



# Business Ethics Policy

## Background and objectives

- 1 It is crucial to our business success that we have a reputation for high standards in all that we do. We will achieve this by working in accordance with our core business values and by following the ethical business principles set out below. These values and ethical business principles are for use throughout Thames Water to determine our decisions, actions and standards.
- 2 In the first instance, it is our values that determine the character of the organisation. These represent the key beliefs that define our corporate philosophy.
- 3 The ethical business principles are set out that govern our day-to-day actions. These represent what we stand for and what we will not stand for, and they are not negotiable. To those outside as well as inside the company they demonstrate the standards that govern the behaviour of all Thames Water employees. We will be judged on acting with integrity at all times and under all circumstances.
- 4 It is unlikely that this policy can cover every eventuality, nor should it seek to do so. However it is always helpful, in a fast-moving business such as ours, to have some guidance available to inform decision making, which is provided in the 'implementation' section below.
- 5 Operating to these standards underpins our ability to deliver each of our business objectives. Behaving with integrity and being seen to do the right thing is particularly important in building reputation, credibility and trust with our stakeholders – including our own colleagues.
- 6 Employees should read this statement in conjunction with the Employee Ethics Policy, Employee Code of Conduct and Public Interest Disclosure Policy.

# Policy

## Core Business Values

- 7 Our values summarise our own beliefs, about what matters to us and about the way we should behave. These values form the bedrock on which we build our business success and our aim is to always act in accordance with them. We aim to be:

### Challenging

Constructively questioning each other in the constant search for continuous improvement

### Committed

Passionate about customer service

To do that bit more because we care

### Purposeful

Everything we do must lead to improved customer service, profitability and delivery of regulatory outputs

Base decisions on good reasoning and judgement

### Reliable

Always doing what we say we are going to do

### Supportive

Create an environment where people feel confident they can voice their opinions and ideas

Be receptive to other people's views

Consider the consequences of what we do on other people

## Ethical business principles

The following ethical principles describe the appropriate standards of conduct that will apply across all parts of Thames Water.

### Individual conduct

- 8 Integrity and honesty are a fundamental part of all our relationships inside and outside the company. Whatever their position, all staff in Thames Water are expected to adhere to the highest standards of personal conduct.
- 9 The principles set out here are fundamental to the conduct of our business and must not be compromised. Everyone in Thames Water, and in subsidiaries where we hold management control, is responsible for observing these business principles, and managers are specifically required to ensure that they are promoted and applied throughout Thames Water.

## Employee relations and diversity

- 10 All employees contribute to the success of Thames Water and in return they have a right to safe conditions of work, fair terms of employment and clarity and openness about what is expected from their job. Harassment or discrimination on the grounds of sex, marital or civil partnership status, disability, health, race, colour, nationality, ethnic or national origins, age, pregnancy, sexual orientation, gender reassignment, political opinion, religion or belief, trade union membership, or part-time or fixed term status will not be tolerated. We will operate progressive equal opportunity programmes, and staff at all levels will be encouraged to develop their skills, abilities and potential.
- 11 For further details employees should refer to the Equal Opportunity, Diversity and Inclusion Policy.

## Compliance with the rule of law

- 12 We will respect the rule of law and will comply with the laws and regulatory requirements that apply to us.
- 13 We recognise that our core activities are subject to regulation. Thames Water will work constructively with government and regulatory authorities to achieve the highest standards of efficiency, safety, and operational integrity, while balancing the interests of customers, investors and other stakeholders.

## Health and Safety

- 14 We will carry out all our activities with proper regard for the health and safety of all those involved in its operations, as well as that of the general public. We have comprehensive Health and Safety management systems, whose effectiveness is constantly reviewed.

## Environment

- 15 We acknowledge responsibility for our impacts on the environment and recognises that certain resources are finite and must be used responsibly.
- 16 We regard good environmental management as a fundamental part of the operation of our business, with the associated policies and procedures undergoing regularly review.
- 17 Our investment criteria take social and environmental considerations into account, in addition to the economic aspects.

## Communication

- 18 Openness, honesty and responsiveness are important considerations in achieving success for Thames Water, taking into account respect for appropriate commercial confidentiality. Communication is vital to developing and sustaining internal and external relationships and needs to be based on two-way dialogue conducted in a timely and clear manner to avoid ambiguity and confusion. A strong communication framework is central to maintaining our corporate values and commitments as enshrined in these business principles, and therefore in maintaining success.

## Joint ventures, partnerships and agents

- 19 This statement of ethical business principles will be promoted wherever we do business and this includes when we operate in partnership with others or in joint venture arrangements.
- 20 Agents, representatives, consultants or third party contractors must be aware of these business conduct requirements, and our decisions to enter or sustain such relationships will be evaluated against their adherence to them.

## Community activities

- 21 We will seek to make a positive and meaningful contribution to community activities wherever we do business, and to behave in a socially responsible manner. We recognise that a healthy social environment is likely to assist commercial success.

## Charitable Donations

- 22 We offer support to charities through making direct donations, or through supporting our employees' own charitable giving by matching fundraising efforts and offering a payroll giving scheme. However, we do not support overseas charities, charities that support political or sectarian activities, or those that are racially or religiously exclusive.

## Lobbying and political donations

- 23 We acknowledge the need to co-operate fully with government and regulatory bodies and their representatives. However, we will make our views known on matters affecting our business interests. Employees, agents or trade bodies who lobby on our behalf or who represent us in government matters must comply with this policy and all applicable laws and regulations relating to corporate participation in public affairs.
- 24 We do not make contributions to political parties.

## Bribery

- 25 Bribery, whether offered or received, is unacceptable. No undeclared offers or payments will be accepted or solicited, and staff are required to avoid any contacts that might lead to, or even suggest, a conflict of interest between their personal activities and the business of Thames Water. However it is accepted that limited corporate hospitality is given and received as part of building normal relationships in business. Employees are required to complete a Probity Form wherever hospitality or gifts are offered or received. Depending on the value associated with each such offering, their acceptability must be reviewed by an Executive Team Member or the Chief Executive. If in doubt an employee should discuss any potential conflict with his or her line manager, and - in exceptional circumstances - with any of the contacts indicated in the implementation and assurance section of this statement.

## Fraud

- 26 Fraud includes deception, theft and dishonest conduct.
- 27 Any employee identifying a fraud - real or potential - should report it to their immediate superior. It should also be reported immediately, in writing to the Head of Internal Audit, who should be consulted on the further action management intend to take. No involvement with the police will take place until agreed with the Head of Internal Audit.
- 28 An employee who suspects a superior of fraud should report their suspicions to the Head of Internal Audit for investigation. The Head of Internal Audit will ensure that the matter is handled in an appropriate manner to protect the employee from reprisal.
- 29 The employee can either contact the Head of Internal Audit directly or use the 24-hour Whistleblowers telephone hotline. For further information please refer to the Fraud and Dishonesty Policy.

## Whistleblowing

- 30 Whistleblowing is the reporting of a wrongdoing that an employee feels is morally or legally wrong.
- 31 The Public Interest Disclosure Act 1998 protects employees who are worried about wrongdoing where they work and want to 'blow the whistle'. The Act applies to most employees and includes those employed on a temporary basis or through an agency. An employee who is victimised or discriminated against in any way because they have 'blown the whistle' (known as making a 'protected disclosure') can take their employer to an employment tribunal.
- 32 An employee's concern about wrongdoing should, in the first instance, be raised with their immediate line manager. Where an employee does not feel able to discuss the matter with their line manager, they should use the 24-hour Whistleblowers telephone hotline.
- 33 For further information please refer to the Whistleblower Policy.

## Company property

- 34 Thames Water equipment, resources and “inside” information may only be used for outside work if authorised by a director or department head. Our property is of course more than physical plant and equipment - it includes techniques, concepts, ideas and business and product plans, besides information about the business. Misappropriation of our property in any form is theft.

## Confidentiality

- 35 For more detailed information concerning confidentiality employees should refer to the Employee Code of Conduct

## Business information

- 36 There is a policy of open management and most information is freely available to employees. With our external dealings also conducted in an open and honest manner, employees may use their judgement and disclose appropriate information to genuine inquirers.
- 37 There will be times when it is necessary to protect the information individuals hold on behalf of Thames Water. This may be because:
- a It is commercially sensitive
  - b It is price sensitive
  - c It is confidential personal information
  - d It could cause distress or confusion if published out of context or in an unmanaged way
  - e It is incomplete and therefore misleading
- 38 Employees should ensure that documents under their control are kept safe and use discretion over the extent to which it is necessary to classify them. They should also ensure that means of disposal (e.g. by shredding) or storage (e.g. retention in locked cupboards) are appropriate.

## Price-sensitive information

- 39 Employees should also be aware that information, oral or written, leaving the company might be price-sensitive or be harmful in other ways to the reputation of Thames Water and its owners. The company has a policy for the control of price-sensitive information: a copy can be obtained from senior managers.
- 40 Directors, senior managers and other employees and their partners who have, or can be thought to have, privileged or financially sensitive “inside” information must not seek to make financial gain from such information. Price-sensitive information includes information concerning suppliers, joint venture partners and any tradable security of the Kemble Water Group. If in doubt, guidance should be sought from the Chief Financial Officer.

## Data protection

- 41 The Data Protection Act deals with the protection and privacy of personal data. Its purpose is to regulate the acquisition and dissemination of data relating to any living individual where the information is recorded in a form that can be “processed” by automatic equipment such as computers. If an employee believes their work falls into this category and needs advice, they should refer, in the first instance, to their manager.

## Business priorities

- 42 The interests of customers are fundamental to everything that we do. We aim to maximise customer satisfaction at every opportunity through quality, service, value and efficiency. This means being innovative in meeting customers' needs, and accepting the challenges of constantly changing expectations.
- 43 Thames Water is a commercial organisation that balances the needs of all stakeholders, and believes that it is necessary to provide a proper return for its owners in order to discharge its responsibilities and to remain in business.
- 44 All corporate decisions will be made in line with these business principles.

## Implementation

### Guidance

- 45 In a rapidly changing business environment it is not possible for a statement of ethical business principles to cover every eventuality - nor should it attempt to do so. Business life increasingly is about giving people the freedom to take decisions, as long as these are consistent with the business conduct standards of Thames Water.
- 46 Therefore it is inevitable there will be occasions where individuals are confronted by situations not covered by policy, precedent or procedure and have to make judgements on the most appropriate course of action.
- 47 Views or remarks that might characterise such a situation include:
  - “No one will ever know.”
  - “Everyone does it.”
  - “We can hide it.”
  - “We didn't have this conversation.”
  - “It doesn't matter how it gets done, as long as it gets done.”
  - “This is the way we do business here.”
- 48 On these occasions the following questions should be considered before action is taken:
  - Are my intended actions legal?
  - Are they consistent with this policy?
  - Am I being honest?
  - Would I like to see this action covered on the front page of my local newspaper?
  - Could I justify it to my family or friends?

### Responsibility

- 49 Thames Water wishes to have an unimpeachable reputation for integrity and honesty. It is essential, therefore, that Thames Water can be judged by its actions. This depends upon the conduct of every individual in Thames Water. We must all apply these standards consistently and rigorously in business activities each day. It is important that the conduct of a few, whether through misplaced zeal or short-term expediency, should not damage the reputation of the many in Thames Water.

- 50 All of us are responsible for the application of this statement of ethical business principles across Thames Water, and we must lead by example. Our actions must be ethical at all times and we must ensure that all those involved in our operations are aware of the Statement of Ethical Business Principles and act in accordance with its provisions. This approach will be supported by other measures, including:
- An annual report to the Board on the proper functioning of these standards;
  - Disciplinary action against those responsible for breaches of the ethical business principles;
  - Adherence to the core business values will be a part of all performance appraisals in Thames Water; and
  - A confidential telephone hotline available for any employee to voice concerns in confidence on these or related matters
- 51 Senior Managers are responsible for the application of the Statement of Ethical Business Principles within their spheres of responsibility.
- 52 If you have specific queries about this Statement, or would like advice on implementing it in your job in Thames Water, please speak first with your line manager.
- 53 If you have concerns that cannot be addressed through your line management, or suggestions, please contact the Head of Internal Audit.
- 54 The most effective assurance mechanism is constant vigilance by all of us, at all times, to ensure that Thames Water is seen to act in keeping with this commitment to high ethical standards.

This policy will be reviewed at least once a year.



Martin Baggs  
Chief Executive Officer