

NWG
living water

OUR WAY AT NWG

Our Code for working ethically with integrity

MESSAGE FROM HEIDI

Dear colleague,

At NWG our aim is to be the national leader in sustainable water and waste water services. We are committed to providing excellent customer service through our people; maintaining our competitiveness, enhancing the environment and building our reputation with the communities we serve.

In line with our values – customer focused, results driven, ethical, creative and one team – ‘Our Way at NWG’ outlines the standards and behaviours that NWG promotes. We expect you to make sure that these standards of honesty and integrity guide your daily working life with us.

This Code provides a guide to the ethical ways of working that are expected within NWG and which we are all responsible for upholding.

It can't address every specific situation that you may face while carrying out your role with us, it simply lays out some guiding principles that you should find useful to apply.

Please read the Code carefully and refer to it if you find yourself facing an ethical dilemma at work. If the specific circumstance is not covered in the Code, please speak to your manager.

It is important that you feel comfortable to raise things if you have concerns so, if something doesn't feel quite right, please speak up by talking to your manager or by using one of the ways explained on page 3.

Heidi

Heidi Mottram

Chief Executive Officer



OUR WAY AT NWG

WELCOME TO THE NWG WAY

Our vision is to be the national leader in the provision of sustainable water and waste water services. We are all working towards one goal so it makes sense for us to have a joined up way of working and guidelines for how we will all act and behave when carrying out our roles.

We all strive to do the right thing every day, and most of the guidance in our Code won't come as any surprise to you as you'll already be working in that way. If everyone within NWG follows the guidelines set out here then we can all feel confident that we are carrying out our business in the most ethical way and with the highest levels of integrity to uphold our reputation as the leading water and waste water company.

This Code is supported by our Employee Handbook and includes some of the policies that are included within it.

WHAT THIS CODE MEANS FOR YOU...

All employees

'Our Way at NWG' applies to everyone who is an employee of NWG, wherever they work and whatever role they carry out. It is in everyone's interest that we uphold and protect our reputation in everything we do and say.

Everyone needs to make sure that they have read, understood and are then able to act in the way that is outlined in this document.

Managers

In addition, our managers are expected to:

- Make sure that the people they lead and manage understand and act in line with the Code.
- Be personally seen to role model the behaviours within our values.
- Provide advice to our people on anything within the Code that isn't clear to them, and to constructively challenge behaviour which may sit at odds with the Code.

Each year we will ask each of our employees to sign up to the Code personally, which also creates an opportunity to raise any issues or concerns.

Raising concerns and seeking guidance

If we become aware of any actions which may not be in line with our values then we each have a duty to let the right people know so that the situation can be investigated.

We can raise concerns about any instance of potential malpractice (including actual or suspected incidents of bribery, corruption, theft, fraud or similar offences) through:

- Your line manager/or another manager
- The Company Secretary
Phone: 0191 301 6746
- Internal Audit Manager
Phone: 0191 301 6415
- The independent Whistleblowing line
Phone: 0800 915 1571
Email: nwg@safecall.co.uk
Website: www.safecall.co.uk/report

More information about the Whistleblowing policy can be found in our Employee Handbook.

1. LIVING OUR VALUES

Our values describe our main principles, qualities and attributes. They are the set of guiding principles which collectively define who we are, what we do and how we do it. They make us different from our competitors and allow us to make decisions and take actions to drive us towards our vision. Our values are:

Customer focused – we aim to exceed the expectations of our internal and external customers.

Results driven – we take personal responsibility for achieving excellent business results.

Ethical – we are open and honest and meet our commitments with a responsible approach to the environment and our communities.

Creative – we continuously strive for innovative and better ways to deliver our business.

One team – we work together consistently, promoting co-operation, to achieve our corporate objectives.

'Our Way at NWG' translates our values into tangible actions that we can all follow.

MAINTAINING OUR REPUTATION

Our values underpin all the elements in our Code and each of us is expected to act in a way that upholds NWG's reputation. We must all make sure that we are transparent in our actions and relationships with others. A good test if you are unsure of the right thing to do is ask yourself how others might view your actions. You might also ask other colleagues to act as a 'sounding board' for you.

Through being open and transparent we will uphold the following policies:

Conflicts of interest

In being ethical we have to make sure we are operating fairly and openly in everything we do. This can only be achieved if we are all open about the relationships we have which could affect our judgement at work. This may include declaring any instances where you are involved in, for example;

- A disciplinary matter when you are related to or a friend of one of the people concerned.
- Choosing a supplier or awarding a contract when you or your family or friends are connected with the supplier.
- Doing work for or acting as an advisor to any of the Group's suppliers or business customers.
- Using NWG's name to obtain an unauthorised discount on any goods or services which are for your personal use.

All our people should follow the guidelines set out in this Code. There are some specific roles where we will require the person carrying them out to confirm that they have read and understood the Code and to declare any relationships which could affect their judgement. This applies to our Procurement and Investment Delivery teams in particular, and to colleagues who can sign contracts. Anyone involved in a tender exercise should confirm that they have no conflicts of interest too.

Anyone who has a personal relationship with someone which might impact their judgement when making decisions at work must tell their line manager or supervisor straight away so they can provide advice and support.



Accepting gifts and entertainment

Accepting gifts and favours from a business contact, such as a supplier, can cloud our judgement when making a decision for NWG.

We have a clear policy on accepting gifts and entertainment in our Employee Handbook, which we should all read and be familiar with. As a rule, we should not accept social invitations or gifts from individuals or companies doing business with, or seeking to do business with, NWG when they could be seen as being offered with the intention of influencing our judgement.

We should only consider accepting a gift if this has been approved by a line manager. If the gift or invitation has an estimated value of £150 or more then a member of the NWG Management Team should confirm that it is okay before it is accepted. Any gift or hospitality which is accepted needs to be declared and entered in the Hospitality and Gift Register.

Giving a gift can also mean that we could be seen to be giving preferential treatment to an individual or organisation. We will only consider giving gifts when it has been approved in advance by a member of the NWG Management Team.

Attending events with our stakeholders or suppliers can be helpful in creating good working relationships, though we should use our own judgement as to what types of entertainment are acceptable. We should always act in a way that protects our best interests and upholds and protects NWG's reputation at such events.

As an important safeguard, we will always identify all reimbursable entertainment needs on the normal expense forms, which should be approved by a line manager.

Bribery and corruption

We will never engage in bribery or any form of unethical inducement or payment, including facilitation payments and kickbacks.

We will uphold laws relevant to countering bribery and corruption in all of the countries in which we operate and regularly monitor our suppliers and contractors to ensure they have sensible anti-bribery policies in place too.

Our people will always receive the full support of NWG when refusing to pay or accept a bribe, even if it results in NWG losing business. If anyone is in doubt as to if something could be classed as bribery, please contact the Company Secretary for advice.



2. OUR CUSTOMERS

A reliable and sufficient supply of water that also tastes good is invaluable. That's why we supply clean water and effectively remove and treat waste water to meet the needs of current and future generations.

While always aiming to meet or exceed the required legal and regulatory standards, we aim to go beyond this to meet the needs of all our customers through delivering:

- **The best quality drinking water**
 - delivering a consistent supply of clean, fresh water.
- **The best customer service**
 - listening and solving problems quickly with minimal fuss.
- **The best value for money** - only charging what is fair for the benefits we deliver.
- **Being best prepared for the future** - delivering water and waste water services that meet the needs of a changing world.

We need to communicate regularly with our customers and will always do so by writing clearly, removing jargon and describing our services and products accurately in our materials. We are transparent with information about our charges, ensuring these are fair and reasonable.

We will respond to the challenges of a developing market through our competitiveness and reputation, making sure that all of our customers receive the right service at the right price.

We aim to recover debts swiftly and efficiently to prevent additional costs being placed on our paying customers. We will always try to help any customer who has difficulty paying their bills and we offer a variety of options to make payment easier in these instances.

We regularly consult our customers and other stakeholders, including the Consumer Council for Water, through appropriate channels, so we can take their opinion into account when making decisions.

3. OUR COMMUNITIES

The communities we serve

Working alongside the communities we serve is at the core of our business. We contribute to regional economic performance and have been widely recognised as leaders in our support for projects that make the areas we work in better places in which to live, work or invest.

Where appropriate, we help our communities by dedicating our time, money or facilities. Our activities are generally focused on supporting sustainable projects through:

- **Charitable donations and educational and cultural contributions** - these are made within a policy which is set and reviewed by NWC's Corporate Responsibility Management Group.
- **In-kind giving** - we encourage all our people to volunteer their time, skills and expertise through our *Just an hour* volunteering scheme.

We support our people by giving them at least 15 hours paid time every year to volunteer in projects they choose.

- **Education about the environment** - our contribution includes funding project officers and providing expertise to organisations.
- **Supporting health** - working with a wide and diverse range of partners, such as WaterAid, is a natural extension of our water for health campaign and we work with them to support local community activities to promote the benefits of water.

We are really proud of our achievements in this area and regularly report on our success through our website and other communication channels.





Protecting the environment

Leading by example to protect and enhance our environment and improve the quality of rivers and coastal waters for the benefit of people and wildlife is one of our priorities. We take a proactive approach to environmental matters and engage in local, national and international debate on emerging issues.

Through assessing the environmental and social effects of our developments, and seeking sustainable, innovative solutions, we aim to reduce any adverse environmental impact and to enhance the environment where this is possible.

Working with organisations that focus on environmental conservation and

enhancement, such as Natural England and the Environment Agency, we aim to enhance the environment when opportunities arise and minimise any adverse impact of our work.

We encourage conservation and biodiversity and pay particular attention to environmentally-sensitive areas. We seek to reduce our consumption of natural resources and our emissions to air, land and water.

We use resources in a sustainable way and in procuring materials, goods and services take account of their environmental, social and economic impact.

Reducing the amount of waste we produce is an important part of all our processes and we always try to re-use,

recycle/compost, recover energy from and/or dispose of the waste that we produce in a responsible way.

We report publicly on our use of resources. In particular, we aim to minimise energy consumption and use self-generated renewable energy where possible. We monitor and then report on our carbon emissions and participate in the Carbon Reduction Commitment Energy Efficiency Scheme.

We are constantly assessing, and will respond to, where necessary, the impact of climate change. We are proactive in trying to predict future trends and make sure we are prepared for changes in the longer term.

4. OUR COLLEAGUES

AT NWG WE TREAT EACH OTHER WITH RESPECT AND APPRECIATE THAT EVERYONE HAS A VALUABLE CONTRIBUTION TO MAKE.

We actively collaborate with our colleagues and operate together as one team to deliver the absolute best for our customers. We expect everyone to work hard, live our values and perform at their best every day. We recognise, celebrate and reward great performance.

We are committed to delivering on our promises in our equal opportunities policy from recruitment and selection, through training and development, appraisals and performance management through to retirement.

We recruit the best person for the job, and develop talented and committed employees, recognising that differing perspectives bring creativity and innovation to our business activities.

We equip our people with the right skills for their current job and their development, while ensuring they have the information, tools and skills to contribute to both efficiency and first class customer service.

We believe everyone has a right to work in an environment free from discrimination and harassment and to feel treated fairly. We provide an inclusive workplace in which different ideas, perspectives and beliefs are respected, appreciated and encouraged.

Our people are fairly paid, taking into account market rates, as well as recognising and rewarding them for their achievements and contributions.

We work together with a network of elected representatives, the NCG (Negotiation and Consultation Group), to meaningfully negotiate, consult, inform and involve our people. Everyone has the opportunity to make sure their opinions and ideas are represented positively through the NCG and to influence the business we work in.

To enable our business to continually evolve and improve, we promote a culture of innovation and creativity which enables our people to flourish.

This means we seek to lead by developing new and exciting ideas and constantly challenging each other and the way we do things to be the best.



Working safely

At NWG we are committed to protecting the health and safety and the wellbeing of our people. We comply with and aim to exceed all the relevant health and safety laws and regulations and our processes and procedures are of the highest standard. It is up to each of us to take personal responsibility for acting safely while carrying out our roles by adhering to the processes in place and by looking after ourselves and others.

We will...

- Protect ourselves, other employees and the general public from danger.
- Where it is safe to do so, we will protect property owned by NWG and third parties.
- Always use the correct safety equipment provided when carrying out our work.
- Take care of ourselves so that we are sober, alert and fit for work.
- Follow the NWG smoking policy.

- Let NWG know about any convictions for driving offences or licence endorsements which happen either inside or outside work, while driving an NWG vehicle or a privately owned vehicle.
- Report any possible safety issue to a line manager or the Health and Safety team through our Spot-it! reporting line on 75544.

We protect and enhance the health and wellbeing of employees through proactive management of risks to health and safety, the encouragement of a sensible work/life balance and participation in occupational health programmes.

Communicating with each other

Communication is a two way process. At NWG we are committed to keeping our people up-to-date through a wide range of communication channels and have a clear strategy which sets out our approach.

We also encourage our people to have a say through the business planning process, our annual employee roadshows and our regular employee surveys. We ensure we include the input from the whole company to shape our business direction. We regularly report on performance through our bi-monthly manager team briefing process so everyone understands our priorities.

We think about each other and make sure that communications are only sent to those people who need to receive them.

5. OUR STAKEHOLDERS

NWG INTERACTS WITH MANY INDIVIDUALS AND ORGANISATIONS WHO WE CALL OUR 'STAKEHOLDERS'.

From our investors to our regulators and from government bodies to public interest groups and journalists – we work hard to build relationships and ensure we always communicate a consistent and accurate picture of the way we do business. We benchmark our performance against relevant comparators and indices to drive continuous improvement and maintain our competitiveness.

Our owners and providers of capital

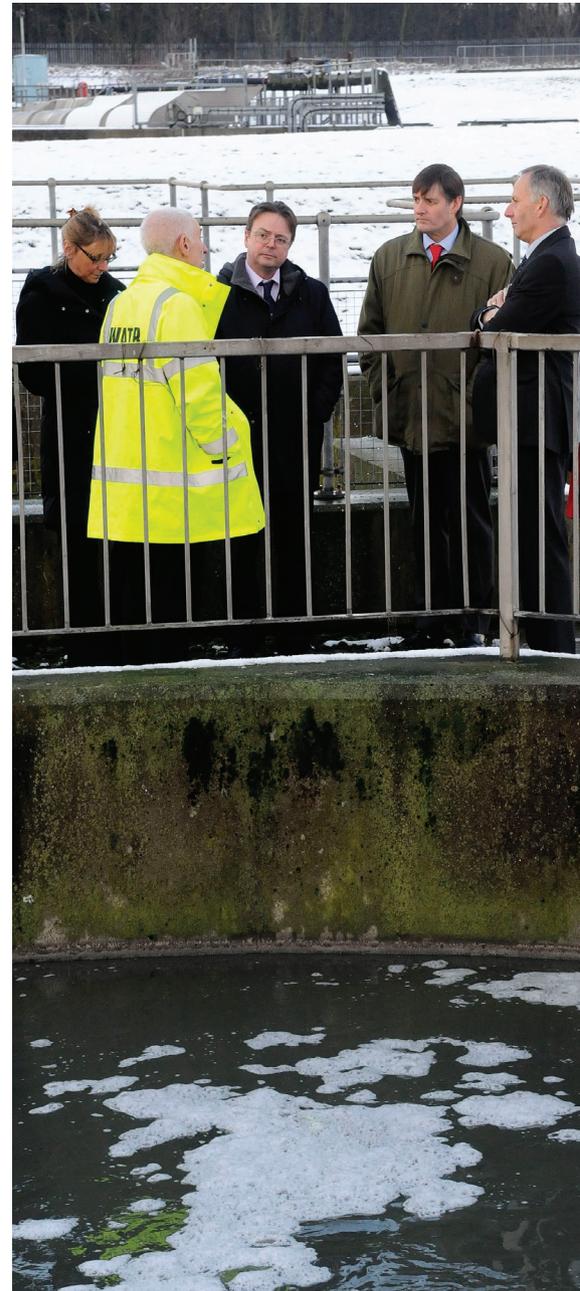
We aim to provide an appropriate and sustainable return to our investors and we ensure that we can pay our suppliers and debt financiers. We publish accounting statements on a timely basis and in accordance with applicable accounting standards and best practice.

Regulators

We recognise the importance of, and are proud to maintain positive relationships with, our main regulators, who are:

- Ofwat.
- Environment Agency.
- Consumer Council for Water.
- Drinking Water Inspectorate.
- Health and Safety Executive.
- Traffic Commissioner.

We communicate openly, honestly and promptly with our regulators and ensure that appropriate care and assurance is taken when sharing or sending information to them.





The law and political parties

We believe it is important that we comply with all applicable law and regulatory standards for the countries in which we operate. We comply with our statutory obligations in relation to direct and indirect taxes and maintain a professional and open relationship with the tax authorities.

NWG is a politically neutral company and we have no allegiance to any political party. This means that we never make donations to political party funds or political candidates, although in ensuring that we have regular and appropriate contact with all the main parties, for example by hosting events at party conferences, we may incur reasonable expenses.

We fully support the right of our individual employees to participate in the political process of the United Kingdom or their country of residency. However, as NWG itself is politically neutral, employees are not able to use paid work time, our facilities or name to support a political campaign. If an employee accepts any public office role or serves on a public body, then they should do so as an individual and not as a representative of NWG.

Journalists and the media

We have a dedicated Media and PR team whose role is to maintain a good working relationship with our media contacts. It is responsible for media releases, comments to the press and any public statements.

If you are approached by anyone in the media then you should direct all enquiries to the Media and PR team. Please don't make any comment, speculate or give your opinion on any situation and remember that only the Media and PR team, or those authorised by them to do so, should make a public statement or media comment on any matter concerning NWG.

We recognise that our people may use blogs or social networking sites, such as Twitter or Facebook, and we have a clear social media policy that everyone needs to follow as ambassadors of NWG to uphold our reputation. You can find this in the Employee Handbook on Livelink.

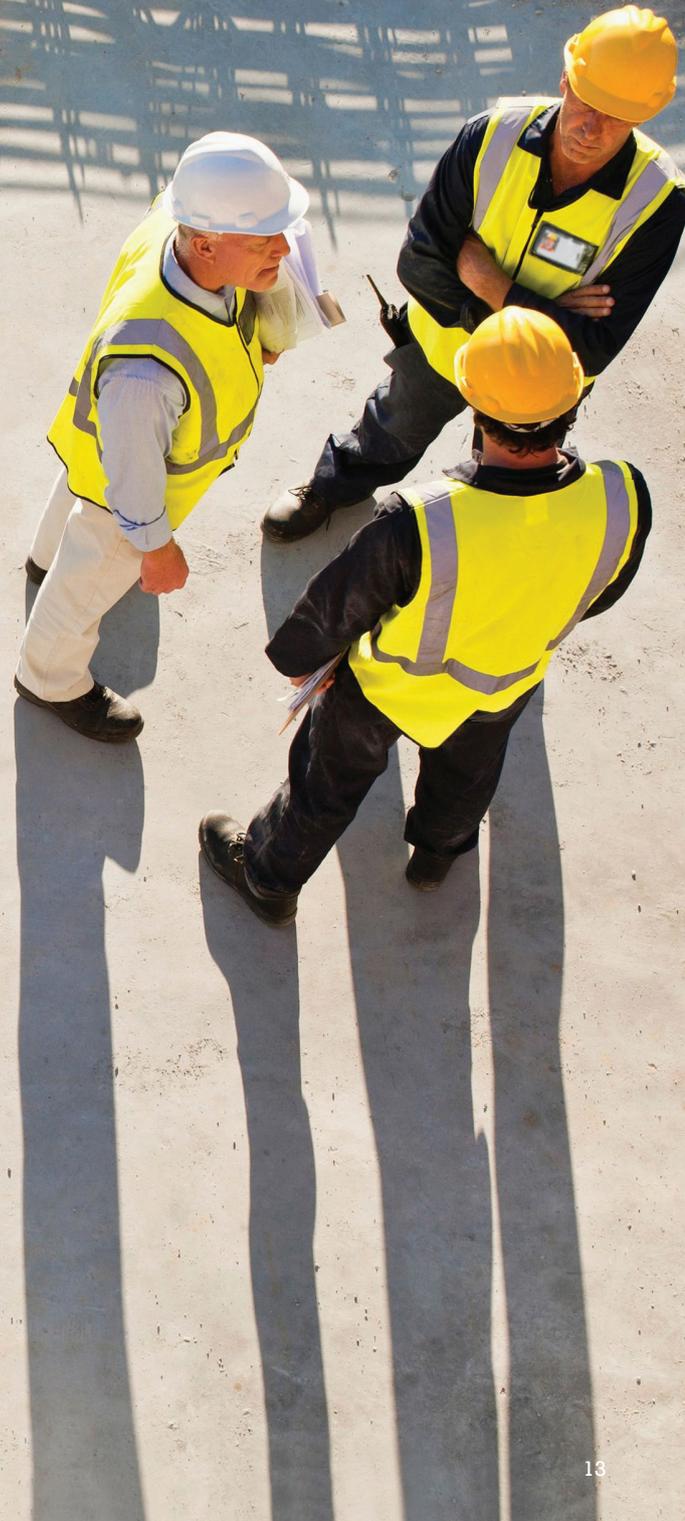
6. OUR SUPPLIERS

OUR SUPPLIERS HELP US TO RUN OUR BUSINESS EFFECTIVELY.

We will build lasting relationships with suppliers, advisors or contractors to encourage loyalty and flexibility on both sides. We will require that any company working with NWG, or on our behalf, has read this Code and agrees to work by our guidelines.

Our suppliers are required to act ethically, lawfully and with integrity, honesty and fairness, and we will use these criteria when we select organisations to work with. Where the supply chain includes international providers of goods or services, we will require these suppliers to meet or exceed international standards covering employment, environmental and social issues. In all cases, we will work with our suppliers to manage the environmental and social impact of our operations.

Our suppliers are important to us and we will always endeavour to pay them on time and in line with agreed terms and contracts.



7. OUR GOVERNANCE

WE HAVE A DESIRE TO ALWAYS OPERATE ETHICALLY IN ALL OUR BUSINESS DEALINGS AND HAVE A NUMBER OF PROCESSES AND PROCEDURES IN PLACE WHICH HELP US TO DO THIS. THESE ARE:

Corporate governance and risk

We will always maintain sound principles of corporate governance. We have risk and audit committees to help us do this, which include both independent non-executive directors and non-executive directors. We will also comply with the commitments we have made to Ofwat about governance.

We operate a robust system of internal risk assessment and control to safeguard NWG's assets. This helps us to enhance the efficiency of our operations and the reliability of internal and external reporting, as well as helping us to comply with laws and regulations.

NWG is committed to continuously improving our risk management systems. We have a structured risk model which helps us to effectively manage risk across our business. We have a range of control measures across the company that helps us to make informed decisions, reward the right behaviours, deliver excellent customer service and keep improving.

Confidential information

Some of the information we deal with has to be treated confidentially. We will always handle confidential information about NWG's business (including personal data about customers and employees) lawfully and with care, while maintaining confidentiality.

NWG only uses information gained through legal and ethical means and we will never attempt to gain information through any other method.

NWG records, accuracy and accounting practices

So that NWG is able to deal honestly and fairly with its customers, regulators, suppliers and employees, every transaction must be recorded accurately and in full. All documents and NWG information and records should therefore be accurate, transparent and honest.

Reports, vouchers, bills, payroll and service records, measurement and performance records and other essential data need to be prepared carefully and honestly and treated with discretion. Claims for remuneration, expenses, allowances and sick pay must be accurate, as should information that is given to NWG relating to previous employment, attendance or medical records.

NWG's books, accounts and records need to be kept in line with generally

accepted accounting principles and in enough detail to accurately and fairly reflect NWG's transactions.

NWG is a regulated business and it is essential that all information we submit to our economic and quality regulators is accurate and robust. It is essential that we always follow our internal quality control processes and any changes from agreed methodologies and approaches must only be made after gaining approval from our Management Team. As an organisation we take a serious approach to our regulatory reporting obligations, given the significant financial and reputational consequences of any deemed misreporting.

It is important that everyone understands that any deliberate misrepresentation or false reporting by an NWG employee or supplier may result in serious legal consequences.

Every July we publish our Annual Performance Review, a report to our customers, which describes the service we have provided and the work we have done to protect the environment over the last 12 months. This is shared on our websites.

Company resources

Our people work hard every day to look after NWG's property and resources. These resources should only ever be used for business purposes, except for reasonable personal use of computers in accordance with the applicable policies.

If we wish to use NWG's resources outside of NWG time or for any other purpose, we should ask a line manager for approval first. Our Employee Handbook contains a number of policies and procedures covering the use of our property.

Compliance and verification of this Code

NWG's Chief Executive Officer is responsible for initiating and supervising investigations into any possible breaches of this Code and ensuring that appropriate action is taken, be it disciplinary or otherwise, when required.

Our own internal auditors will audit compliance and report to the NWG Audit Committee about anything they discover in the course of their work, as well as any whistleblower matters, which appears to breach this Code.

We always monitor and report, as appropriate, on performance against our sustainability plans and targets, making information available on NWG's website and internal systems and responding quickly and accurately to stakeholders' questions on social and environmental issues.

AND FINALLY...

WE ALL HAVE A DUTY TO FOLLOW THIS CODE IN EVERYTHING WE DO.

It ensures that we can all be proud of our brand, the services we offer and each other. It helps us to be the best we can be.

Please make sure you refresh your knowledge of the Code every year and are familiar with the guidance and policies embedded within it to help you put it into action.

If any of your circumstances change throughout the year then you need to let your line manager know immediately and they will provide help and support.



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