products (eg. ISAs, SIPPS and other financial products), international payment services and services which complement or are similar to this Service.

46. We may also contact you to obtain your feedback on our products and services, for example, through surveys.

47. If you wish to give consent to receive, from us, by POST OR EMAIL, the marketing communications and requests to participate in surveys described above (i.e. about our own products/services and about the products/services of the other people we have described to you) please tick the appropriate box on the form that we send to you at the appropriate time.

48. You can withdraw your consent at any time by contacting us using any of the methods set out below or by contacting us at info@linkgroup.co.uk or at Link Group, Corporate & Employee dealing, 65 Gresham Street, London EC2V 7NQ. As soon as possible after receiving your withdrawal we will remove you from our marketing databases. You would need to write separately to the third parties using the unsubscribe link in their emails if you want to stop their own marketing to you.

General

49. All transactions will be subject to the rules, regulations, customs and market practice of the London Stock Exchange or ICAP Securities and Derivatives Exchange (as applicable). All dealing will be conducted on the London Stock Exchange or ICAP Securities and Derivatives Exchange which means that the share prices may differ from those available on other markets.

50. If you sell shares and you receive a benefit (such as a dividend) which relates to such shares but to which you are not entitled, you may have to account for this benefit to the new owner of the shares. If you receive any such benefit, you must contact us immediately to arrange for it to be paid to us or to the purchaser.

51. If proceeds from the sale of your shares and any residual proceeds is sent to you by cheque as set out in these Conditions, and will benefit from the protection provided under the FCA Rules in relation to client money and assets until the cheque has passed through the bank clearing system. We will issue you a reminder of any uncashed cheques on a quarterly basis. Should the cheque remain uncashed after our second (2nd) notification we will deem that you have "gone away" and to reduce any potential risk of fraud we will no longer issue you with the notification of your balance.

52. In accordance with FCA rules, Link has in place arrangements, which may be updated from time to time, to take sufficient steps to prevent and manage conflicts of interest that arise between itself and its clients or between its clients. Link will deal with potential conflicts of interest in accordance with its Conflicts of Interests Policy which provides that it will identify and manage conflicts of interest to ensure fair treatment of all clients and that it acts in the client's best interests. If it is not possible to prevent or manage a potential conflict of interest then Link may, as a measure of last resort where we are not able to ensure, with reasonable confidence that the risk for damage to your interests cannot be prevented, seek to disclose the general nature and/or sources of conflict to you before undertaking business for you. Link will provide full details of the Conflicts of Interest Policy upon receipt of a written request from you.

53. As part of providing our service to you, we may give or receive acceptable reasonable minor non-monetary benefits. These are benefits which are capable of enhancing the quality of service provided to you; of a scale and nature that could not be judged to impair our compliance with our duty to act honestly, fairly and professionally in your best interests; and reasonable, proportionate and of a scale that is unlikely to influence our behaviour in any way that is detrimental to your interests. Such benefits would usually

comprise hospitality of a reasonable de minimis value, such as food and drink during a business meeting or a conference, seminar or other training events.

54. These Conditions and any contractual or non-contractual claim or dispute arising out of or in connection with these Conditions will be governed by English law. The English Courts will have exclusive jurisdiction and all correspondence will be in the English language.

v. October 2018