

His Royal Highness  
The Prince of Wales  
Clarence House  
St James's  
London  
SW1A 1BA

16 July 2018

Dear Sir

I first met Your Royal Highness in December 2012 and was greatly impressed with your views on the importance of business in solving some of the world's greatest social and environmental challenges, and your sense of urgency in moving this forward. I wish you the very best on your 70<sup>th</sup> birthday and I look forward to continuing our work to secure a sustainable future for generations to come.

As you have highlighted through the Accounting for Sustainability (A4S) Project, sustainable business equals good business. As CFO of Pennon, one of the UK's leading environmental infrastructure groups, I am acutely aware of both the need for resilient business models and responsible financial decision making to bring about positive and lasting societal, economic and environmental change.

In our own business, Pennon – through its subsidiaries South West Water, Bournemouth Water and Viridor – is committed to the pursuit of innovative and progressive measures which 'close the loop' in how we manage society's precious water resources and waste products, bringing multiple benefits for people, businesses and the environment within which we all live and work. This spans everything from South West Water's pioneering 'Upstream Thinking' projects to address water quality issues in the landscape using low cost sustainable practices (such as moorland restoration and farm improvements), through to Viridor's recent work alongside leading retailers and manufacturers to tackle the issue of non-recyclable black plastic.

Through A4S, and as a founder member of the CFO network, I have been inspired by the way the group has come together so passionately and cooperatively to embed sustainability into the financial decision making behind these projects. I have thoroughly enjoyed working with fellow CFOs on accounting for carbon, accounting for natural and social capital, looking at the strategic risks to sustainability and how it can be embedded into budgeting and forecasting.

For our part, drawing on the learnings from A4S, and your call to arms, Pennon launched its own Sustainable Financing Framework earlier this year. As part of this, we announced a series of 'green finance' arrangements which were among the first of their kind in the UK and which align with our key Environmental, Social and Corporate Governance (ESG) priorities for the years ahead. These new arrangements represent an important milestone as we

incorporate environmental and social metrics into our banking facilities, with interest costs directly dependent on our sustainability rating.

Perceived as 'a new way' of doing business, it is my great hope that this approach will become business as usual in the future, but there is much work to do. This includes a continued drive for sustainability in the debt and equity markets – a key set of influencers.

Sustainability cannot be achieved without collaboration. Through your foresight and creation of a forum for finance leaders to share their insights and learnings, the CFO leadership network provides an invaluable platform to leverage meaningful change. I am confident we will continue to grow together to champion sustainable financing and drive it forward as the new norm.

Yours faithfully

A handwritten signature in black ink, appearing to read "Susan", with a long horizontal line extending to the left.

Susan Davy  
Chief Financial Officer