

2020 Anti-Slavery and Human Trafficking Statement

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This statement, which constitutes our Group's Anti-slavery and Human Trafficking Statement for financial year ended 1 March 2020 is made pursuant to section 54 (1) of the Modern Slavery Act 2015 (the "Act"). This statement is made on behalf of Severn Trent Plc and its Group Subsidiaries Severn Trent Water Limited, Severn Trent Services Defence Limited, Severn Trent Services Operations UK Limited, Severn Trent Green Power Limited and Hafren Dyfrdwy Cyfyngedig. This is our fifth statement and outlines our efforts to mitigate the risk of slavery and human trafficking during the financial year ending 31 March 2020. Our previous statements can be found [here](#).

2019/20 Key Actions

Key actions we have taken during 2019/20 include:	
✓	Upskilling our teams – 97% of our employees, excluding customer contact centre teams, completed our new bespoke company-wide e-learning module;
✓	Articulating a victim centred remediation – outlined the approach we would take should a victim be identified within our business or supply chain in our new Escalation and Remediation policy;
✓	Formalising modern slavery as a risk – investigated the risk to our business and supply chain in detail, identifying causes, consequences and mitigating controls;
✓	Reviewing our approach – internal audit looked at on our approach and concluded there are good measures and controls in place. Areas for improvement have been identified and integrated into our action plan;
✓	Developing a new approach to supplier risk assessment – introduced a self-certification model to assess suppliers across our highest risk areas;
✓	Creating an aligned and common methodology across our businesses – ensured the same robust measures are adopted across Severn Trent Business Services; and
✓	Continuing to step up engagement – raised awareness through our all-company Modern Slavery Awareness Week and extensive supplier engagement activity.

To date, we have had no instances of modern slavery raised, however we're not complacent and remain committed to keeping our approach under continual review.

Our response to COVID-19

The impacts of COVID-19 are being felt across the globe. As a socially purposeful company we have carefully considered how we can make a positive impact not only for the good of our stakeholders but also for wider society. For more information on our COVID-19 response, please see our full disclosure in the Severn Trent Plc Annual Report and Accounts, which can be found on our [website](#).

Our commitment

We're proud to be a purposeful company, and are committed to providing a fair, safe and inclusive place to work. This includes a clear zero tolerance approach to modern slavery. Modern slavery is a growing global and local issue, and we understand the important role we can play in helping eradicate it.

This year has brought a whole host of changes to the UK and we recognise that the changing landscape and challenges this may bring with regard to a potential increase in the risk of modern slavery. Through the current COVID-19 pandemic, we continue to work closely with Slave-Free Alliance to ensure we have robust measures in place against modern slavery, and remain committed to positively progressing our existing plans where we can. Our partnership with Slave-Free Alliance is integral to our approach, ensuring we keep up to date with emerging risks and best practice, and I thank them for their continued insight and support.

Through the steps we've already taken, we believe we have a low risk of modern slavery in our business and supply chain. To date, we have had no instances of modern slavery raised, however, we're not complacent and are committed to keeping our approach under continual review.

One of our great strengths at Severn Trent is our open and inclusive culture. We have a highly engaged workforce and strong sense of social purpose and a value set which we believe creates a culture where people feel comfortable to challenge and raise concerns they believe will be listened to and taken seriously.

We're pleased with the progress we've made this year. We've rolled out a bespoke e-learning module to the majority of our business, conducted an internal audit on our approach, and developed an escalation and remediation policy to clearly set out the steps we'd take if any

cases of modern slavery were reported. Direct engagement with our supply chain remains central to our approach and we'll continue to build on this in the year ahead through dedicated engagement and assessments. More information is detailed within this statement.

If you want to read more on how we think we should be running our business for the benefit of the environment, our communities and wider society, please take a look at our [Sustainability Report](#).

We'll continue to be vigilant, keep our approach under constant review and to adapt it where necessary.

This statement was approved by a resolution of the Board of Directors of Severn Trent Plc on 14 July 2020 and is signed on its behalf by:



A handwritten signature in black ink, which appears to read 'Olivia Garfield'.

Olivia Garfield
Chief Executive Officer
Severn Trent PLC

Our business and supply chain

Our business

Severn Trent Plc is a FTSE100 company. Severn Trent Water and Hafren Dyfrdwy, are two of 11 regulated regional and waste water businesses in England and Wales, providing high quality services to more than 4.6 million households and businesses in the Midlands and Wales.

Severn Trent Business Services has five business units:

- **Bioresources** – the sludge treatment and related renewable energy generating activities within Severn Trent Water;
- **Green Power** – generates renewable energy from anaerobic digestion, crop, hydropower, wind turbines and solar technology;
- **Operating Services** – provides contract services to municipal and industrial clients in the UK and Ireland, and to the UK Ministry of Defence for the design, build and operation of water and wastewater treatment facilities and networks, and services to developers;
- **Property Development** – manages the sale of surplus land; and
- **Other** – Developer Services, and our property searches and affinity partnership businesses.

Our supply chain

We spend over £1.25bn a year through our supply chain, and rely on around 1,700 partners to deliver our operations responsibly: from the supply of chemicals for clean drinking water to cleaning and maintaining our sites and offices. Our highest risk of modern slavery is within our supply chain, due to its complexity, and we have identified Facilities Management, Construction, Waste Management, and Warehouse Distribution and Logistics to be our key risk areas. Due to the nature of our business activities, over 96% of our supply chain is based within the UK, equating to more than 99% of our total spend. We ensure all of our suppliers adopt our high standards to help mitigate the risk of modern slavery, and while we work collaboratively with them, we also clearly set out our zero tolerance approach.

Our workforce

We directly employ around 6,800 people, across 130 UK sites, most of them at locations across the East and West Midlands, as well as in north and mid-Wales.



Total Employees

7,107

including Contractor and Temporary staff

Office Based Employees

3,475

Operational Employees

3,389

Perm. Staff

6,864

Contractors & Temps

243

Numbers average over 2019/20

Strategy and governance

We are committed to providing a fair, safe and inclusive place to work, which includes a clear zero tolerance approach to modern slavery. This is a key part of our sustainability framework, which you can read more about in our first dedicated sustainability report, available at www.severntrent.com.



Strategy

Our strategy to mitigate against modern slavery is structured around five key areas. Our statement covers each of these in turn.

We aim to align our approach with best practice, including statutory guidance from the Home Office, the Business and Human Rights Resource Centre, and the Chartered Institute of Procurement and Supply (CIPS).

We are fully committed to our responsibility to respect human rights, as set out in the International Bill of Human Rights and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work. We also seek to act in accordance with the United Nations Guiding Principles on Business and Human Rights.

Governance

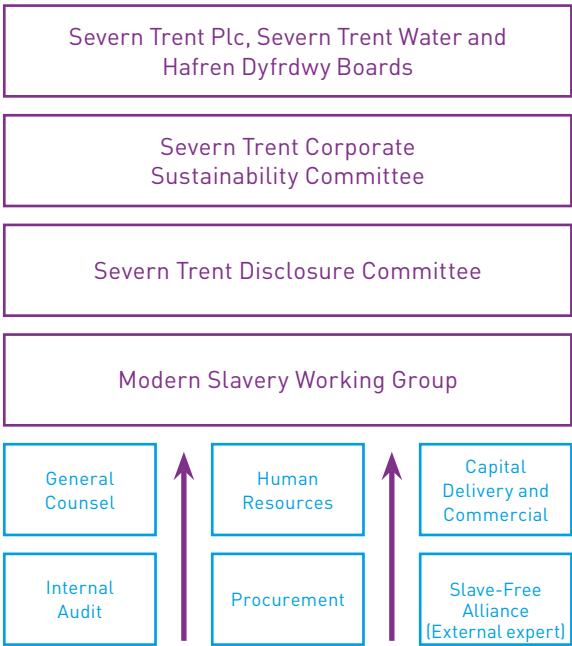
Modern slavery working group

Our established modern slavery working group drives the development and delivery of our strategy across the Group, ensuring our approach remains effective and proportionate. It includes representation from core functions key to driving change, including Sustainability, HR, Procurement, Supply Chain Management, and our Legal department.

In 2019/20 we extended this to include representation from Business Services, to ensure alignment of our approach across our business. We also updated the Terms of Reference which govern the working group to provide further clarity over senior accountability in line with our new [Escalation and Remediation policy](#).

The working group reports to both our Plc Disclosure Committee and our Plc Corporate Sustainability Committee. Our General Counsel and Company Secretary has overall responsibility for our approach to Modern Slavery. The Severn Trent Plc, Severn Trent Water and Hafren Dyfrdwy Boards all oversee and sign off on our approach.

Governance structure



Strategy and governance (continued)

Working with others

We've worked with Slave-Free Alliance, our charitable partners, for over four years and use their expert guidance to ensure our approach remains effective.

"Severn Trent has become a leader in the utilities sector since becoming a founding member of Slave-Free Alliance. Their approach to date serves as a benchmark for the industry, demonstrating a commitment to continuous improvement that transcends beyond compliance. We're honoured to be able to support them through the evolution of their modern slavery strategies and prevention work."

Marc Stanton,
Director of Slave-free Alliance.



**SLAVE-FREE
ALLIANCE**

Working Towards a
Slave-free Supply Chain

We recognise the strength that collaborating with our industry peers brings to mitigating the risk of modern slavery across our shared supply chain. In partnership with Slave-Free Alliance, we set up the first Utilities sector Modern Slavery Working Group to identify collaborative opportunities to tackle Modern Slavery across the sector, and importantly our shared supply chain.

Alignment across our businesses

We have made significant strides to ensure the alignment of our approach to tackling modern slavery is consistent across the Group. This includes working towards identifying key processes critical in mitigating the risk of slavery, and incorporating the same, or tailored, approaches to supplier due diligence, risk assessment and training.

Severn Trent Green Power provides food waste recycling services, composting and renewable energy generation facilities. Given the nature of this work, we recognise this business has a potentially higher risk of modern slavery, however we are confident the plans in place will support mitigating this risk. The relatively small numbers involved, and the fact they are directly employed, means we can keep a close eye on the situation. However, over the next year, we will focus on upskilling teams to identify potential instances of modern slavery through site assessments and supplier risk assessment.

Internal Audit

In 2019/2020 our internal audit team reviewed our approach to modern slavery. The audit concluded we had good measures and controls in place across the Group and highlighted opportunities to continue to improve our approach. This included expanding the remit of the working group to include Business Services and ensuring we had a clear escalation plan with senior manager accountability. These improvements have been built into our action plan.



1. Our values, people and policies

Our values and Group policies are the foundation for how we operate. They apply to everyone employed by, or acting on behalf of, Severn Trent, including contractors, temporary staff, and our supply chain.

Actions we've taken 2015-2019	Actions in 2019/20
✓ Updated our Group policies to reflect our zero tolerance approach	✓ Updated our purpose and values, and communicated that to the business
✓ Reviewed all pre-employment checks during the recruitment process to ensure the correct level of checks are being undertaken.	✓ Developed our Escalation and Remediation policy
✓ Promoted 'Doing the Right Thing – the Severn Trent Way' through company-wide e-learning	✓ Engaged with our third party recruitment providers to ensure appropriate and relevant checks are in place
✓ Promoted our Speak-Up policy internally through communication channels	✓ Updated our Sustainable supply chain charter in line with our new sustainability framework, clearly setting out our expectations around fair pay and working conditions
	✓ Updated our code of conduct 'Doing the right thing' and communicated to the business

Our values

This year we developed a new company purpose and values which have been produced collaboratively with our people, by our people, and for our people. We know the work we do is crucial for our customers to live their daily lives, and our new purpose of '**Taking care of one of life's essentials**' recognises this. We also wanted to reflect what it really feels like to work at Severn Trent, which is why our values are **Showing Care, Having Courage, Being Curious and Taking Pride.**

Not only do these genuinely show what we are about, they resonate with our people. Our purpose and values are what bind us together and guide us to always act ethically, because doing the right thing is just as important as the decisions we make. All four of these values resonate with our approach to modern slavery and the culture we have at Severn Trent.



1. Our values, people and policies (continued)

Our people

We know at Severn Trent one of our great strengths is our open and inclusive culture, and that is a testament to our people and our management, who lead by example. We really do believe it is our culture that makes us unique and allows us to have such an engaged workforce, producing outstanding results for all our stakeholders. We're proud our engagement score places us in the top 5% of global utilities. We believe this engagement, and our values, create a culture where people feel comfortable to challenge and raise concerns because they know they will be listened to, taken seriously, and, if required, acted upon.

Our Group Human Resources policy sets out our commitment to treat all employees fairly, to protect their human rights, and to recruit in line with requirements of the Modern Slavery Act 2015. We believe the overall risk of modern slavery within our workforce is low due to the nature of our work, and the compliance checks we have in place. Most of our employees are permanent and office-based, and our 243 temporary employees and contractors are predominately made up of office staff supporting our customers, which are considered low risk.

A third of our workforce is operational and they present a higher risk of modern slavery as their work is labour intensive. As part of our recruitment and onboarding process we conduct thorough compliance checks for all workers, including temporary staff who join our business. We are always looking at ways to keep our internal controls and risk management processes up to date, so keeping our risk levels as low as possible. These include, but are not limited to:

- Right to Work
- Occupational health
- Criminal convictions; and
- Adverse financial check for permanent employees.



Most of our employees are permanent and office-based, and our **243** temporary employees and contractors are predominately made up of office staff supporting our customers, which are considered low risk.

Our HR team completes further assessments which can help to further eliminate the risks of modern slavery by, for example, deploying checks on multiple addresses and bank accounts. In this instance, we would reach out to the employees concerned without disclosing any sensitive information and await confirmation before proceeding. This also ensures Severn Trent is GDPR compliant. Passing these tests is a prerequisite before a permanent employee can start work with us. For our temporary and contractor staff, the responsibility for this lies with our service providers. They have agreed to our Code of Conduct, our standard Terms and Conditions and our Sustainable Supply Chain Charter. However, we also conduct an annual audit of these employees to ensure the right level of pre-employment processes are completed. In this year's audit, no concerns were found. If any concerns were to be identified, they would be addressed with our service provider with a requirement for them to resolve the issue within 48 hours. Any concerns are also addressed with employees directly.

Real Living Wage Employer

As of March 2020, we became an accredited Living Wage Foundation employer. Over the next 3 years, we are working with our suppliers, to ensure the real living wage is paid as a minimum to all direct employees and encourage their sub-contractors in turn to do the same.

Employee rights

We have a strong partnership across three trade union groups (Unison, GMB and Unite), and we regularly discuss the areas that are most important and impactful to the majority of the workforce. An important function of the Company and Business Forum covers collective bargaining between the Company and its recognised Trade Unions. Any agreements which require substantive changes in pay and other conditions of employment are referred to the Company Forum for approval. This covers approximately 91% of our employees in total as it does not apply to middle and senior managers and all employees of Severn Trent Business Services.

We recognise the right of all employees to freedom of association and collective bargaining. We actively seek to promote positive co-operation between employees, our management team and recognised Trade Unions, ensuring all groups are represented in any major change initiative.

Almost a quarter of our employees told us that they choose to contribute to recognised trade unions through their salary. Actual membership figures cannot be confirmed as employees can also choose to pay their union membership through direct debit.

1. Our values, people and policies (continued)

Our policies

Our zero tolerance approach is supported by our group policies which are regularly reviewed and extend across our supply chain. These policies, together with Doing the Right Thing, give guidance and support on how to identify and deal with suspected wrongdoing, fraud or malpractice, as well as how to ensure that the highest standards of safety are maintained, and how to apply good ethics and sound judgment. Our policies are embedded within the business, form a central part of company induction, and are communicated internally through our intranet, while our key group policies are on the [severntrent.com](https://www.severntrent.com) website.

These include:

Doing the Right Thing

At the heart of Severn Trent's culture is a closely held set of values. 'Doing the Right Thing', our Code of Conduct, helps us to put our values into practice. Our values and Code of Conduct embody the principles by which the Group operates and provide a consistent framework for responsible business practices. Our Code of Conduct sets out the cultural norms and behaviour expected of everyone at Severn Trent. It sets the tone for the organisation. Everyone who works for, and with, us is required to comply with this.

Doing the Right thing has been updated this year to reflect our new purpose and values and, over the course of the next 12 months, it will be rolled out to the business through engaging communications, including a companywide e-learning and continuing to promote our Speak Up policy described further below.

Group Human Resources policy

Our Human Resources policy sets out our commitments to support anyone who works for us. We are committed to maintaining a work culture that is diverse and inclusive, that's supportive and nurturing, which makes the most of everyone's growth potential. We'll also protect the human rights of all our colleagues. Put simply, we want to give our people a rewarding working environment, ensuring they meet their potential, and they are working to the best of their ability.

Group Speak-Up policy

Our whistleblowing process encourages any concerns to be raised, no matter how trivial it may feel. Safecall is our confidential and independent whistleblowing helpline, available 24/7, which offers translation services for those who need it, and which is also available to our suppliers. Slavery and human trafficking is highlighted as an example of unethical and unlawful activities which should be raised via the Speak-Up channels, including Safecall. All concerns are taken seriously, investigated thoroughly and findings regularly reported directly at every meeting of our Audit and Corporate Sustainability Committees. More serious findings are also reported directly to our Board. The effectiveness of our whistleblowing processes is reviewed annually by the Audit Committee and it has been confirmed to work well. We are committed to communicating this process regularly to ensure our employees and supply chain know how to raise any concerns.

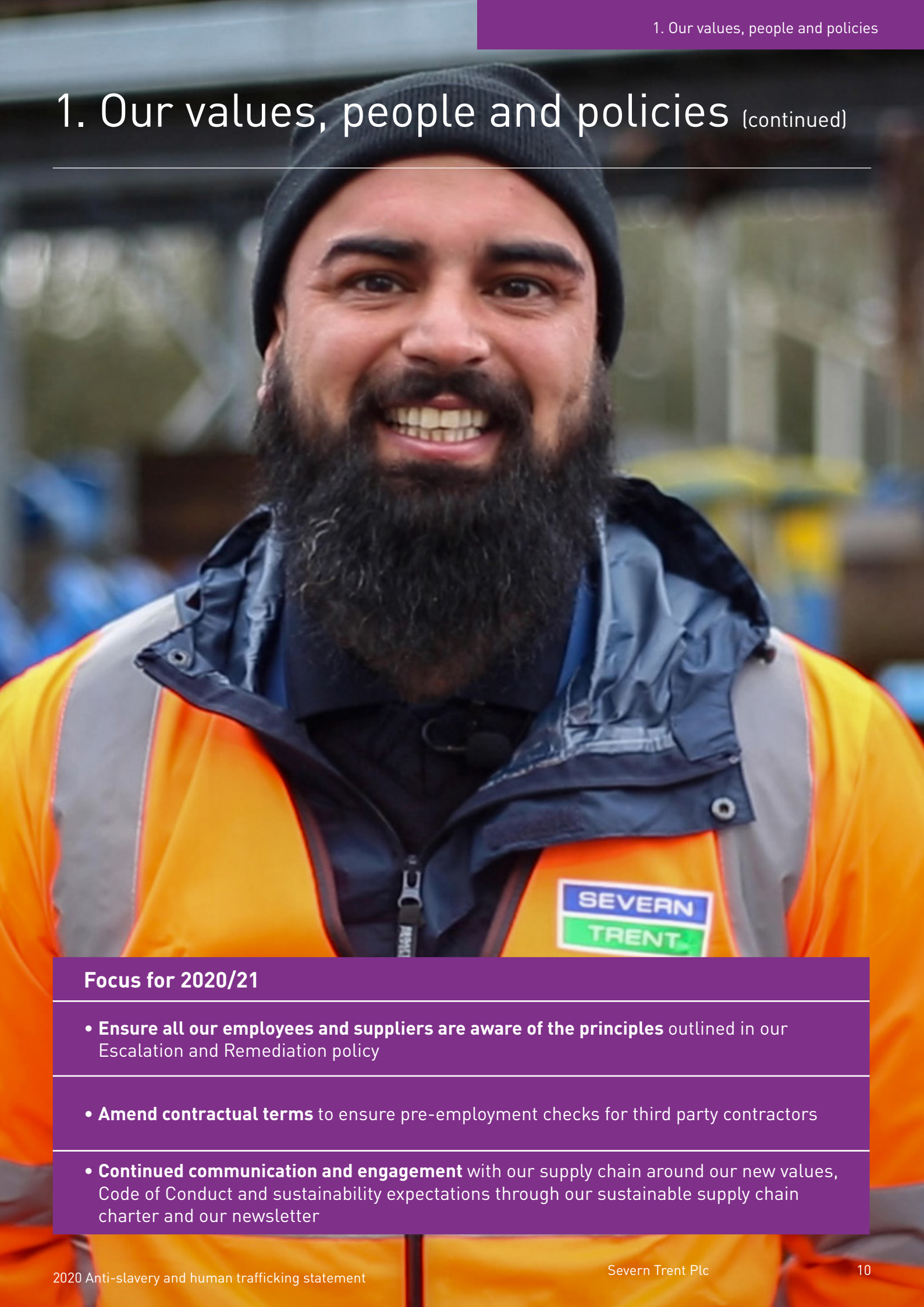


"If I suffered or witnessed wrongdoing at work, I'd be confident Severn Trent would respond appropriately" scored an average of 8.2 / 10 in our all employee survey which is 0.9 above the industry benchmark.

Escalation and Remediation policy

This year we developed our Escalation and Remediation policy which clearly sets out our response to any instance of modern slavery. This policy is victim-centred and flexible, to allow a bespoke response for individual cases. We developed this policy so we would have a clear framework to follow. Slave-Free Alliance also raised this as best practice in their assessment of our practices.

1. Our values, people and policies (continued)



Focus for 2020/21

- **Ensure all our employees and suppliers are aware of the principles** outlined in our Escalation and Remediation policy
- **Amend contractual terms** to ensure pre-employment checks for third party contractors
- **Continued communication and engagement** with our supply chain around our new values, Code of Conduct and sustainability expectations through our sustainable supply chain charter and our newsletter

2. Training and awareness

We recognise the importance of training to ensure our teams are equipped with the relevant knowledge and skills to identify and report any instances of modern slavery. In 2018/19 we focussed on delivering targeted training to our senior teams and to those who have regular, direct engagement within our highest risk area, our supply chain. Building on our prioritised approach, this year, we rolled out a bespoke e-learning module to the whole business and continue to foster a culture in which modern slavery is not tolerated.

Actions we've taken 2015-2019	Actions in 2019/20
✓ Company-wide awareness campaigns, including updating our company induction	✓ Rolled out bespoke e-learning to all employees, excluding customer contact centre teams, with 97% completion rate. (97% is one of the highest rates of e-learning completion, remaining accounts for absence such as maternity leave and long-term sickness, etc)
✓ Dedicated briefing for Executive Committee, senior management population and All Company Forum	✓ Second Supply Chain Corporate Social Responsibility Forum 2019
✓ 2016 Supply Chain Corporate Social Responsibility Forum	✓ Supply chain engagement – further awareness raising within our supply chain
✓ 90% of contract, procurement and construction project managers trained through bespoke face-to-face workshop	✓ Dedicated modern slavery awareness week

Keeping it alive: Fostering a culture in which modern slavery is not tolerated

Communication and engagement remains a key focus for us, ensuring all of our employees are alive to the risk and understand their responsibility to raise any concerns.

We do this through training and regular communications. This year we ran a dedicated Modern Slavery Awareness Week. Through real-life case studies, daily 'test your knowledge' polls and tips to spot the signs we aimed to raise awareness across our teams and wider stakeholders. Slave-Free Alliance also joined us for an 'ask the expert' session to really help bring the topic to life.

We continue to support Anti-Slavery Day in October and, in 2019, used it as an opportunity to dispel some of the common misconceptions around modern slavery in the UK, through posters and online articles.

Rather than developing a dedicated modern slavery ambassador network we have used our company-wide communications and our working group to raise awareness through tailored communications relevant to specific teams, such as contract management and procurement.

Targeted training

As a business we are committed to continuing to assess our training requirements. We believe training needs to be proportionate to specific roles. Currently we feel our company wide e-learning module is sufficient but we'll keep this under review, especially for our HR teams.

We ensure those employees who have direct engagement with our supply chain are regularly kept up to date with expert insight and relevant case studies, together with our Commercial and Capital Delivery Newsletter and quarterly roadshows.

To further embed our commitment to tackling modern slavery, we are working towards Chartered Institute of Procurement & Supply (CIPS) Ethics Mark accreditation. Through this, all of our Procurement and Contract Management team are currently undertaking CIPS Ethics training; this covers exploitation, human rights, forced labour, and ethics and transparency in procurement, and builds on the training delivered by Slave-Free Alliance last year.



Gary Booth, Slave Free Alliance Partner – at 'Ask the expert' session at Severn Trent Centre in July 2019

2. Training and awareness (continued)

Company-wide e-learning

Recognising the important role each one of us can play, this year we rolled out a bespoke e-learning module to the business, excluding customer contact centre teams.

The module set out to:

- ✓ Give an overview of what modern slavery is including the relevance to our business, removing myths such as the fact that UK nationals are not impacted;
- ✓ Highlight real-life scenarios, specific to our sector and our business;
- ✓ Summarise the key indicators and how to spot them; and
- ✓ Outline how to raise any concerns.

We developed, in collaboration with Slave-Free Alliance, videos, real-life scenarios and interactive elements to ensure the training was engaging and effective. One exercise involved identifying the indicators of modern slavery from a real case study example:

The module has been built into all new starter inductions and will be reviewed on a three-yearly basis for the whole business.

Almost all (97%) of our employees, excluding our customer contact-centre teams, have completed the module. Our Executive and Board members have also completed the e-learning. Targeted communication for our customer contact centre teams, on key indicators and how to raise concerns, will be rolled out over the next 12 months.



Following completion of the module, **98%** of employees felt better equipped to identify modern slavery.

Recognising Signs and Indicators

Can you spot the signs and indicators for Melina's Story?

Press the play icon below to listen to Melina's Story. Select the signs and indicators as you hear them. When you've heard the story and think you've got them click submit.

00:00/ 01:55

Submit

Click the signs and indicators below to select/deselect them

- Limited access to medical/dental care
- Fearful of traffickers/police/authorities
- Someone else has their ID/Passport
- Being controlled by someone
- Isolated
- Never see them eating
- Perception of being in debt to someone
- Suffering physical/psychological abuse
- Poor/ dirty living conditions
- Excessive overtime
- Don't have any PPE clothing
- Not paid or paid very little

i If you require subtitles please click the captions button below.

< Back

Anonymous quotes from colleagues who completed e-learning

"I thought I had an understanding of Modern Slavery but after this have a much clearer image of just how varied it can be. A very sad state of affairs"

"I did not realise that this was such a big issue today. It has made me realise that I need to be more aware and look for signs of someone being in a situation of forced labour or modern slavery"

2. Training and awareness (continued)

Supply chain engagement

We have a responsibility to raise awareness of this issue within our supply chain, ensuring all parties understand the risks while supporting each other in mitigating against such occurrences.

In our last statement, we committed to rolling-out our e-learning module across our entire supply chain. After a period of review with Slave-Free Alliance and the Modern Slavery Working Group we recognised many suppliers have a training provision in place already that is specific to their industry, and so a generic module would have little benefit. We are continuing to assess the requirement for a training provision within our risk assessment process.

Instead we have stepped up direct engagement with our suppliers:

- In July 2019, 24 priority suppliers attended our second Supply Chain CSR Forum to share best practice, drive action and identify areas for collaboration. This included modern slavery, where suppliers could seek support and guidance from experts such as Slave-Free Alliance. Following this session, we built a small network of representatives who lead on modern slavery within their organisations. We use this network to test developments in our approach to supplier risk assessment and due diligence;

- In June 2020, we launched our first dedicated newsletter to all suppliers, the first of which aimed to raise awareness of modern slavery and identified recognised expert resources and tools, such as Slave-Free Alliance, Stronger Together and the Gangmasters Labour Abuse Authority (GLAA), to support the development of their approach;
- At our supplier onboarding event in March 2020, we shared our approach with our new AMP 7 suppliers who are responsible for the delivery of our construction projects; and
- Category and contract managers continue to engage with our suppliers around modern slavery to understand more about their approach, share best practice and establish where support may be needed.

We are committed to continuing and strengthening our level of supplier engagement on modern slavery awareness and training provisions, and we will review our approach based on the information derived from our supplier self-certification questionnaire. See more in 'Risk Assessment'.



Focus for 2020/21

- **Continue to ensure all new starters** receive e-learning training as a minimum
- **Explore further bespoke face-to-face training** and awareness for targeted groups, including site managers, Business Services and senior personnel
- **Review outputs from our supplier engagement** to establish if dedicated supplier training is required to support their approach in tackling modern slavery
- **Targeted communication for our customer contact-centre teams** on key indicators and how to raise concerns

3. Supply chain due diligence

With around 1,700 partners across our businesses, we recognise our ability to influence our supply chain and the opportunity we have to eradicate modern slavery.

Actions we've taken 2015-2019	Actions in 2019/20
✓ Strengthened our due diligence and supplier on boarding process, including standard terms and conditions. All suppliers must ensure subcontractors also meet the same high level of compliance and obligations set	✓ Identified our highest-risk supplier categories
✓ Launched our first Sustainable Supply Chain Charter	✓ Raised our supplier expectations through our updated Sustainable Supply Chain Charter
✓ Stepped up engagement to gain confidence around suppliers' approach through dedicated communications, statement reviews and one-to-one meetings	✓ Adopted a new approach to supplier due diligence through our supplier self-certification questionnaire
	✓ Assessed feasibility of automated processes to ensure compliance at tender stage

Our supply chain

From supplier evaluation to contract management, we ensure we work collaboratively with our suppliers to gain insight and confidence in the steps they are taking to mitigate this risk. To date we have no instances of modern slavery raised in our business or supply chain.

Almost all our direct supplier contracts continue to be held with UK companies. Taking expert advice from the Gangmasters and Labour Abuse Authority (GLAA) and Slave-Free Alliance, we have reviewed our highest risk supplier categories in relation to modern slavery. These now include facilities management, waste management, construction, and warehouse logistics and distribution. We are using this insight to ensure we target those operating in these sectors through our new approach to supplier risk assessment (see Risk Assessment section).

We are committed to working with suppliers should any instance of modern slavery be detected, and we will respond in accordance with our Escalation and Remediation Policy. No instances have been raised to date.

Sustainable Supply Chain Charter

Our Sustainable Supply Chain Charter sets out the key principles and behaviours we expect our suppliers to adopt and to reflect through their work with us. This was updated in 2020 to ensure it is reflective of our commitment to make a positive impact on society.

Fair pay and working conditions are central principles of our approach. In addition to proactively tackling modern slavery, we expect all employees in our supply chain to

be treated fairly by ensuring that working conditions, working hours and wages comply with the UN International Labour Organisation standards, including child labour and minimum wage. We expect all suppliers to outline the steps they are taking to eradicate modern slavery, irrespective of turnover.

To date, **298** of our suppliers have signed up to our charter and it is now mandatory for all new contracts. All of our prioritised suppliers* have signed up to our Sustainable Supply Chain Charter.



*Our prioritised suppliers have been identified following segmentation of spend and criticality to the business – a risk based approach. For 19/20 our prioritised suppliers represented 56% of our total supplier spend.

Supplier evaluation

All suppliers are expected to demonstrate their compliance with the Modern Slavery Act 2015 at tender stage during the initial pre-qualifying questionnaire. This year we extended this focus beyond compliance to assess the quality of their approach, ensuring that elements of risk assessment, supplier due diligence, training and awareness and recruitment processes had been considered. This new process allows us to identify areas of improvement from the outset, and provide support if required. Through monitored improvement plans and access to expert resources we are committed to supporting all suppliers as they develop an effective approach to modern slavery mitigation.

3. Supply chain due diligence (continued)

This is supported by standard contractual terms and conditions, including supplier and subcontractor compliance with the Act and adherence to our Sustainable Supply Chain Charter. We are committed to assessing the feasibility of an automated process to ensure environment and social compliance at tender stage through to contract management. To date we have not found a solution that meets our needs but we will continue to review and assess market developments.

Supplier self-certification and engagement

This year we reviewed our approach to supplier due diligence and have moved away from supplier statement reviews to a supplier self-certification questionnaire. Developed in collaboration with Slave-Free Alliance, this questionnaire enables a clearer understanding of the mitigation activities undertaken by our suppliers, and their supply chain. In particular, it enables an understanding of the risk exposure associated with contracted and low-skilled labour, as well as materials sourced outside of the European Economic Area (EEA).

We have decided to take a targeted approach, focussing on our high-risk supplier categories as a priority. Starting with Facilities Management, this staggered approach ensures we engage effectively with those identified as high-risk, and provides an opportunity to review the validity and effectiveness of our process.

All suppliers are expected to discuss their approach with their Severn Trent Contract Owner, and in 2019 we developed Category and Contract Manager Guidance to support with these conversations, supplementing the dedicated training already received.

This proactive approach aims to gain confidence around the measures already taken, to validate responses received from the self-certification questionnaires and to identify areas for improvement. Annual discussions are expected as a minimum, and we are planning to introduce supplier spot checks over the course of the year.

Site assessments

Conducting supplier and Severn Trent site assessments remains a key priority for us.

Our dedicated training programme ensures our contract, category and construction project managers are equipped to identify indicators of modern slavery across our supply chain, and, as a result, it is considered as part of existing supplier assessment programmes. To reinforce this, and to maximise the number of site assessments across our large supply chain, we are exploring ways to supplement assessments conducted by our compliance officers and key strategic site-based staff. This includes dedicated training and standard questions. This additional assessment will enable areas of risk to be flagged for detailed review by the Modern Slavery Working Group and a full supplier assessment to be conducted, engaging Slave-Free Alliance where required.

We recognise the need for dedicated modern slavery site assessments but, due to the impact of COVID-19 restrictions, we have been unable to conduct a joint site assessment with Slave-Free Alliance as planned for this year. When practically possible we will schedule joint site assessment with Slave-Free Alliance, which will allow us to develop this activity effectively across supplier sites and our own. Sites to assess will be determined by the outputs of our high-risk supplier assessments. We reserve the right to carry out site assessments on any of our suppliers.

Focus for 2020/21

- **Review effectiveness of our approach to supplier evaluation** – Modern Slavery Working Group to conduct spot checks
- **Roll-out self-certification across our highest risk supplier categories**
- **Dedicated engagement and monitoring** across our operational sites, construction projects and Business Services
- **Conduct modern slavery site assessments** across supplier and Severn Trent sites
- **Review and tailor tender questions** to ensure they are relevant and proportionate to the types of goods or services provided

4. Risk assessment

We're committed to reviewing our risk assessment processes annually to ensure we can effectively and promptly identify actual or potential high-risk areas, and respond accordingly.

Actions we've taken 2015-2019	Actions in 2019/20
✓ Supplier risk assessment on prioritised suppliers	✓ Formalised modern slavery as an emerging risk in our internal enterprise risk management process
✓ Heat mapping exercise of our prioritised suppliers	✓ Evolved our risk assessment process to ensure assessment beyond our prioritised suppliers
✓ Independent threat assessment conducted by Slave-Free Alliance	

Enterprise risk management process

We review the level of risk that modern slavery presents to us as a business risk annually. We believe the current level of risk to the business is low.

This year we formalised modern slavery as an emerging risk in our Enterprise Risk Management Process, considering possible remediation, reputational and financial implications should an incidence of modern slavery occur. This process investigates the risk in detail,

identifying causes, consequences and mitigating controls, enabling a formal action plan to be formed. This process mandates quarterly reporting to senior management against the risk, and progress against the mitigation actions in place. This ensures regular ongoing assurance to further reduce the likelihood of a modern slavery occurrence.



4. Risk assessment (continued)

Risk mapping our supply chain

We have worked collaboratively with Slave-Free Alliance to develop a new approach to supplier risk assessment, allowing us to understand better the true risks that exist across our entire supply chain, and not just our prioritised suppliers. This new approach also ensures that any bias inadvertently applied by Severn Trent when reviewing and scoring statements, is removed.

Scored responses from our supplier self-certification questionnaire informs our heat map, allowing us to identify those with the highest risk exposure. We will engage directly with those identified as high-risk to understand their approach better, enabling us to establish whether sufficient measures are in place to mitigate this risk.

- Our first step is to hold an in-depth discussion with the supplier, seeking further clarification and verification of their approach;
- If concerns are not satisfied, we will conduct a dedicated modern slavery site assessment, working collaboratively to agree a monitored engagement plan; and
- If the level of risk remains high after site assessment, we will refer to Slave-Free Alliance to conduct an expert-led full assessment.

For those identified as medium-low risk, suppliers may be selected randomly for a more detailed review of their approach through in-depth conversations or site assessments. We remain committed to working collaboratively with our suppliers, to seek best practice, but also to share resources, knowledge and expertise to reduce the risk of exposure.

Due to the scale of our supply chain, we have decided to stagger roll-out across our highest risk supplier categories initially, starting with Facilities Management. Based on the responses received to date, all have been identified as low risk. If we identify suppliers as high risk, we will work with them to develop and implement an engagement plan to reduce their risk exposure. Over the next year we will roll this out to our other high-risk categories, including construction, waste management and warehouse logistics and distribution.

Focus for 2020/21

- **Continue supplier self-certification and heat mapping assessment** across our high-risk supplier categories and engage further with those identified as high risk
- **Review the effectiveness** of our risk assessment approach with Slave-Free Alliance
- **Explore a proportionate approach** to mapping of our supplier chain beyond tier 1

5. Evaluating our performance

Key performance indicators (KPIs) help us to monitor and report on the effectiveness of our actions to mitigate against modern slavery.

Our KPIs have evolved in line with our approach. Over the last few years we have developed our KPIs to include both qualitative and quantitative measures, as well as outcomes not just outputs in order to provide a holistic view of performance.

Internally we have developed a dashboard against our key commitments to ensure we stay on track against our action plan. We've highlighted some of our key KPIs for 2019/20 and new KPIs for the year ahead below:

KPI	Progress
Culture For us, having the right culture is fundamental to our approach	2019/20: In 2019/20 we changed the provider of our employee engagement survey. Our employees scored us an average of 8.1 out of 10 for engagement, which placed us in the top 5% of Global Utilities. Our employees scored us an average of 8.2 out of 10 when asked "If I suffered or witnessed wrongdoing at work, I'd be confident Severn Trent would respond appropriately"
Reported cases – whistleblowing	We have had no speak-up allegations relating to modern slavery since we started reporting in 2015/16 2019/20: 0 cases of modern slavery raised through speak-up
Supplier due diligence Our highest risk of modern slavery is within our supply chain. We have evolved our approach to focus on highest risk categories	Compliance with Modern Slavery Act 2015 2019/20: We are moving towards a self-certification process, starting with our highest risk categories. New KPI 2020/21: Self-certification of our suppliers in high risk categories
	Site assessments In 2020/21 we are targeting our first on site assessments New KPI 2020/21: Number and nature of supply chain modern slavery audits
	Compliance with our process New KPI 2020/21: Number of spot checks on supplier evaluation process and findings
	2019/20: 97% of business completed bespoke modern slavery e-learning 98% of employees completing e-learning feel better equipped to raise concerns 2020/2021 target: >95% business complete company-wide e-learning and feel confident to raise concerns
Training and Communication Companywide and targeted training – focus on impact.	

Key Focus for 2020/21

We know we are on a journey of continuous improvement and have identified a number of areas of focus for the year ahead in addition to our business as usual measures to prevent modern slavery. Key areas of focus for 2020/21 will be:



Focus for 2020/21

- ✓ **Assessing risk** across our high-risk supplier categories
- ✓ **Developing engagement plans** for high-risk suppliers
- ✓ **Building our capability to conduct effective site assessments** on both our own sites and our suppliers' sites
- ✓ **Collaborating with others** in our sector to drive collective action

Conclusion

Over the last five years we have taken positive steps to mitigate the risk of modern slavery. We have a clear zero tolerance approach supported by our policies, we have clearly set out our expectations with our supply chain, and have delivered training to ensure everyone who works for us knows how to raise concerns. If a case of modern slavery is raised we have a clear standard for escalation and remediation.

We believe our approach is proportionate to the risk and we have a clear plan for the year ahead. However, we are not in any way complacent and take our responsibility to help eradicate modern slavery in our business and supply chain very seriously. We recognise the consistently changing nature of modern slavery and are committed to continually reviewing and improving our approach.

For any questions about our approach or if you want to get in touch please email: corporate.responsibility@severntrent.co.uk