

Section C - CODE OF ETHICS

Introduction

Kelda Group aims to conduct all of its business with honesty and integrity and in accordance with the highest standards of ethics, equity and fair dealing.

This Code summarises what is expected of Group directors and employees in their dealings with other people in the Group and outside. Each section also clearly sets out the actions that directors and employees need to take.

The Code is applicable to employees and directors of the Group. In addition, the actions of the immediate family of the director or employee are also subject to the standards set out in this Code. For the purpose of this Code, “a member of immediate family” means spouse, partner or child.

The Code is split into five sections:

1. Conflicts of Interest, including external appointments
2. Business dealings, Bribery Act, gifts and hospitality
3. ‘Speak Up’ (Whistleblowing) Policy
4. Conduct in the workplace
5. Confidentiality

There are two simple questions to help in any situation in which an action might be questioned as to whether it complies with the Code of Ethics:

1. Is the action being considered within the law?
2. How will it look to other people?

If in doubt, a more senior manager or director should be consulted for advice

Failure to comply with this Code will lead to disciplinary action being taken, which could lead to dismissal.

Section 1 – Conflicts of Interest, including external appointments

1.1 Aim

The Code aims to protect employees and the Group from conflicts of interest by setting out the standards for appropriate business conduct and the procedures that employees need to follow to achieve these standards.

1.2 Principles

No director or employee of the Group should place themselves in a position where their actions, personal interest or activities are, or appear to be, in conflict with the interests of the Group.

It must be emphasised that an actual conflict of interest need not be present to constitute a breach of this Code. Activities that create the mere appearance of a conflict of interest must be avoided in order not to reflect negatively on the Group's reputation.

All business interests outside the Group should be declared to the Group Company Secretary.

Failure to comply with the Code, or with the actions described in the Code for reporting, may result in disciplinary action being taken; a serious breach may result in dismissal.

1.3 Business interests outside the Kelda group - Guidance

Unless approved by the Chairman or relevant Director to whom they report, no employees of the Group should have any interest in private or public companies, partnerships or other concerns engaged in a business similar to or competing with the current or prospective business of the Group.

This restriction will not normally prevent holdings of up to 3% of the issued capital in a non-competing company which is quoted or traded on a recognised stock exchange. Investments of up to 3% of the units of any unit trust or similar fund are also allowed.

Group employees should not be engaged or interested in any capacity, either directly or indirectly in:

- a) any other business of any kind, without the prior written consent of your manager, which will not be unreasonably withheld;
- b) any activity which may be or become harmful to the Group or to the interests of the Group;
- c) any activity which conflicts with or is detrimental to the interests of the Group or may damage the goodwill of any business carried out by the Group; or
- d) any activity which interferes with the performance of their duties as employees of the Group.

All business interests should be declared to the Group Company Secretary, using the form at section 1.6.

It is difficult to describe all of the circumstances and conditions that might be considered to involve an improper conflict of interest. Any director or above employee who believes that they have a personal or financial interest which might conflict with this Code, should immediately make all the facts known to their senior line manager and consider informing the Company Secretary as a due precaution.

1.4 Taking up External Appointments – Guidance for directors

Any executive director who wishes to take an external appointment is required to seek the prior approval of the Chairman. They are required to indicate the nature of the business/activity concerned, the likely time commitment involved and any fees or other payments to which he/she will become entitled.

The Chairman will consider each request and indicate approval or otherwise to the appointment. Where it is believed appropriate to do so, the Chairman will bring the matter to the Board for consideration.

The Chairman will also consider whether any fees or payments should be retained by the director or passed to the Company.

The decision of the Chairman or the Board (as the case may be) will be reported to the next meeting of the Board and recorded in the minutes of that meeting.

All relevant business interests, external appointments and potential conflict of interests should be declared using the form provided in Section 1.7 and registered with the Company Secretary.

1.5 Taking up External Appointments – Guidance for employees

An employee who wishes to take an external appointment which may be considered to impact with their ability to carry out their job should seek the approval of their senior line manager indicating the business/activity concerned, the likely time commitment involved and any fees or other payments to which they will become entitled.

The relevant senior manager/ director will consider the request in the light of such information and notify their approval or otherwise to the appointment in writing. As per Section 1.7, all relevant business interests, external appointments and potential conflicts of interest should be registered with the Company Secretary using the form provided. Senior managers should review this with their teams on an annual basis.

Where the time commitment is wholly outside the employee's normal working hours the employee concerned will be entitled to retain any fees or other payments in connection with the appointment. If the appointment will involve time commitments during the employee's normal working hours, the relevant senior manager/ director will consider whether, notwithstanding this factor, the appointment is in the company's interests and, if so, whether any fees or other payments should be retained by the employee or passed to the company.

Any approval given shall be subject to revocation in the event that the appointment proves to prejudice the performance of the employee's duties to the company.

In considering any request from an employee, the HR Policy on 'other Authorised Leave' should be referred to. Appointments will be considered to be in the company's interests where the employee's involvement will enhance the standing of the company or will lead to contacts being made by the employee which could be beneficial to the company's business interests or will develop skills of the employee which will enhance their performance of company duties.

1.6 Action required by all directors and employees

For all directors and employees, all relevant business interests, external appointments and potential conflicts of interest should be registered with the Company Secretary using the form provided in Section 1.7.

Senior managers should review this with their teams on an annual basis.

1.7 EXTERNAL APPOINTMENT / CONFLICT OF INTEREST

Name

Employing Company

I have read the Kelda Group Code of Ethics.

The following is a list of areas or activities involving me and/or members of my immediate family which either:

- a) is an external appointment which has been duly approved; or
- b) may present actual or potential conflicts of interest..

Full trading name of the business:

Nature of work undertaken by the business:

.....

Extent of interest in the business:.....

.....

Name and relationship of individual with business interest:

.....

.....

.....

.....

.....

(Attach additional pages as necessary)

Date

Signed

Section 2 – Business dealings, Bribery Act, gifts and hospitality

2.1 Aim

The Code aims to protect employees and the Group from inappropriate business dealings (and contravention of the Bribery Act) by setting out the standards and procedures that employees need to follow.

2.1 Principles

It is the policy of the Group to purchase all materials and supplies on the basis of open and transparent factors such as price, quality and service. It is an offence under the Bribery Act 2010 for any individual to pay, offer, request or accept a bribe.

The Group has zero tolerance of bribery. It will neither pay nor accept any bribe, gratuity or similar payment from anyone in connection with its business. It will cooperate with the authorities on any investigation into acts of bribery by persons associated with the Group, even if the bribe is allegedly offered, paid or accepted in the Group's interest.

Directors and employees must select and deal with customers, suppliers, partners and other persons doing or seeking to do business with the Group in a completely impartial manner, without favour or preference. It is not permitted to borrow from or lend to customers, individuals or concerns with whom the Group does business.

Directors and employees must not derive personal gain from transactions involving the Group, including the purchase, sale or lease of real or personal property or services, unless the transaction and the personal interest involved has been disclosed fully and approved by the Company Secretary.

2.2 Receiving gifts, hospitality or other benefits - Guidance

The guiding principle when considering whether to accept a gift, hospitality or benefit from a customer or supplier to the Group is the appearance to others:

- Could acceptance of the gift or hospitality appear to influence your decision making?
- Could you easily justify the gift or hospitality to the Group, colleagues, the press and the public?

This section provides a framework to guide your decision on whether to accept the offer and suggested reporting levels if you do. Following this guidance protects you in case of future scrutiny.

Gifts or benefits of a personal nature should not be accepted from any customer of, or supplier to the Group or any other person or organisation which does business with the Group, unless they are of insubstantial value. Under no circumstances should cash gifts be accepted.

One off gifts or hospitality of insubstantial value such as promotional material and commercial business entertainment may be accepted. Examples of benefits that are recognised by the Group as normal business practice include pens, calendars and diaries.

You should also be sensitive to the timing when deciding whether to accept any gifts or hospitality. For example it is not appropriate to accept gifts or hospitality if the provider is involved in a competitive tender process with a Group company.

If an employee is in doubt as to whether the acceptance of any gift, benefit or hospitality could be perceived to give rise to a potential conflict of interest, it should be discussed with their line manager.

All employees should maintain a personal log of all gifts and hospitality accepted, of whatever value, even if it is perceived to be very low.

All employees should inform their senior line manager regarding the acceptance of any gift or hospitality with a total value estimated to be £100 or more.

All employees should register the acceptance of any gift or hospitality with an approximate value of £100 or above with the company secretary, using the form in Section 2.6.

Spouses or partners of Group employees and directors are only to attend social events at the cost of the Group where it is necessary or appropriate for them to do so to further the business interests of the Group.

So that expenses in relation to events arranged by Group companies can be treated correctly, the person organising the event must keep a record of:

- The employees, spouses/partners and guests attending
- The dates, duration, venue and purpose of the event
- An explanation of the role/purpose fulfilled by the spouses or partners attending, and
- The full costs by category e.g. travel, hotels, meals, clearly indicating where any costs have been met by the employee or spouse/partner.

2.3 Giving gifts, hospitality and other benefits - Guidance

Gifts and entertainment provided by any Group Company should be tasteful but of insubstantial value, consistent with the status of the client or customer involved. In no event should gifts, payments or entertainment be given for the purpose of improperly obtaining any contract or other commercial benefit or such as may otherwise appear to be bribes or other improper forms of compensation or payment. Cash gifts should never be given.

No gifts are to be made to Group employees at the expense of any Group company without prior approval of a director from the Group company concerned. No gifts are to be made to any Group employee at the expense of any Group company with a cost, which in aggregate in any one year, is in excess of £100 without the prior approval of the Chief Executive or Group Finance Director.

The only exceptions to these prohibitions are where an “impromptu reward” is being made under the guidelines issued on HR Online or other small gifts given for reasons

other than reward, such as flowers in the case of illness, which are at the discretion of the budget holding manager.

Employees receive gift vouchers with a value of £300 after 30 years' service. This figure was set in order to come below the then current Inland Revenue extra-statutory concession for tax on such gifts. The concession actually works on the basis of a maximum amount per year of service and is now set at £20 per year. The concession only applies where a minimum of 20 years' service has been reached.

Gifts by the Group to Non-executive Directors should not exceed a maximum value of £500, including VAT. It is for the Board, excluding the non-executive concerned, to decide whether a gift should be made in the case of the retiring director concerned.

Gifts by the Group to executive directors should not exceed a maximum value of £500 including VAT. Executive directors should receive long-service awards on a basis consistent with the policy for all employees. The Remuneration Committee is responsible for deciding whether a gift to a retiring director is appropriate in the circumstances.

2.4 Misappropriation of business opportunities - Guidance

All employees, including Directors, are prohibited from taking direct or indirect advantage of any business opportunity which the Group may be interested in, unless the opportunity has been presented, fully considered and rejected by the Group. The presentation of the opportunity, its consideration and rejection should all be documented. The basis of allowing any employee to proceed with the relevant opportunity should be the subject of written agreement between the employee and the relevant Group company.

2.5 Action required by all directors and employees

- All employees and directors are required to:
 - maintain a personal log of all gifts and hospitality accepted, of whatever value, even if it is perceived to be very low
 - inform their senior line manager about the acceptance of any gift or hospitality with a total value of estimated to be £100 or more; and
 - register the acceptance of any gift or hospitality with an approximate value of £100 or above with the company secretary, using the form in Section 2.6.
- Prior approval from the relevant company director is required for all gifts made to Group employees at the expense of any Group company up to £100 in value. Where the aggregate value in any financial year exceeds £100 prior approval must be gained from the Chief Executive.

Impromptu rewards as set out in HR Online require budget manager approval.

Any person organising a business event must keep a record of:

- The employees, spouses/partners and guests attending

- The dates, duration, venue and purpose of the event
- An explanation of the role/purpose fulfilled by the spouses or partners attending, and
- The full costs by category e.g. travel, hotels, meals, clearly indicating where any costs have been met by the employee or spouse/partner.

Note that a failure to comply with these actions may result in disciplinary action.

If an employee is concerned that a potential conflict may occur or be perceived as occurring, a full disclosure should be made to the company secretary using the form in Section 2.6 and a copy shared with their line manager.

2.6 GIFT/HOSPITALITY DECLARATION

Name

Employing Company

I have read the Kelda Group Code of Ethics specifically relating to gifts and business entertaining. The following records a gift/hospitality accepted by me in the course of my employment and which requires disclosure under the Code.

.....
Name of party making gift/providing hospitality

.....
Relationship of above with the Group

.....
Description of gift/hospitality

.....
Estimated value

.....
Where/when gift made/hospitality took place

Signed Date

Section 3 – ‘Speak Up’ (Whistleblowing) Policy: adopted by the Kelda Holdings Board in December 2014, updated 1 May 2019**3.1 Aims of this policy**

This policy aims to encourage all Kelda employees to ‘speak up’ and raise matters of serious concern, rather than overlooking such problems, and explains how to do so.

3.2 Why do we have this policy?

Employees are often the first to realise that there may be something seriously wrong with the way that their organisation is operating. If this has happened to you, it is possible that you would not want to express your concerns because you feel that speaking up would be disloyal to your colleagues or the organisation. You could also fear harassment or victimisation or think that it may be easier to ignore the concern rather than report it.

However, Kelda is committed to the highest standards of openness, transparency and accountability and takes a very serious view of any malpractice occurring in the workplace. Kelda is also committed to the rigorous investigation of any allegation of wrongdoing such as fraud, corruption, bribery or other criminal act within the Group. Where such wrongdoing is proven, individuals will be dealt with appropriately which may include disciplinary action. As such, Kelda wants you to raise a serious issue if you become aware of one.

All employees have legal protection for raising legitimate serious concerns about wrongdoing. Speaking up in such a manner is known as ‘whistleblowing’ and falls under the Public Interest Disclosure Act (PIDA) 1998 (as superseded by the Enterprise and Regulatory Reform Act 2013).

The Kelda and YWS Boards are committed to ensuring that appropriate arrangements are in place (and regularly reviewed for effectiveness) to encourage employees to raise concerns.

3.3 The scope of the policy

The ‘Speak Up’ (Whistleblowing) policy applies to all employees in the Kelda Group Ltd and its wholly owned group companies in the UK, including Yorkshire Water Services, Loop, Keyland Developments, and Kelda Water Services.

3.4 Objectives of the policy

The objectives of this policy are that employees understand what serious concerns include, know how to raise them so that they can be dealt with appropriately, and are protected from victimisation accordingly.

3.5 What concerns are covered by this policy?

Whistleblowing is the confidential disclosure by an individual of any concern encountered in the workplace relating to a perceived wrongdoing. Kelda consider such wrongdoing to include where:

- there is general malpractice – such as immoral, illegal or unethical conduct
- a criminal offence has been, is being, or is likely to be, committed
- a person or company failure to comply with any relevant regulatory or legal obligations
- a miscarriage of justice
- the endangering of the health and safety of an individual, including mental health and well-being
- the environment has been, or is being or is likely to be, damaged

- information relating to the above and other similarly significant matters are being deliberately concealed.

You should be aware that there is a separate and existing policy and procedures (the Dignity at Work Policy, incorporating a Grievance Procedure and a Harassment Procedure) to enable you to raise a grievance relating to your own employment. This 'Speak Up' (Whistleblowing) Policy is entirely separate and is specifically to cover serious concerns such as those noted above, which fall outside the scope of grievances or other procedures.

3.6 Principles of this policy

1. Any matter raised under this policy will be investigated thoroughly, promptly and confidentially, and the outcome of the investigation reported back to the person who raised the issue.
2. In line with the PIDA legislation, no-one will be victimised for raising a legitimate concern under this policy. This means for example, that opportunities for future promotion, training or employment will not be prejudiced.
3. Victimisation of anyone for raising a legitimate concern under this policy will be a disciplinary offence.
4. Maliciously making a false allegation or giving instruction to cover up a wrongdoing are also disciplinary offences.
5. All whistleblowers will be treated in confidence. It must be appreciated however, that the investigation process may reveal the source of the information without your identity being revealed directly, and a statement by you may be required as part of the evidence.
6. Allegations can be made anonymously. However, this policy encourages you to put your name to your allegation since concerns made anonymously are much more difficult to investigate. For example, we may need to contact you to obtain further information or verify details you have already given us. Investigations into anonymous allegations may proceed after consideration of the seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from other sources.

3.7 How should I raise a serious concern?

The earlier a concern is raised, the easier it is to take action. Individuals may raise a concern through various channels.

If there is a need to raise your concern at a higher level than your direct line manager, then you should contact one of the following four people in Kelda directly (using the contact details within the Kelda address book) who have all been trained in dealing with whistleblowing concerns:

- Senior HR Business Partner – Becky McDonnell
(Rebecca.McDonnell@yorkshirewater.co.uk)
- Head of Risk and Audit – Rachel Lindley
(Rachel.lindley@yorkshirewater.co.uk)
- Head of Legal – Perminder Kaur (Perminder.kaur@yorkshirewater.co.uk)
- Independent Non Executive Director – Ray O'Toole
(ray.o'toole@yorkshirewater.co.uk).

Employees who are concerned about speaking to another colleague can also use an external 'Speak Up' whistleblowing line operated independently by SafeCall. This external 'hotline' offers confidential reporting for employees and will provide a detailed report directly to the Head of Risk and Audit.

SafeCall can be contacted on 0800 915 1571.

Although you are not expected to prove an allegation, you will need to demonstrate that there are sufficient grounds for your concern. The sort of information required to investigate an allegation are details of the background and history to the case, names, dates, places and the reasons why you are particularly concerned.

3.8 How will Kelda respond?

Within a maximum of ten working days of a concern being raised, you will be contacted to acknowledge that your concern has been received. You will usually be invited to have an initial discussion to clarify your concerns and go through any supporting evidence. This may be led by the person you originally contacted or may need to be passed on to another more appropriate person. You may also be asked to give a written statement and to comment on any additional information obtained.

Usually an investigation into the matter will need to take place. Following an investigation and subject to any legal constraints, you will be informed of the outcome of the investigation and any proposed actions. If appropriate, you will also be kept informed of the progress of the investigation and may be required to provide further information to allow the investigation to proceed.

Section 4 – Conduct in the Work Place

4.1 Aim

The Code aims to provide guidance to employees regarding personal behaviour, personal expenses, the use of company property and time, representing the company

4.2 Principles

All directors and employees should maintain the highest standards of integrity in all their business relationships.

Directors and employees should consider the consequences of their actions on others in the work place. They should show respect for colleagues and ensure that their behaviour does not get in the way of their own or their colleagues' ability to perform their jobs effectively.

Company property and time should only be used for business purposes. All directors and employees have a responsibility to protect the assets of the Group.

4.3 Personal Expenses

Sums claimed as expenses or incurred via corporate cards should have been directly and reasonably incurred in pursuit of business interests for the Group. Expense payments will be paid up to the lower of the level of agreed allowances, or the extent of the expense.

The Expenses Policy and associated procedures must be followed in the claiming of any company expenses.

Directors' Expenses and Loans

The expenses of the Chairman are to be authorised by the Chairman of the Audit Committee.

The expenses of the Chief Executive are to be authorised by the Chairman.

The expenses of the other executive directors are to be authorised by the Chief Executive.

The expenses of the non executive directors are to be authorised by the Chairman.

Directors' Loans:

- The Companies Act 2006 contains a number of restrictions relating to transactions where a potential conflict of interest could arise between directors and their companies. The restrictions apply to all directors of companies in the Group. This note outlines these provisions and gives guidance on their application. NB: It should be noted that these statutory provisions are in addition to the common law fiduciary duties of directors.
- A company may not make a loan (or guarantee or give security in connection with a loan) or a "quasi-loan" to a director or a member of his/her family. A quasi-loan arises in the situation where a company incurs expense on behalf of a

director (or family) and which the director is to reimburse in the future, e.g. where a company makes business travel arrangements for a director but the arrangements are tailored to include a non-business element or family members are included. The use of a company credit card for the purchase of private goods or services will also be a quasi-loan.

- There are exceptions contained in the Act, the main one being the provision of funds to meet expenditure for the purposes of the company's business or to enable the director properly to perform his/her duties, provided that the amount does not exceed £50,000.

Difficult questions may arise as to whether expense arrangements amount to the making of a loan, accordingly:

- Prior to the entering into of any transaction or arrangement where doubt arises advice should be sought from the Company Secretary and/or Head of Legal Services as to the procedure that must be followed.
- The private (i.e. family or non-business) element of any business travel arrangements must be quantified **and** paid for by the director **prior** to the booking of the travel arrangements.
- Foreign currency and/or travel cheques provided to directors must not exceed £5,000 and must not be used for private expenses. Upon return from a business trip unused currency or travellers cheques must be returned to the company immediately.

4.4 Company Property and Time

The services of staff and other Group resources shall be used strictly for the Group's own purposes and not for the personal benefit of employees or any third parties (unless agreed in writing by the group company secretary).

Disposal of company assets:

- Where any Group company owns an asset for which such company no longer has any use, the asset shall, in the first instance be offered to other Group companies for transfer at a value to be agreed.
- Where no other Group company wishes to acquire the asset in question, that asset may be offered to a Group employee or employees. The company disposing of the asset shall obtain (and keep a record of) at least three estimates of the value of the asset and the offer to employees shall be to purchase the asset at the highest of the three valuations obtained. Where it is not possible to obtain a valid estimate (for example, in the case of obsolete office furniture) the managing director of the Group company concerned shall be required to approve the value at which the asset is transferred to the employee. Any transfer of an asset must be clearly recorded (including any asset number or other identification mark and the transferee's name) and sales should be documented by invoice and income receipt. Should the relevant tax authority determine that a deemed benefit arises on the employee acquiring any such asset, the company concerned will endeavour to procure that the employee does not suffer any tax by virtue of the deemed benefit, which may involve the company meeting any tax liability.

- Gifts of surplus company assets to charities or other third parties may be exempt from the requirement to account for tax upon transfer. Group Treasury should be contacted where ANY assets are gifted.

4.5 Representing the Company

Directors and employees should only represent Group companies or exercise authority on behalf of them, if that representation or authority lies within the scope of their job.

No director or employee should make or issue any public statement, or publish or submit for publication any letter, article or presentation relating to the affairs of any Group company without prior discussion with either the Chief Executive or the Chairman where such statement, letter, article or presentation relates or refers to any matter which might be regarded as commercially sensitive or prejudicial to the interests of any Group company.

4.6 Action required by all directors and employees

All directors and employees must follow the standard process set out in HR Online for reclaiming expenses incurred on behalf of the Group.

All directors and employees are required to agree in writing with the group company secretary if the services of staff and other Group resources are to be used for the personal benefit of employees or any third parties

Section 5 - Confidentiality

5.1 Aim

The Code aims to protect employees and the Group from breaches of confidentiality by setting out the standards and procedures that employees need to follow.

5.2 Principles

Employees should exercise prudence and caution in using confidential information and in sharing it only with those who have a legitimate need to know.

The confidentiality and sensitivity of all Group information should be considered in respect of any request for disclosure

5.3 Information Security Policy

The Information Security Policy applies to the Kelda Group (see Section E).

This Policy covers the use of the Company's Equipment & Information Systems, including e-mail (internal and external) and the Internet by its users. This Policy is supported by, and should be used in conjunction with, specific individual Information Security Policies and Procedure documents which are available through Kelda Group intranet sites and as part of the Information Security Management System.

All users of the Group's equipment and systems have a responsibility for the security and confidentiality of the equipment, systems and information held and are required to follow the policy. Failure to comply with any part of the policy will be investigated, which may lead to disciplinary action and potentially dismissal. In relation to any sub contractor or agent of the Group, abuse of the Group's equipment and systems will be investigated, which may lead to termination of any contract.

5.4 Data Governance Policy

The data governance policy applies to the Kelda Group (see section E).

This policy sets out governance and security standards for all information and data produced, held or received by the Kelda Group. It outlines how to classify information and data, and the appropriate security arrangements, including the requirements for confidential information and data.

5.4 Confidentiality (Non-Disclosure) Agreements

Many departments and individuals within the Group regularly enter into or require confidentiality or secrecy agreements whereby they give or receive confidential information for a specific purpose. On such occasions the requirement for a signed Non-Disclosure Document may be appropriate. Section 5.5 below (Classification of Confidential Information) highlights when such agreements are required.

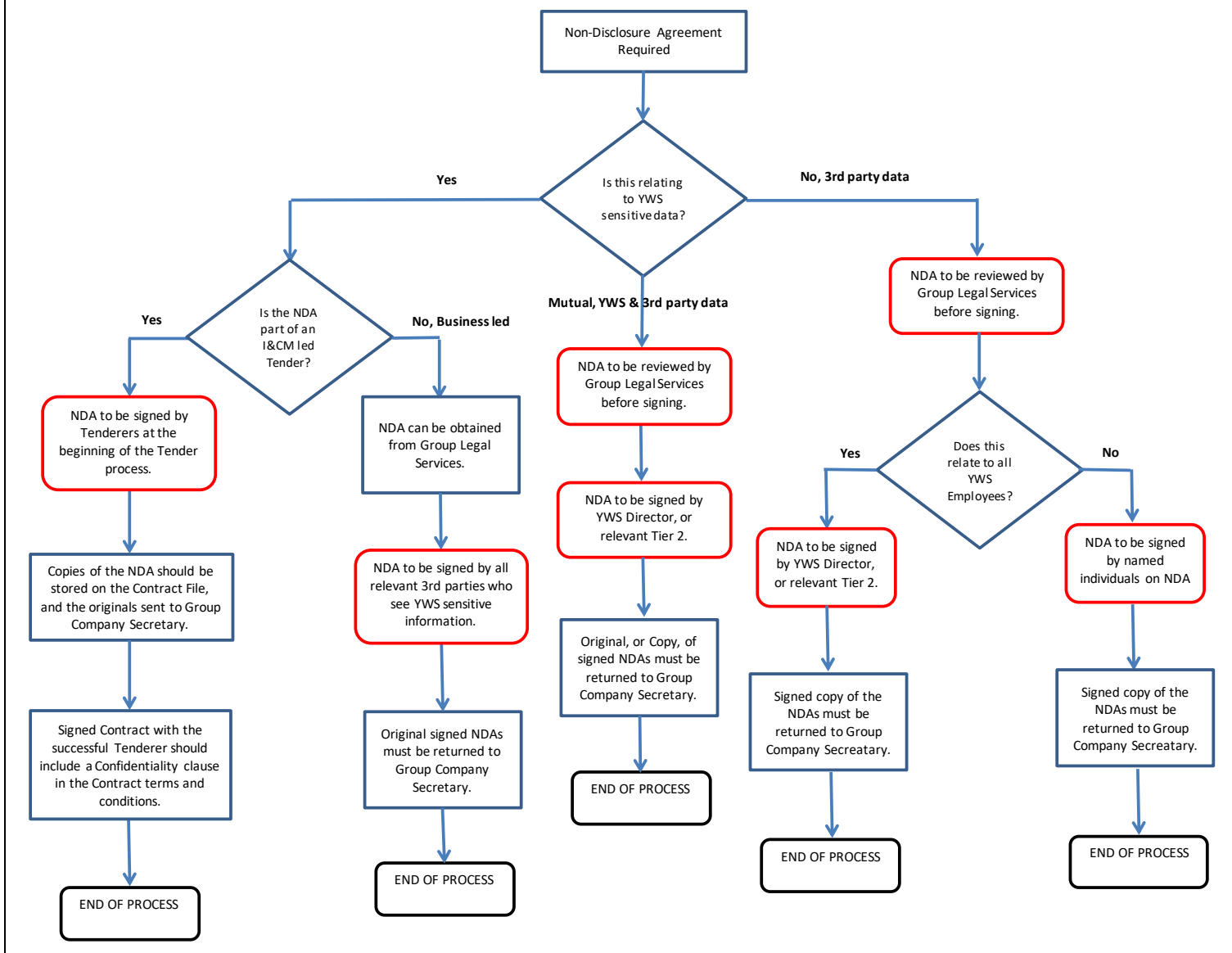
Where Group employees may need to share confidential information with a third party it is imperative that the third party signs and returns a Non-Disclosure

Agreement before any information is shared. The latest version of the Group Non-Disclosure Agreement can be obtained from Group Legal Services. All signed documents should be sent to the Company Secretary who will keep a register of all such documents.

Where third parties require the Group, or members within, to sign a Non-Disclosure Agreement, this must be referred to Group Legal Services for review before signature. These Non-Disclosure Agreements should be signed by a relevant Tier 2 or Director from within the organisation, or by named individuals on the document. A signed copy of the original should be sent to the Company Secretary.

To enable the Group to keep a record of the obligations that are being entered into, any agreement relating to a potential acquisition must be reviewed by the Company Secretary. In particular the restrictions that the other party is seeking to impose should be considered to see if they are relevant and reasonable. A copy of the completed agreement must be provided to the Company Secretary.

The flow diagram below highlights the appropriate process to follow relating to Non-Disclosure Agreements.

NON DISCLOSURE AGREEMENT PROCESS

5.5 Classification of Confidential Information

The following are classifications of information which should be applied to all Kelda information. Sections 5.5.1, 5.5.2 and 5.5.3 all require signed Non-Disclosure Agreements to be in place before information can be shared with a third party.

5.5.1 Very sensitive

This is data that if disclosed would seriously damage the company's customers;, employees; shareholders; or clients rather than just the company's reputation.

The data may be individual fields or a combination of information, including, but not limited to:

- Credit card details (Details must NEVER be stored);

- Confidential employee information such as:
 - health details recorded by occupational health staff;
 - personal or business related details recorded by HR or Managers;
- Data that if grouped together would allow identity theft;
- Encryption keys.

A Non-Disclosure Agreement needs to be signed with a third party before this information can be shared.

5.5.2 Sensitive data

Disclosure of this data would damage customers, employees, shareholders or clients either directly or through damage to reputation of the company, or cause a breach of the Data Protection Act if disclosed outside those staff who require the information in the normal course of their duties.

Data would include, but not limited to:

- Customer and employee bank account details;
- Payroll data;
- Company financial information;
- MoD restricted data;
- Customer names, addresses and phone numbers;
- Court cases and legal files;
- Personnel files

A Non-Disclosure Agreement needs to be signed with a third party before this information can be shared.

5.5.3 Commercial

Any data not containing a classification will be consider Commercial. Commercial is the default data classification for all company data unless specifically identified as falling into any other category. This data would include data that should be known to a specific area of the business only or shared with partners and third parties but is not public. Full disclosure of this data may cause embarrassment.

A Non-Disclosure Agreement needs to be signed with a third party before this information can be shared.

5.5.4 Public data

Data that is in the public domain. The issue here is the accuracy of the data rather than access and controls should be put in place to ensure that the data is updated regularly or is date stamped to demonstrate when it was issued.

5.6 Action required by all directors and employees

All confidentiality agreements should be provided to the Company Secretary. All employees should be familiar with the policies regarding confidentiality, including IT security and information and data governance.