

2022 Anti-Slavery and Human Trafficking Statement

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SEVERN
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Our commitment

Providing a fair, safe, and inclusive place to work is one of the pillars of our sustainability strategy. Throughout our organisation, we create a culture where people understand how to do the right thing and encourage them to feel empowered to call out wrong doing. As a purposeful company, we have a clear zero-tolerance approach to modern slavery.

Modern slavery and poor worker welfare continue to be concerns in the UK. We are yet to see the possible future effects of Brexit and the long-term impacts of COVID-19. Recruitment activity in high-demand sectors has increased in the last twelve months. Most impact has been seen so far in high-risk sectors, examples of which are, transport, logistics, waste, and facilities management.

The pandemic and increased numbers of refugees all over Europe has given traffickers more opportunities to profit from exploiting vulnerable people. Against this backdrop, employers must use robust and consistent recruitment processes to reduce the risk of modern slavery.

We continue to build on our approach, striving to improve year on year. Training and awareness are paramount, and we are proud to extend training access to all our supply chain partners. Assessing our suppliers allows us to work together with them to identify, remedy and mitigate potential risks. It is important to work with experts to tackle modern slavery. Our partnerships with Slave-Free Alliance, the Supply Chain Sustainability School and Utilities Against Slavery are vital. I thank them for their continued support.

Working with Slave-Free Alliance helps us to plan and put into place measures to ensure the safety and well-being of our people. With their help in developing training and escalation processes, our employees now find it easier to recognise a potential risk and report it. We saw this with a

potential case reported and investigated this year. We found no occurrence of modern slavery in this case, but we have included details of our investigation in this report.

But we are not complacent. We will work to make the most of the progress we have made this far. We want to keep improving, being mindful of the changing landscape and working with experts to identify and adapt to new challenges.

Modern slavery is an issue we want to firmly tackle at Severn Trent. I am confident that, working with our partners, we will continue to see success in the future.



This statement was approved by the Board of Directors of Severn Trent Plc on 6th July 2022 and is signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Liv Garfield'.

Liv Garfield
Chief Executive Officer
Severn Trent PLC

This statement, which constitutes our Group's Anti-slavery and Human Trafficking Statement for the financial year ended 31 March 2022, is made pursuant to section 54 (1) of the Modern Slavery Act 2015 (the "Act"). It is made on behalf of Severn Trent Plc and its Group Subsidiaries, namely 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 seventh statement and outlines our processes and procedures to mitigate the risk of slavery and human

trafficking during the financial year ending 31 March 2022. Our previous statements can be found [here](#). In the year under review, we had a potential concern raised about a third-party service provider which was immediately investigated, but found not to be a case of modern slavery. However, it gave us an opportunity to test the strength of our processes and procedures in this area. See "Evaluating our Performance" section for further detail. We are not complacent and remain committed to keeping our approach under continual review.

Key actions we have taken during 2021/22:

We are pleased with the progress we have made against the priority actions set out in our 2021/22 statement. The Statement will outline the Company's achievements during the year including:

Supplier Risk Assessment and Engagement Process

- We have embedded a four-stage assurance process for our suppliers. This assesses how a supplier self-certifies its own methods to identify and mitigate modern slavery risks. This continues to be rolled out across our supply chain. The process, developed and reviewed with Slave-Free Alliance, adopts a tailored approach to suppliers by size i.e., large, SME and micro-SME employers. To date, we've received over 944 responses to the self-certification questionnaire, which is approximately 31% of our overall supply chain.
- 57% of our high-risk industry suppliers (Facilities Management, Waste Management, Logistics and Warehouse and Construction) have undergone the risk-score analysis process to date. This process is used with existing and new suppliers, irrelevant of size, to assess and help mitigate their potential risks.

Applying the Real Living Wage as a Minimum Pay Rate with Contracted Suppliers

- In line with our Living Wage Employer accredited status, we continue to embed the Real Living Wage (RLW) into new contracts. This ensures all applicable employees over the age of 18 receive a minimum of £9.90 p/h as a minimum in the UK (£11.05 p/h in London).

Our Continued Commitment to Training

- In 2021, Severn Trent partnered with the Supply Chain Sustainability School (SCSS), providing access to a wide range of learning resources. This included dedicated Modern Slavery awareness training available for all organisations and employees within the Group's supply chain.
- We also provide in-depth modern slavery workshops to increase awareness among our own employees. These have been extended to include facilities managers, Front of House teams, new procurement and category managers and construction project site managers across the Group. To date, over 250 colleagues have received this in-depth training.

Refreshed Threat Assessment

- We have carried out a refreshed organisational modern slavery threat assessment (our first was conducted in 2019), self-assessing the potential risks to the Group. The assessment takes a considered view of the risks posed with a large and complex supply chain and is then independently assessed by Slave-Free Alliance. The outputs of the assessment will be used to generate and implement an action plan on future improvements.



Approach and Governance

We believe in providing a fair, safe, and inclusive place to work for our employees and for those who work in our supply chain. The societal pillar 'Helping People to Thrive' of our Sustainability framework sets out our expectations of the values and beliefs all colleagues and supply chain partners should adhere to each day.

As a result, we have a zero-tolerance approach to modern slavery in any part of our business and within our supply chain. Our approach falls under six key areas, which are outlined here.



Working with others

Collaboration is key to mitigating modern slavery, so we actively engage with other organisations to gain insight and maintain best practice.

Slave-Free Alliance

We continue to develop our working relationship with Slave-Free Alliance. They have been instrumental in our approach and in the progress, we have made in identifying and mitigating modern slavery risk. We entered our second three-year partnership in 2021, and value the insight, support and guidance provided by SFA in helping us to remain focussed and proactive in this area.

Utilities Against Slavery

We continue to sit on the Steering Group of Utilities Against Slavery (UAS), formerly known as the Utilities Modern Slavery Working Group. The Group continues to grow, with over 24 utilities organisations actively participating on the UAS.

UAS continues to share best practice and seek opportunities to develop a common approach to tackling the risk of modern slavery within each organisation and importantly their supply chains. [In 2022, the Group were shortlisted for the Reuters Stop Slavery Award for collaboration].

"Slave-Free Alliance and Severn Trent have worked in partnership for four years and we recognise their long-term commitment to addressing modern slavery Throughout the past year, Severn Trent has worked with Slave-Free Alliance to train staff on modern slavery in both the water and wider utility industries and how to spot the signs of this terrible crime. We also collaborated to proactively address a potential concern in Severn Trent's supply chain but found no confirmed modern slavery cases."

Marc Stanton,
Director of Slave-Free Alliance.



**SLAVE-FREE
ALLIANCE**

Working Towards a
Slave-free Supply Chain

Approach and Governance (continued)

Supply Chain Sustainability School

In 2021, Severn Trent partnered with the Supply Chain Sustainability School (SCSS). This provides access to a wide range of learning resources, including dedicated Modern Slavery awareness training for all organisations within the Group’s supply chain. This is especially relevant for SME organisations who may not be able to provide modern slavery awareness and training for their employees.

In conjunction with UAS, SCSS hosted a series of five lunch and learn sessions focused on key aspects of modern slavery awareness and mitigation. Members of our supply chain were invited to attend.

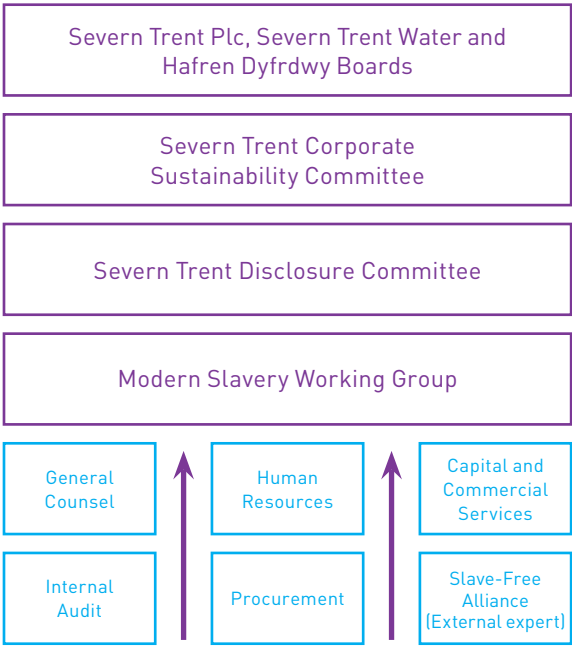
Alignment across our businesses

As we continue to identify and address the potential risk of modern slavery, we strive to ensure our approach is aligned and consistent across the Group.

Suppliers within each business area receive the same level of focus and support, with all suppliers undergoing the same due diligence process. We tailor activities appropriately to the size of each organisation to ensure a fair, reflective, and relevant approach. We provide all suppliers across the Group with access to SCSS training and workshops which cover a range of topics including modern slavery awareness.

All communications and training materials continue to be shared both across the Group and externally with our suppliers. This standardised approach ensures we are doing our utmost to provide all colleagues and suppliers with, as minimum, a basic understanding of the risk of modern slavery and what to do if a concern is be raised.

Governance structure



1. Our business and supply chain

Our business

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

Our Green Power business generates renewable energy from food waste anaerobic digestion, crop anaerobic digestion, hydropower wind turbines and solar technology; and we draw upon our skills in water and waste treatment to provide similar services to other organisations through Severn Trent Services. This includes contract services to municipal and industrial clients in the UK, including the UK Ministry of Defence, for the design, build and operation of water and wastewater treatment facilities and networks.

Our supply chain

Due to its complexity and breadth, our supply chain is the element within our organisation that poses the highest risk of modern slavery. Using guidance from the Gangmasters and Labour Abuse Authority (GLAA) and Slave-Free Alliance we identify the following categories to be our highest risk areas:

- **Facilities Management;**
- **Construction;**
- **Waste Management; and**
- **Warehouse, Distribution and Logistics.**

We have a clear zero-tolerance approach to modern slavery and expect all our suppliers to adopt our high standards in identifying and mitigating the risk of occurrence. We are committed to working collaboratively with our suppliers, irrelevant of the stage in their modern slavery journey. Read more about our approach in section "Supply Chain Due Diligence".

Our workforce

We directly employ 7,228 people, across 119 UK sites, most of them at locations across the East and West Midlands, as well as in North and Mid-Wales.

Total Employees	7,432
	<small>including Contractor and temporary</small>

Office Based Employees	3,705
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Operational Employees	3,523
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Permanent Staff	7,228
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Contractors & Temps	204
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Numbers average over 2021/22

To enable our Group companies to deliver our operations responsibly, we engage with c. 3,000 supply chain partners and spend £1.2 billion on a vast range of services and materials. Our supply chain constitutes direct and subcontracted parties, who work with us to construct, operate, and maintain our water and sewage treatment works, provide security and cleaning services and interface with our customers daily.

Over 99% of our supply chain partners are based within the UK, which equates to more than £1.188 Billion of our total annual spend.

We recognise that modern slavery can and may occur in any category of service provision. We therefore continue to exercise due diligence with all suppliers.

2. 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.

Our main aim is to create a culture where everyone understands the importance of doing the right thing. This is central to everything we do in terms of recruiting, developing, and rewarding our people.

At the same time, we support our people in being able to recognise and call out wrongdoing whenever they come across it. They are our eyes and ears on the ground and in every part of our business. We create an open environment where people are not only encouraged but empowered to do exactly this. Our purpose, Values and Group Policies therefore have a strong, measurable link to doing the right thing.

Our purpose-built training Academy, Hawkseley Park, provides our employees with access to a vast syllabus to develop skills through our technical and online learning modules, encouraging employees to expand their existing skill set.

Our Values

Our purpose of 'taking care of one of life's essentials' encapsulates our goal to look after one of our most precious resources. At the same time, it underlines our responsibility to take care of the environment, while helping people to thrive and being a company our customers can trust.

Our purpose is underpinned by four core values, which describe the behaviours we expect from each of our employees, contractors, temporary staff, and our supply chain: Showing Care, Having Courage, Being Curious and Taking Pride. Each of these are particularly relevant to the subject of modern slavery:

- **Showing Care:** having empathy and recognising when an individual may be vulnerable to modern slavery or other forms of coercion.
- **Having Courage:** being willing to speak up without fear of reprisals.
- **Being Curious:** a willingness to investigate and ask questions about given situations.
- **Taking Pride:** having a sense of what is and what is not acceptable at Severn Trent.



2. Our values, people and policies (continued)

Our people

At Severn Trent, one of our wonderful assets is our inclusive and open culture. We invest in our people and our management to build upon and develop this culture, where everyone should feel that they can bring their true self to work every day. We believe our culture makes us distinctive and allows us to have an engaged workforce, delivering exceptional services to all stakeholders.

When asked “If I suffered or witnessed wrongdoing at work, I’d be confident Severn Trent would respond appropriately,” our employees scored Severn Trent 8.5 out of 10 at our November 2021 annual survey conducted independently by employee engagement specialists Peakon.

In addition, the most recent employee engagement score placed Severn Trent in the top 10% of global and energy utilities. Along with our embedded values, we believe this is evidence of a culture where people feel comfortable to challenge and raise concerns, confident they will be listened to, taken seriously and see appropriate action taken as required.

Our Group HR Policy sets out our commitment to treat all employees fairly, protect their human rights and recruit in line with the requirements of the Modern Slavery Act 2015. We consider the overall risk of modern slavery within our workforce to be low due to the nature of our work, and the robust pre-employment checks we have in place.

Many of our employees are in permanent, office-based roles. The relatively low number of temporary employees and contractors we have are predominantly office staff who are considered low risk.

As part of our recruitment and on boarding process, we conduct thorough compliance checks for all workers, including temporary staff.

For more information on our compliance checks and internal controls, please refer to section “Supply Chain Due Diligence”.

- Our employees scored us **8.2 out of 10** for engagement, placing us in the top **10% of global energy and utilities companies** globally as benchmarked by Peakon.
- Our employees scored us **8.5 out of 10** when asked “If I suffered or witnessed wrongdoing at work, I’d be confident Severn Trent would respond appropriately.”
- Around half of our employees are in permanent, office-based roles and our 204 temporary employees and contractors are predominately made up of office staff supporting our customers, which are considered low risk.

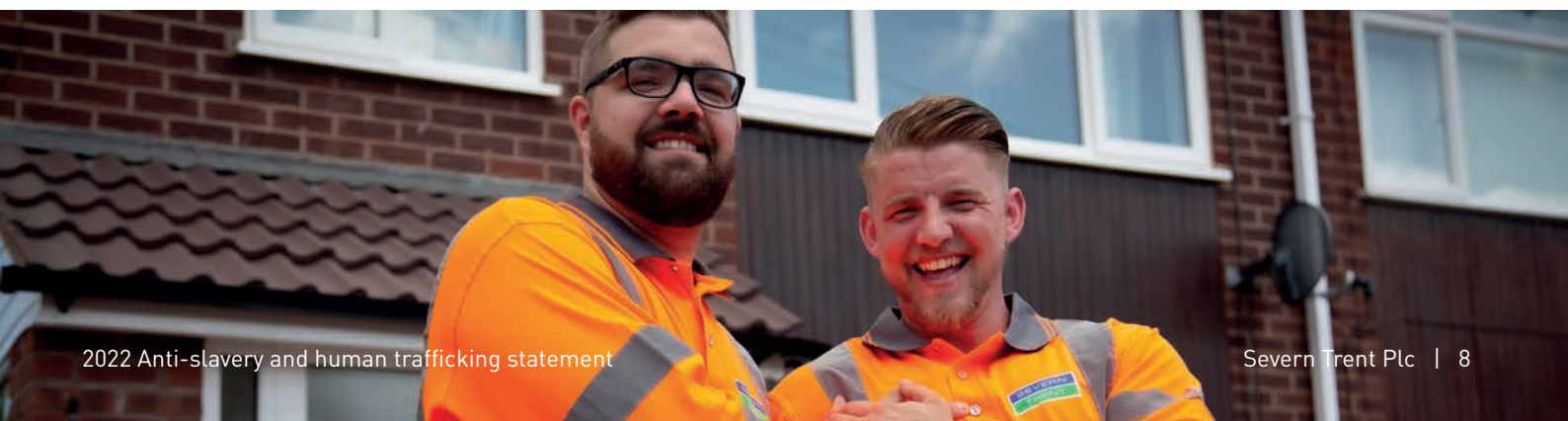
Real Living Wage Employer

All colleagues across Severn Trent are paid in line with the Real Living Wage (RLW), for which we hold accreditation. In addition, none of our direct workforce are on zero-hour contracts.

We continue to work with our contracted suppliers to embed the RLW as a minimum hourly salary, with embedded clauses for all new contracts as standard. We developed contract clauses to ensure all annual increases of the RLW are applied within the appropriate timeframe for each contract term.

We regularly communicate and encourage the adoption of the RLW rates to our suppliers. This raises the profile of the RLW and our accredited status, and encourages our suppliers to seek accreditation with the Living Wage Foundation directly. An increased number of suppliers are in the process of achieving accredited status, testament to this heightened engagement.

Additionally, we provide colleagues with guidance and details of our accredited status, to help them raise further awareness and embed the RLW within our supply chain.



2. Our values, people and policies (continued)

Our policies

Our zero-tolerance approach to modern slavery is supported by our Group policies, which are regularly reviewed and extend across our supply chain. Our policies are embedded within the business and form a central part of our company induction. We continue to communicate and raise awareness of these policies through our intranet, internal campaigns and with our supplier partners. Our key Group policies can be found on the Severn Trent [website](#).

Key policies that support our zero-tolerance approach:

Group Human Resources policy

At Severn Trent we are dedicated to maintaining a work culture that is diverse and inclusive which makes the most of everyone's growth potential. We want to provide our employees with the best possible working environment, ensuring they achieve their potential and work to the best of their ability.

Employee rights

At Severn Trent we believe it is critical to have open conversations with our partners about business decisions impacting our workforce. We have developed strong partnerships with our three trade union groups (Unison, GMB and Unite), and we use regular Company Forum meetings which are attended by our Executive Team and our Board, to discuss these elements.

One of the critical responsibilities of the Company Forum is to cover collective bargaining between the Company and its recognised trade unions. Any agreements which involve significant changes in pay or other conditions of employment are referred to the Company Forum for approval. This covers approximately 95% of our employees. It does not cover middle and senior managers or employees of Severn Trent Services.

We acknowledge the right of all employees to freedom of association and collective bargaining. We seek to foster constructive cooperation between employees, our management team, and recognised Trade Unions. This ensures that potential impacts to all groups are considered and represented in any major change programme.

Almost 20% of our employees contribute to recognised trade unions through their salary. Actual membership figures cannot be confirmed as employees can also choose to pay their union membership via direct debit.

Case study

This year we investigated a modern slavery concern raised by a member of staff, who identified a perceived risk at our Coventry office. The member of staff had completed the company modern slavery e-learning assessment and flagged a concern after they witnessed several key indicators for a subcontractor of a Severn Trent supplier. The Group's escalation and remediation policy was implemented in response to the reported concern and the Slave-Free Alliance were engaged to investigate the supplier in question.

The outcome of the investigation identified no evidence of modern slavery activities within the supplier's organisation but did highlight worker welfare concerns within a subcontracting organisation.

Support and guidance were provided to the supplier, including the development of a detailed action plan to address concerns. The supplier put into place recommended activities with its subcontractor directly, as a standalone activity external to their relationship with Severn Trent.

Prior to the investigation, the supplier was already in performance-related discussions with the subcontractor, and independent to the investigation outcomes has since terminated their working relationship with the contractors. We are working with the supplier to progress specific recommendations received from Slave-Free Alliance, to strengthen their policies and approach. These recommendations are the subject of continual monitoring and are being tracked through to completion by the Commercial and Procurement Team.

The investigation concluded that the Group's e-learning module and Group-wide escalation process provided colleagues with a clear understanding of potential risk indicators. It also instilled confidence in employees to report concerns to ensure the safety of those within the Group and our supply chain. We have made the colleague who raised the initial concerns aware of the outcomes of the investigation, recognising the courage to speak out about a situation witnessed. The team will also undertake the in-depth modern slavery training conducted by Slave-Free Alliance.

Notwithstanding this outcome, we are not at all complacent. Work is underway to raise awareness of the risks of modern slavery, and, most importantly, how to recognise potential occurrences and escalate concerns as quickly as possible.

2. Our values, people and policies (continued)

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 these 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 and sets the tone for the organisation. Everyone who works for, and with, us is required to comply with the Code and our values and undertake the company-wide e-learning modules. Currently, 99% of employees have completed this e-learning module (against a 95% target). We continue to promote our 'Speak Up' Policy and helpline as further described below.

'Speak Up' Policy

We aim to do things in the right way all the time and encourage colleagues to speak up to make sure we never fall below this standard. We believe our Values are an essential and vital part of the life and culture of our company, which is why we take seriously any reports about illegal practice or inappropriate

conduct. We believe all must play their part to achieve the highest standards of legal and ethical behaviour. We must always strive to do things the right way, the Severn Trent way.

Our Group Speak-Up Policy applies to all employees, contractors, temporary staff, and agency workers working on behalf of the Group.

We encourage and empower colleagues to Speak-Up if they are worried about wrongdoing affecting our company, customers, colleagues, or suppliers. Any concerns can be discussed directly with line managers, a senior executive, or via the confidential and independent helpline 'SafeCall'. [In 2022, we will be also be launching an online facility for concerns to be raised].

Escalation and Remediation policy

In 2020 we published our [Escalation and Remediation policy](#), setting out our response to any instance of modern slavery concerns at Severn Trent. This policy is victim-centred and flexible, allowing us to respond on a case-by-case basis. This is communicated through our internal channels and across our supply chain on a regular basis to ensure all colleagues know how to escalate concerns. For more information, see section "Training and awareness".



3. Supply chain due diligence

With around 3,000 supply chain partners, we recognise our responsibility and ability to inform, engage and support our suppliers in tackling modern slavery. We align our internal processes, including recruitment checks, to our tailored and proactive supply chain due diligence processes to ensure we maintain an effective approach.

Our supply chain

We work collaboratively with our suppliers to understand, support, and develop their approach to mitigate the risk of modern slavery within their operations and across their supply chain.

To date we have had one potential case of modern slavery within our supply chain raised and investigated. The investigation did not identify any modern slavery activities but did highlight concerns about worker welfare within a subcontracting organisation. Further details of the investigation can be found in section “Training and awareness”.

Our direct supplier contracts are predominantly held with UK companies. We continue to identify our highest modern slavery risk supplier categories, as indicated by the Gangmasters and Labour Abuse Authority (GLAA) as: Facilities Management, Waste Management, Construction and Warehouse and Logistics. However, as modern slavery can occur in any industry, we continue to monitor and assess all supplier categories and engage with suppliers across categories to assess potential risks.

Our Escalation and Remediation Policy provides a thorough and transparent process to investigate any concerns raised within Severn Trent or our supply chain. We actioned this process in 2021, following a concern raised about a supplier which ultimately turned out to be unfounded.

Sustainable Supply Chain Charter

Our [Sustainable Supply Chain Charter](#) is derived from our Sustainability Framework. It sets out for our suppliers the key principles and behaviours we expect to be adopted and embedded when working for and on behalf of Severn Trent. We review and update the Charter as necessary to ensure it reflects our ongoing commitment to make positive impacts on the communities we serve, care for our environment and help the people who enable this to thrive.

The Charter clearly sets out the expectation that employees within our supply chain are always treated fairly, ensuring their working conditions, working hours and wages always comply with the UN International Labour Organisation standards.

Since the launch of the Charter in 2016, over [1,100] Group suppliers have actively agreed to adopt and support the principles outlined in the Charter.

Supplier evaluation

When selecting new suppliers, we test and examine their modern slavery awareness and risk mitigation from the early stages of the process.

Throughout the tender process, we ask suppliers to summarise how they undertake risk assessment, supplier due diligence, training awareness and recruitment. The output of this assessment provides insight on areas of improvement which we can work with them on, should a contract be awarded.

We will always work with suppliers to develop, maintain, and improve their approach to mitigate modern slavery risks. We provide improvement plans and access to expert resources such as Slave-Free Alliance and the Supply Chain Sustainability School. We expect all suppliers to respond positively to our expectations, regardless of the goods or services they will be providing.

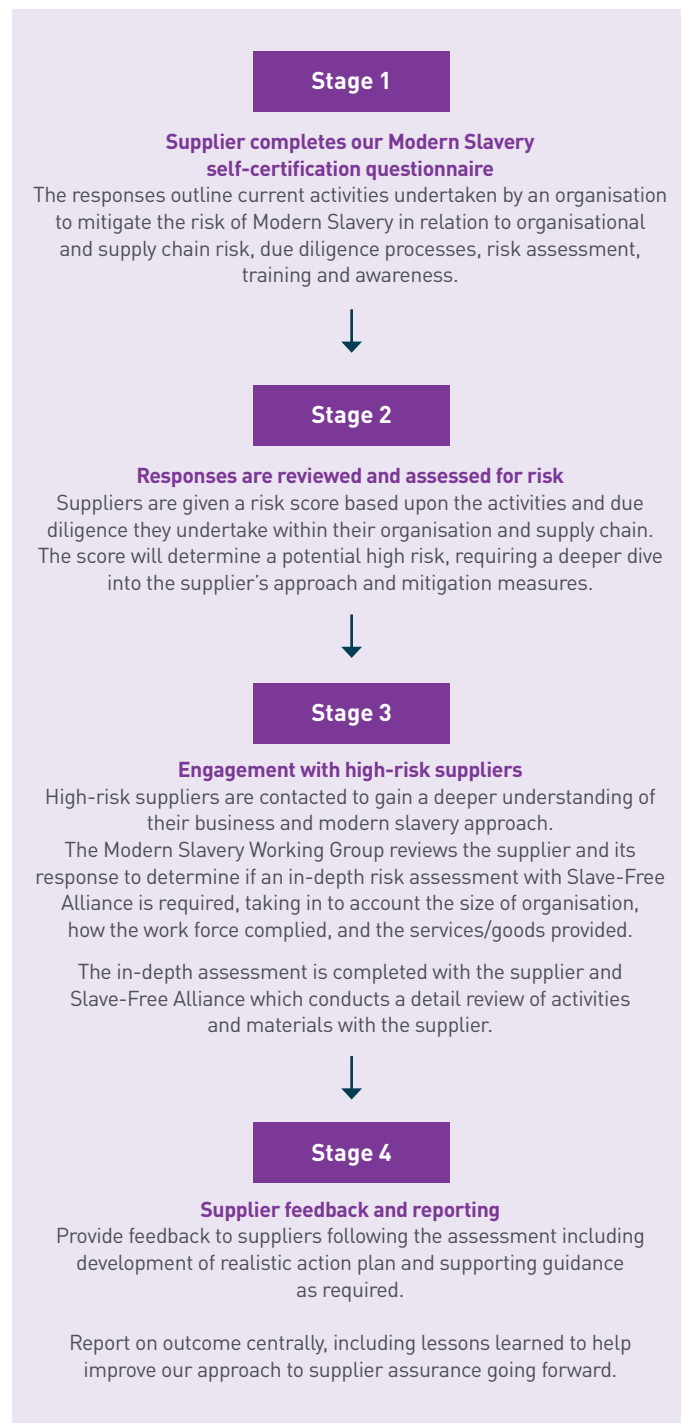
We explicitly expect our suppliers to comply with the Modern Slavery Act. Our standard contractual terms and conditions include pre-employment checks, and commitment to our Sustainable Supply Chain Charter principles.

As well as using our existing internal SAP systems, in January 2022, we entered a relationship with EcoVadis, an independently verified sustainability assessment tool. This will enable detailed insight with those suppliers who undertake the annual assessment. It provides an additional view of the potential risk profile of our suppliers and the support we may be able to provide them in mitigating modern slavery risks. Over 80 of our contracted suppliers are registered with EcoVadis, 35 of which have already completed the assessment process for 2022. See section “Risk Assessment”, for more information.

3. Supply chain due diligence (continued)

Supplier due diligence and site assessments

To help identify the level of risk within our supply chain and the measures they have adopted to mitigate the potential of this risk materialising, we ask all our suppliers to complete our modern slavery assessment and assurance process. The four-stage process is as follows:



Stage 1

Each supplier completes a self-certification questionnaire, providing an outline of their current approach to modern slavery awareness, education, and risk assessment of their own supply chain and recruitment processes.

We issue the questionnaire to suppliers, across all categories regardless of size of organisation. We rolled out the questionnaire beyond the four high-risk categories (construction, facilities management, tankering and waste management, and warehouse and logistics) as we are very conscious that the risk can arise in any industry.

Issuing the questionnaire to all suppliers has generated a positive response, and provided another gateway for suppliers to engage, seek assistance and assurance that they are applying the right behaviours and activities. In particular, the SME and micro-SME suppliers have been very proactive in asking for reassurance or support in addressing any gaps they may have.

Stage 2

This stage focuses on the review and assessment of the level of risk a supplier may potentially be exposed to. We review the responses and an automated risk score is applied, feeding into a heat map. The automation of the risk scoring removes the risk of inadvertent scoring bias, ensuring a standardised and fair approach is applied to all scores.

High-level information is compiled on each high-risk scoring supplier, such as volume of employees, employment structure, turnover, and services provided. This information is then reviewed by the Modern Slavery Working Group and Slave-Free Alliance to identify those suppliers who should undergo the third stage of this process.

Due to the large volume of suppliers, it is not feasible to conduct an in-depth assessment for all suppliers, and so priority will always be given to high-risk scoring suppliers in the first instance, with lower risk scoring suppliers selected for assessment on a randomised basis.

Suppliers who are not selected in the first instance for an assessment will receive tailored guidance and suggestions to improve their approach and minimise any gaps identified in the questionnaire. We communicate to all suppliers regularly about modern slavery, advising of changes to legislation, sharing engagement materials and training opportunities to inform and engage staff about modern slavery risks.

Stage 3

We invite selected suppliers to attend an in-depth risk assessment conducted by Slave-Free Alliance as result of their self-certification questionnaire response. This is a collaborative, supportive assessment with the shared aim of understanding, identifying, and working together to close any gaps in a supplier's approach.

Using their specialist knowledge, a Slave-Free Alliance expert leads the supplier through a discussion to detail the activities and processes they have in place with their direct employees and supply chain. This covers all areas including training and awareness, due diligence and risk assessment.

Slave-Free Alliance can thoroughly test the risk exposure level in a safe, constructive, and informative manner, providing immediate feedback and improvement action plans with the supplier as required. To date these assessments have provided assurance for both Severn Trent and the suppliers that the correct processes and policies were in place, resulting in no follow-on actions.

A process is also in place for site assessments, should the in-depth assessment prompt a concern or it is identified an escalated approach is required. In the event a supplier presents an extremely high level of risk or concern, Slave-Free Alliance and the Modern Slavery Working Group will conduct an on-site assessment immediately to assess the situation and address any concerns.

This has been developed with Slave-Free Alliance and takes into consideration the mature approach to modern slavery mitigation that many in our supply chain have already undertaken and are progressing.

Stage 4

We are committed to ensuring we report and confirm the assessment outcome for suppliers and continually evaluate our approach. Communicating agreed action plans and timeframes for completion with suppliers is an important stage of the process, and we continue to support our suppliers on their modern slavery mitigation journey.

As with all processes, we review our supplier due diligence process with Slave-Free Alliance annually, with a view to update as appropriate to make sure it remains effective and reflects any changes to the risk landscape.

3. Supply chain due diligence (continued)

Due diligence of our employment practices

We work with suppliers who provide temporary staff to our business to ensure they adopt the same compliance checks for all workers as part of our recruitment and on-boarding process. We continually review our internal controls and risk management processes to reduce potential risks where possible. These include, but are not limited to:

- **Right to Work Checks;**
- **Criminal Convictions Checks;**
- **Adverse financial check for permanent employees; and**
- **Occupational Health Checks.**

We carry out additional due diligence to protect our employees with checks on multiple use of addresses and bank accounts. If a concern is identified, our HR team will make confidential and appropriate contact with the affected persons to confirm the situation in a sensitive manner before escalating if required. The successful completion and passing of these tests are a prerequisite for a permanent employee to start working with us.

For our temporary and contractor staff, 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. Our agreed contractual approach is to ensure subcontractors adopt the same level of pre-employment checks that are required for direct employees.

We conduct an annual audit of temporary and contractor staff to ensure the right level of pre-employment processes were completed. 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. In this year's audit, no concerns were found.

We continue to review our recruitment process for both permanent and temporary recruitment (direct and indirect staff) with Slave-Free Alliance. The purpose of our review is to validate our approach and determine any areas of risk or best practice to be incorporated. The outcome of our discussions continues to confirm we have robust and rigorous recruitment processes in place, supporting our focus on reducing risk and exposure to modern slavery.

We expect all subcontractors to adopt the same level of pre-employment checks that are required for direct employees, and in 2021 enhanced our contractual terms to reflect this for all new contracts. This year we will explore opportunities for further proactive employee checks as identified through ongoing conversations with Slave-Free Alliance. This may include a review of potential indicators linked to modern slavery and other forms of abuse, alongside the introduction of a formalised process for wellbeing interviews.

Internal Audit

Following on from the review of our modern slavery approach in 2019, we have applied all the recommendations suggested by the Internal Audit to supplement the effective status awarded. We will engage with the team this year to conduct a further review of our approach to ensure we have maintained our standards and to identify any potential gaps in our processes.



4. Risk assessment

We review our risk assessment processes annually. This provides confidence in our ability to identify and act upon actual or potential high-risk situations.

Enterprise Risk Management process

We are committed to reviewing our business risks quarterly, including the level of risk which modern slavery may present to us. We review in detail the risk, causes, consequences and most importantly, controls we can apply to mitigate the risk from occurring. The outcome of this review is recorded at Enterprise Risk Management level and considers the reputational and financial risk impact to the Group in the event of an incident occurring.

We believe that the key risk indicators used to monitor the effectiveness of the controls applied are satisfactory and the risk to business is low. On completion of each quarterly update, the risk register is reviewed and signed off by senior management. This regular ongoing assurance is another stage undertaken to thoroughly review and minimise the likelihood of a modern slavery occurrence.

Risk mapping our supply chain

We continue to risk map our supply chain through several processes.

All suppliers are assigned a category based on the materials or services which we predominantly procure from them. Each category is managed by a Procurement and Contract Management specialist, including the supplier approval and onboarding process. Suppliers are mapped to understand their base location and the location from which the products and services are sourced. Most of our suppliers are based within the UK.

Within SAP Ariba, our new procurement and contract management system, we have launched the Ariba risk assessment module which provides a new and enhanced method of mapping live, current data on our registered suppliers. The live feeds include:

- Google newsfeeds;
- Direct links to the financial assessment Dunn and Bradstreet reports;
- Supplier country scores derived from the World Economic Forum Scores; and
- Environmental and social reviews including labour compliance.

To further assist in the management of potential risk, contracted suppliers undergo a continual risk assessment and heat mapping process, monitored by a team independent to the Procurement and Contract Management team. The top 50 high-risk suppliers identified through this process are flagged to the responsible specialists. They conduct a deeper risk assessment and continued monitoring of the supplier, including a focus on modern slavery and worker welfare.

We have also partnered with EcoVadis, a sustainability assessment tool, which conducts a thorough annual assessment on registered suppliers across 21 sustainability issues, including modern slavery; providing an additional lens through which to understand their risk profile. EcoVadis assessments score and generate an action plan to close gaps identified and further support our suppliers on their journey to mitigate potential risk. The EcoVadis system interfaces with SAP Ariba, automatically uploading supplier information to one database for registered suppliers.

This will allow us to assess and understand the current position of suppliers on their modern slavery mitigation and identify suppliers who require an increased level of focus across our whole supply chain, and not just those within previously determined high-risk categories.

The questionnaire has been designed to collect insight beyond Tier 1, for example, due diligence employed during the recruitment of Tier 2 suppliers, pre-employment checks and the sourcing of materials outside of the European Economic Area. We recognise this insight is limited and will explore further opportunities to map beyond Tier 1 once all our direct suppliers have undergone this process.

Continuing our partnership with Slave-Free Alliance has enabled a continuous and consistent approach to improving the activities we undertake to mitigate the risk of modern slavery. Honest and frank challenge and review are integral to our approach. More information can be found in section “Supplier Due Diligence”.

5. Evaluating our performance

We have developed the below Key Performance Indicators (KPIs) to help us to monitor and report on the effectiveness of our actions. We also monitor a wider range of metrics internally. Our KPIs have evolved in line with our approach, and we have included both qualitative and quantitative measures to provide a holistic view of our performance.

Key KPIs for 2021/22:

KPI	Progress
Culture Having the right culture is fundamental to our approach	2021/22: Our employees scored us 8.2 out of 10 for engagement, placing us in the top 10% of global utilities. Our employees scored us 8.5 out of 10 when asked "If I suffered or witnessed wrongdoing at work, I'd be confident Severn Trent would respond appropriately." [0.7 above benchmark]
Reported cases – whistleblowing	One concern raised and investigated. A potential modern slavery concern was raised by an office-based employee in relation to a tier 2 subcontractor of a Severn Trent supplier. Several key indicators were identified, recognised as such from the company modern slavery e-learning the employee had previously completed. The Group's escalation and remediation policy was initiated, and Slave-Free Alliance were engaged to investigate the supplier in question. The outcome of the investigation determined that this was not a case of modern slavery. However, support, guidance, and recommendations were provided to the supplier to improve their mitigation activities.
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	We have continued to implement our due diligence approach. Our supplier self-certification questionnaire has now been completed by 249 (57% against target of 60%) high-risk category suppliers, and 571 across all categories.
Training and Communication Companywide and targeted training –focus on impact	2021/22: [99%] of employees completed bespoke modern slavery e-learning (against 95% target).



6. Training and awareness

We have always valued the importance of training employees to identify any instance of modern slavery and escalate through the appropriate channels. The training continues to be received positively, and we continue to provide it to all colleagues completing our bespoke e-learning module. More in-depth training and awareness is available for employees and suppliers through our partnership with the Supply Chain Sustainability School. The value of the training can be evidenced by the fact that it led to our first potential concern of a modern slavery risk to be reported and escalated through our remediation and escalation process.

Targeted training

We work closely with Slave-Free Alliance, annually reviewing our approach and training provision. Their expertise ensures our training programme is current, relevant, targeted, and appropriate whether it is used in a company-wide e-learning module or more in-depth training for specific roles.

We collaborated with Slave-Free Alliance to develop our bespoke e-learning module, which provides colleagues with an overview of modern slavery, how the risk is relevant to our business, the red flag indicators, and how a concern should be raised.

Our completion rate for the company-wide module continues to remain high at [99%]. Completion is now also mandatory for our Customer Contact Centre colleagues, who had previously been excluded during the roll-out of the module. All new starters receive the e-learning module in their company induction portfolio, with all employees refreshing their knowledge of the module every three years. As evidenced in our case study, the training modules are an important part of providing employees with the right level of knowledge, understanding and confidence to identify a potential modern slavery occurrence and more importantly to raise the concern.



Further to the e-learning training, we continue to engage Slave-Free Alliance to host in-depth training workshops for several identified key roles within the organisation who work with suppliers. The roles include:

- **Procurement and contract managers and specialists**
- **Construction project and site managers**
- **Front of house and facilities management**
- **Operational site managers**

The half day workshops are refreshed annually. They transitioned to virtual sessions during the COVID-19 pandemic to ensure that this important additional training provision was not impacted. Two workshops have taken place already in 2022, with a further two scheduled as we continue to roll out the training to newly identified roles and to employees new to existing identified roles.

Our accreditation to the Chartered Institute of Procurement & Supply

Procurement and contract managers and specialists also complete the CIPS Ethical Procurement Module annually, which includes a focus on human rights, exploitation and forced labour. The Severn Trent Procurement and Commercial team have successfully achieved the CIPS Ethics Mark for two consecutive years.

Training provision is not limited to employees. The Severn Trent and Hafren Dyfrdwy Board Members are also required to complete the modern slavery e-learning module and receive customised in-depth training sessions. Slave-Free Alliance are invited to attend each Board to provide updates on the current landscape when required, the potential risk exposure for the ST Group and an opportunity for open and honest discussions with the anti-slavery experts. Slave-Free Alliance last attended both of the Boards in 2020.

Additional training for colleagues, and in particular our supply chain, is offered in form of access to the Supply Chain Sustainability School (SCSS). All suppliers have access to the facilities of the school – e-learning, workshops and lunch and learn sessions on a host of subjects including modern slavery.

This year, in collaboration with Utilities Against Slavery, the school held an additional five modern slavery focused lunch and learn sessions open to all

6. Training and awareness (continued)

registered organisations. Suppliers are regularly reminded of this access and are encouraged to use the free learning for their employees. We're proud to be able to extend access to the school to all our suppliers and employees, particularly the SME and micro-SMEs who may not be able to provide access to training for every individual across all key people and welfare topics.

Keeping it alive: Ensuring we talk about modern slavery, so everyone is aware

In addition to the training provided to employees, we continue to raise awareness of modern slavery through internal channels. This includes reminders of the indicators and how to report a concern, anti-slavery week, and details of the 2021 investigation.

Modern slavery awareness is built in to both internal and external communications plans. This gives us a platform to share updates, case studies, training events, and expert advice. We

use newsletters, emails, posters, and intranet articles. We can tailor information to the audience and make it relevant and topical to other events happening at the time.

Our Supply Chain

We work to identify opportunities to engage and raise awareness of modern slavery with our suppliers. Our aim is to support them to recognise gaps in their approach, and importantly how to mitigate potential risks.

This is informed by the suppliers' responses to our modern slavery self-certification questionnaire (see Supplier Due Diligence section). In some instances, suppliers may be recommended to register with the Supply Chain Sustainability School to complete modern slavery training. We will continue to engage, communicate, provide access to expert advice, and collaborate with suppliers to support on their modern slavery journey.

Activities include:

- Active encouragement of suppliers to engage with and complete complimentary modern slavery training and awareness modules;
- Highlighting of the current modern slavery landscape and issues, promotion of our Escalation and Remediation Policy and signposting to recognised expert tools and resources in our Supply Chain Sustainability Newsletters;
- Set expectations around our Sustainability Framework, including tackling modern slavery, with new suppliers at our supplier on-boarding events and our Capital Delivery Supplier Summit event;
- Reviewed questionnaire responses to produce tailored communications and resources for suppliers who identified they had minimal or no channels in place to inform and engage their workforce on the risks of modern slavery and how to raise concerns. See more in "Risk Assessment" section; 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.

Key focus for 2022/23

We know we are on a journey of continuous improvement and have identified several areas of focus for the year ahead in addition to our business-as-usual measures to prevent modern slavery.

Key areas of focus for 2021/22	Actions progress 2021/22	Key areas of focus for 2022/2023
<ul style="list-style-type: none"> ✓ Explore opportunities to conduct further proactive employee checks as identified through ongoing conversations with SFA. This may include potential indicators linked to modern slavery and other forms of abuse, alongside the introduction of a formalised process for wellbeing interviews. 	<ul style="list-style-type: none"> ✓ Employee checks processes embedded and audit conducted with suppliers conducting employability checks. 	<ul style="list-style-type: none"> ✓ Continue to work with Slave-Free Alliance to embed recommendations to expand proactive employee checks within our processes, including a formal process for employee wellbeing checks where required.
<ul style="list-style-type: none"> ✓ Investigate the potential to flag supplier's modern slavery status, e.g. automated annual modern slavery review on SAP Ariba. 	<ul style="list-style-type: none"> ✓ Launched Risk Assessment module in SAP Ariba, and our new Supplier Sustainability Assessment Platform, EcoVadis to further identify social and economic risk associated with our supply chain, and their approach to managing Modern Slavery risk. 	<ul style="list-style-type: none"> ✓ Seek opportunities to use new insights gained from both SAP Ariba Risk Assessment module and EcoVadis Supplier Sustainability Assessment to strengthen our approach to supplier modern slavery risk assessment.
<ul style="list-style-type: none"> ✓ Continue regular and ongoing communications and engagement with internal teams and supplier partners, specifically to improve modern slavery awareness & engagement at site level (e.g., site induction, awareness, posters). 	<ul style="list-style-type: none"> ✓ Delivered company-wide awareness communications throughout the year including dedicated training from SFA, sessions facilitated by the Supply Chain Sustainability School, and a campaign in support of Anti-Slavery Week for both colleagues and supplier partners. 	<ul style="list-style-type: none"> ✓ Continue to maintain modern slavery awareness and engagement across ST Group employees and supplier partners, particularly at site level, through regular and ongoing communications; developed and delivered in partnership with SFA, the Supply Chain Sustainability School and Utilities Against Slavery.
<ul style="list-style-type: none"> ✓ Continue to work with SFA to help our risk mapping beyond Tier 1 suppliers. 	<ul style="list-style-type: none"> ✓ Focused on embedding and improving our existing process across our tier 1 suppliers, including a greater understanding of supplier partners outside of the UK. Through our refreshed threat assessment, we recognise the need to progress and improve our approach to risk mapping to ensure relevant and proportionate. 	<ul style="list-style-type: none"> ✓ Review and identify opportunities to improve our approach to risk assessment; through our partnership with Slave-free Alliance and new insights gained through SAP Ariba and EcoVadis. We will also explore collaborative opportunities with members of Utilities Against Slavery.

Key focus for 2022/23 (continued)

Key areas of focus for 2021/22	Actions progress 2021/22	Key areas of focus for 2022/2023
✓ Test effectiveness of due diligence approach across our business and supply chain.	✓ Continued to embed the due diligence process across the supply chain to ensure an appropriate and cross-sectional sample of responses across all supplier category can be used to test the effectiveness of the due diligences process.	✓ Review and improve our approach to supplier due-diligence as identified through our refreshed Threat Assessment with SFA, including obtaining a greater understanding of supplier employee data and working patterns.
✓ External review of our progress through a refreshed threat assessment.	✓ Refreshed threat assessment completed and reviewed by Slave-Free Alliance. SFA confirmed that our approach remains effective, with 1 improvement action to be implemented in relation to our due diligence process.	✓ Implement recommendations identified through our refreshed Threat Assessment, including [improvements to our due-diligence approach]. Through regular engagement with experts, Slave-free Alliance, we will continue to ensure our approach meets and remains effective against any changing demands.
✓ Explore and identify further training needs both internally and in our supply chain.	✓ In addition to our existing programme, we promoted events and training modules delivered by partners, Supply Chain Sustainability School, to both employees and suppliers. This included targeted communication with suppliers who identified a gap in their existing training provision, through our due diligence process.	✓ Through our Modern Slavery Working Group, and partnership with Slave-free Alliance we will continue to review and evolve our existing training, as well as assess additional training needs for both employees and suppliers; to ensure relevant, proportionate and reflective of the current landscape and associated threats. In addition, we will continue to promote external training opportunities delivered by the Supply Chain Sustainability School.
✓ Continue to evolve our training in collaboration with SFA, ensuring it remains relevant and effective.	✓ Utilising expert insight from SFA, we have reviewed and updated, where needed, our training material for our e-learning module, dedicated half-day workshops ahead of delivery, as well as dedicated awareness communications/sessions to ensure relevant.	
✓ Explore collaborative opportunities for supplier training and awareness through the Utilities Sector Modern Slavery Working Group	✓ Through the Utilities Against Action Working Group, identified supplier training needs and delivered a series of deep-dive training sessions on a wide range of modern slavery topics including trends, statement, due diligence and risk assessment. These sessions were available for all supplies to attend.	✓ Continue to monitor and assess supplier training needs, and opportunities to address these through the Utilities Against Action Working Group.

Conclusion

Ensuring we conduct our responsibilities under the Modern Slavery Act 2015 underlines the importance to us of protecting everyone who works for us. During the last seven years, we have worked to educate and inform our employees and supply chain about modern slavery and the responsibilities we all must undertake to mitigate the risk of occurrence.

We have embarked on a series of positive steps over the past seven years, from developing training pathways, outlining a strategy, and embedding clear expectations within our business and supply chain.

Our clear zero-tolerance commitment to modern slavery is reflected through the robust policies and procedures we have developed and embedded, in collaboration with Slave-Free Alliance, and we remain committed to continuously reviewing and improving our approach to ensure we're in the best possible place to tackle this issue. Through our due diligence process, we are also supporting our supply chain to improve their own ability to identify and mitigate risk in relation to Modern Slavery.

For any questions please email **Corporate.responsibility@severntrent.co.uk**.



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