



Anti-Slavery and Human Trafficking Statement 2018/19

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Our commitment

This statement was approved by resolution of the Board of Directors on 16 July 2019 and is signed on its behalf by:



Olivia Garfield
Chief Executive Officer
Severn Trent PLC

“We recognise modern slavery as a growing global and local issue, and the important role we can play in helping to eradicate it. We’re working closely with Hope for Justice to ensure our approach is robust and in-line with best practice.

We believe in treating people fairly and have a zero tolerance approach to modern slavery. To date, no instances of modern slavery have been raised within our business or supply chain.

Through the steps we’ve already taken, we believe we’ve a low risk of modern slavery in our business and supply chain. This year we’ve focussed on training and upskilling our employees, and raising awareness of the issue throughout our organisation and supply chain. We will continue to be vigilant, to keep our approach under constant review and to adapt it where necessary.”

This statement, which constitutes our Group’s Anti-slavery and Human Trafficking Statement for financial year ended 31 March 2019 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 and Severn Trent Services Operations UK Limited. This is our fourth statement, and outlines our efforts to mitigate the risk of slavery and human trafficking during the financial year ending 31 March 2019. Our previous statements can be found [here](#).

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 water and waste water businesses in England and Wales, providing high quality services to more than 4.5 million households and businesses in the Midlands and Wales. Severn Trent Business Services consists of our UK Operating Services business, renewable energy business and property development team, together with our operations in Ireland.

Our supply chain

We spend over £2bn through our supply chain each year, and rely on our 2,300 partners to deliver our operations responsibly: from the supply of chemicals for clean drinking water, the construction of sewage treatment works, through to cleaning and maintaining our sites and offices. Our highest risk of modern slavery (MS) is within our supply chain due to its complexity. As a result, we ensure all our suppliers adopt our standards to help mitigate the risk, and we work collaboratively with them, clearly setting out our zero tolerance approach.

Our workforce

We directly employ around 6,600 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

6,580

excluding Contractor and
Temporary staff

Office Based
Employees

3,914

Operational
Employees

2,666

Perm. Staff

6,580

Contractors & Temps

231

Numbers average over 2018/19

In 2018, we acquired Agrivert Holdings Limited bringing five food waste plants into our portfolio, taking our total number to eight. In 2019/20 as part of the integration into the Severn Trent Group, we will be looking to understand how best to mitigate the risk of modern slavery in this new business.

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Green Power

Strategy and governance



Strategy

Our strategy of mitigating against modern slavery is structured around five key areas. The rest of this statement covers each of these in turn.

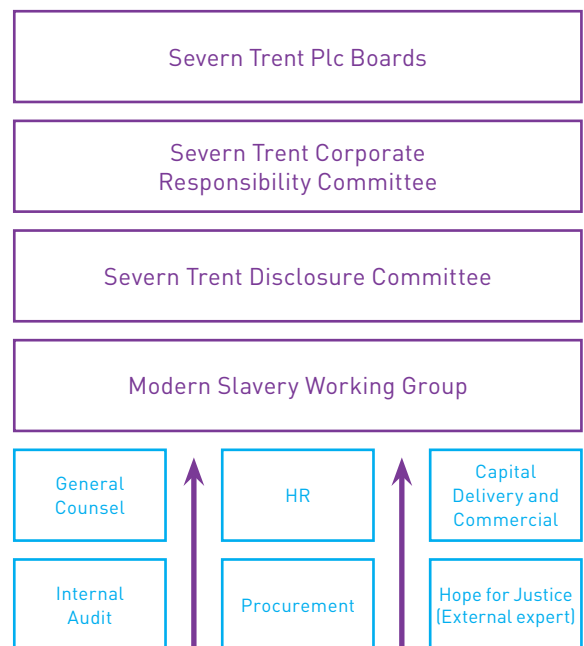
Our approach is aligned with best practice, including guidance from the home office, Business and Human Rights Resource Centre, and the Chartered Institute of Procurement and Supply (CIPS). We're fully committed to our responsibility to respect human rights, as set out in the International Bill of Human Rights and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work. We seek to act in accordance with the United Nations Guiding Principles on Business and Human Rights.

Governance

Our modern slavery working group drives the delivery of our strategy to eradicate modern slavery while ensuring it remains effective and appropriate. It includes representation from HR, Procurement, our Legal department and our newly appointed Supply Chain Corporate Social Responsibility Specialist. The working group is governed by its Terms of Reference, which are reviewed annually. The working group reports to both our Plc Disclosure Committee and our Plc Corporate Responsibility Committee. The Severn Trent Board has final oversight and sign off on our approach.

We've worked with Hope for Justice, our charitable partners, for over three years and we regularly seek their expert guidance and critique to ensure our approach remains effective. We recognise that collaboration is essential to mitigate against modern slavery. In 2018/19, we engaged with seven businesses to share best practice around responsible supply chain management, specifically discussing modern slavery with BT, National Grid, and fellow members of Slave-Free Alliance. Going forward we will continue to seek further opportunities to collaborate across sectors.

Governance structure



SLAVE-FREE ALLIANCE

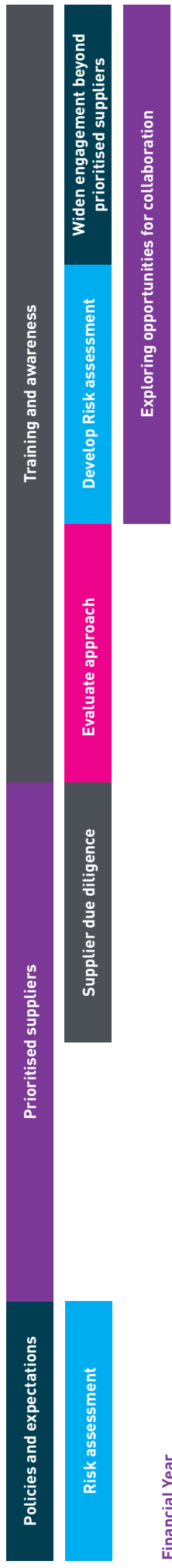
Working Towards a Slave-free Supply Chain

Elaine Jones, International Operations Director for Slave-Free Alliance and Hope for Justice, said: "Severn Trent was one of the founding members of Slave-Free Alliance and has shown complete commitment since day one to working towards a slave-free supply chain. They are taking all the right steps to protect their business with a 'beyond compliance' mindset, and to establish Severn Trent as a leader in the utilities sector and the wider marketplace."

Strategy and governance (continued)

Our 5 year action plan sets out our key actions. We're constantly evolving our approach as our knowledge on this growing issue develops. We're committed to formally reviewing our approach annually.

Focus areas



Financial Year

2015/16	2016/17	2017/18	2018/19	2019/20	2020 - 2025
<ul style="list-style-type: none"> Supply chain engagement on our zero tolerance expectations First supply chain risk assessment Launched supply chain charter – first supplier event Updated Code of Conduct and supplier Terms and Conditions to reflect zero tolerance Modern Slavery Working Group established 1st Modern Slavery statement 	<ul style="list-style-type: none"> KPMG conducted six supplier audits, including Modern Slavery Heat mapping exercise of prioritised suppliers using CIPS guidance Requested evidence of compliance with the Act from prioritised suppliers Partnered with Hope for Justice 	<ul style="list-style-type: none"> Conducted site assessments on two high risk suppliers Prioritised suppliers completed self assessments Development of three-year strategy First utility to join Slave-Free Alliance 	<ul style="list-style-type: none"> Threat assessment with Hope for Justice conducted 422 supplier Modern Slavery statements reviewed Group-wide communication programme developed Supply chain due diligence process reviewed and refreshed Three stage training programme delivered – including workshops and executive briefing sessions 	<ul style="list-style-type: none"> Explore feasibility of automated processes to ensure compliance at tender stage Integrate Modern Slavery assessment within audit programme Conduct site assessments on high risk suppliers Internal Audit on current processes to mitigate against modern slavery Supplier engagement event Further develop risk assessment methodology Roll out company wide bespoke e-learning Continue to build on Modern Slavery Ambassador Network to raise awareness throughout organisation Development of a remediation policy 	<ul style="list-style-type: none"> Further collaboration with experts and industry peers Wider supply chain engagement and training Develop site assessment approach Annual review of approach Continued focused on raising awareness and training

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

1. Our values, people and policies

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

Actions we've taken 2015-2018	Actions in 2018/19
<ul style="list-style-type: none"> ✓ Updated Group policies to reflect zero tolerance approach 	<ul style="list-style-type: none"> ✓ Promoted our Speak-Up policy internally through communication channels
<ul style="list-style-type: none"> ✓ Recruitment due diligence 	
<ul style="list-style-type: none"> ✓ Promoted 'Doing the Right Thing - the Severn Trent Way' through company-wide e-learning 	

Our values

[Doing the Right Thing - The Severn Trent Way](#)

our Code of Conduct sets out the values we expect our employees and supply chain to live by, which is reviewed and approved by the Board. It sets the tone for the organisation. Our value 'Act with Integrity' is central to our strategy.

Our policies

Our zero tolerance approach is reflected across our Group policies which are regularly reviewed, including 'Doing the Right Thing - The Severn Trent way', our Human Resources policies and our [Group Speak-Up policy](#).

Our whistleblowing process enables any concerns to be raised. Safecall is our confidential and independent whistleblowing helpline, available 24/7 and offers translation services for those who need it. All concerns are taken seriously, investigated thoroughly and findings regularly reported directly to our Audit and Corporate Social Responsibility (CSR) 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 has been agreed as effective.

Strategic framework



i **87%** of our employees believe that Severn Trent takes responsibility for 'Doing the Right Thing – The Severn Trent Way' seriously.

Annual employee survey 2018 – Total response rate 91%

1. Our values, people and policies (continued)

Our people

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 Act.

We believe our overall risk of modern slavery within our workforce is low due to the nature of what we do and the compliance checks we have in place. Most of our employees are permanent and office-based, and our 209 temporary and contract staff are predominately made up of finance and admin workers, all of which are considered low risk. A third of our workforce is operational who present a higher risk of modern slavery.

As part of our recruitment and onboarding process, we conduct thorough compliance checks for all workers, including temporary staff who join our business. These include, but are not limited to:

- ✓ Right to Work
- ✓ Occupational health
- ✓ Criminal convictions
- ✓ Professional qualifications and education

For permanent employees, our HR team completes further checks which can help to further eliminate the risks of modern slavery by, for example, deploying checks on multiple addresses and bank accounts. Passing these checks is a pre-requisite before a permanent employee can start work with us.

For our temporary and contractor staff, our service provider completes compliance checks on our behalf; we conduct an annual audit of these staff to ensure the right level of pre-employment checks were completed on our workers. Any concerns are flagged and addressed with employees directly.

Focus for 2019/2020

- **Development of a remediation policy** which clearly sets out how any concerns would be dealt with and our commitment to any victims of modern slavery
- **Recruitment** – engage with our third party recruitment providers to ensure appropriate and relevant checks are in place
- **Continued promotion of whistleblowing process** – to ensure our employees know how to report any concerns

2. Training and awareness

This year, training and raising awareness have been the focus to help eradicate the risk of modern slavery through our employees acting as our “eyes and ears” wherever they may be. We’ve developed a prioritised approach to ensure our people understand the importance of the issue and have the confidence to identify it and raise any concerns.

Actions we’ve taken 2015-2018	Actions in 2018/19
✓ Company-wide high level awareness	✓ Executive Committee and senior management population briefed
✓ 2016 Sustainable supply chain charter launch and supply chain workshop	✓ 90% of contract, procurement and construction project managers trained through workshops
	✓ Engaged All Company Forum including trade unions
	✓ Company employee induction updated
	✓ Bespoke e-learning module developed

Executive and Senior Management briefing

In March 2019, Hope for Justice ran a dedicated briefing session for our Executive Committee and senior management population of around 70. This focussed on ensuring familiarisation with the global issue, its relevance to our business, how to eliminate the risk and how to report concerns, as a way of encouraging this population to help raise awareness. The training video was also shared with our Board.

i Following training, **98%** of attendees reported they now felt confident to identify indicators of modern slavery and to report it.

“I’ll be leading this in my team to ensure it’s built into our construction audits and assurance process to help identify slavery in construction”

“I intend to spread the word and sincerely hope to make a positive impact”

Quotes from attendees of half-day workshop

Targeted training workshops

In partnership with Hope for Justice, we’ve delivered half-day training workshops to 90% of our contract managers, procurement and construction project managers, identified as employees who have frequent and direct engagement with our supply chain, and therefore have the ability to help root out potential sources of modern slavery.

The objectives of the workshops were to:

- Help employees identify modern slavery;
- Understand the potential risks to Severn Trent, and how this should be managed; and
- Understand how to report concerns

We received overwhelmingly positive feedback from the training.



2. Training and awareness (continued)



Anti-Slavery day promotion

Communication and raising awareness

We've developed engaging communication plans in order to raise awareness throughout the whole organisation to ensure our employees are alive to the risk of modern slavery. This year we supported Anti-Slavery day in October through a poster campaign in our lifts, kitchens and throughout our sites. We've also set out our approach in our Severn Trent Plc Annual Report and Accounts 2018/19.

We're committed to communicating and discussing our approach with stakeholders on this important issue. This year we presented our approach to our All Company Forum, made up of employees and trade union representatives, and updated our company induction material to ensure all new employees are clear about our zero tolerance approach.

Fostering a culture in which modern slavery is not tolerated

Following communications, formalised training workshops and briefings, many individuals have contacted our working group to highlight concerns to query our approach to ask questions around modern slavery and how we're seeking to eradicate it. We work collaboratively with our supply chain to follow up on all concerns raised, using our due diligence and escalation processes. In all cases, no instances of modern slavery have been identified. We're pleased with this level of engagement, demonstrating the effectiveness of our efforts to raise awareness, and reflecting our genuine desire as an organisation to prevent modern slavery from occurring. A group of very engaged employees has also volunteered to act as ambassadors to help raise awareness throughout the business.

Company-wide e-learning

We're developing a mandatory e-learning module to ensure that we raise awareness across all employees and enable them to be able to effectively spot the signs of modern slavery and to report any concerns. This bespoke module uses real life scenarios, relevant to our industry and region. The development of the e-learning module has taken more time than originally planned due to its bespoke nature. As a result it will be a key focus for us in 2019/20.

Focus for 2019/2020

- **Roll out e-learning** – with dedicated communication campaigns throughout business and supply chain
- **Supply chain engagement** – further awareness raising within our supply chain
- **Develop Modern Slavery Ambassador Network** to raise awareness throughout organisation

3. Supply chain due diligence

With over 2,000 partners, we recognise our ability to influence our supply chain and the opportunity we have to eradicate modern slavery.

Actions we've taken 2015-2018	Actions in 2018/19
✓ Updated standard clauses in our supplier terms and conditions	✓ Stepped up engagement to gain confidence around suppliers approach and reviewed 422 contracted supplier statements
✓ Included questions in supplier selection evaluations	✓ Directly engaged with suppliers where we've had any concerns
✓ Launched Sustainable Supply Chain Charter	✓ Attended face-to-face performance meetings to discuss suppliers' approaches to modern slavery
✓ Focussed communications with prioritised suppliers	✓ Strengthened our due diligence and onboarding process
	✓ Explicit in our requirement that our suppliers cascade these high standards and obligations throughout their supply chains

Our supply chain

Almost all of our direct supplier contracts are with UK companies. We believe our highest risk supplier categories relating to modern slavery are chemical providers, agricultural workers, waste management and construction activities. A key focus for next year will be to understand our risks further and to take a thematic approach to understand the sectors that present a high risk, and to work collaboratively with these suppliers (see section 4).

Over the next five years we're moving towards a model that will increase direct engagement with many of our construction partners through in-sourcing of design and development elements.

'Doing the right thing' and Terms and Conditions

Adherence to our Code of Conduct and compliance with the "Act" is set out in our standard contractual terms and conditions. In 2019, we extended this to ensure we were explicit in our requirement to cascade these standards and obligations throughout our supply chain.

Sustainable Supply Chain Charter

We encourage all our suppliers to sign up to our Sustainable Supply Chain Charter which has been mandatory for them since May 2016.

The Charter encourages all suppliers, irrespective of turnover, to publish their own Modern Slavery statement.



100% 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.

3. Supply chain due diligence (continued)

Supplier evaluation

Modern slavery compliance questions have been built into our tender process to ensure we're effectively mitigating risk within our supply chain. This process was reviewed in 2019, and we're developing additional guidance to support our procurement teams conducting these reviews.

Review of supplier statements and engagement

This year we reviewed the quality of modern slavery statements in line with best practice guidance for 422 contracted suppliers. Where suppliers were not required to publish a statement, or their statement lacked detail, we asked them to complete a self-assessment questionnaire. For those suppliers deemed high risk, we attended face-to-face performance meetings to gain assurance that they were taking the necessary steps.

An escalation process has also been developed in conjunction with our Legal team. Where an issue with a supplier's approach has been raised, for example lack of engagement around this important topic, formal letters have been issued and meetings held, with support and assistance offered to the supplier if needed. All suppliers have now responded positively and addressed any issues raised. Should any instance of modern slavery be detected, we're committed to working with suppliers and seeking expert support if required.

Site assessments

We reserve the right to carry out assessments on any of our suppliers. Last year we committed to conducting site assessments on our high risk suppliers. Our contract and procurement teams are now trained to spot potential indicators, and we've evolved our thinking around dedicated site assessments. We recognise the complexities in conducting effective site assessments to identify modern slavery and have decided to work with Hope for Justice to conduct joint site assessments on our high risk suppliers in 2019/20. Our aim is to build this expertise internally overtime.

Our approach going forward will be three staged:

1. To incorporate modern slavery into of our wider, regular site and supplier audits for all contract managers;
2. Proactively conduct site assessments on high risk suppliers by trained individuals; and
3. Seek professional support with any serious issues raised.

We will also explore opportunities for sharing site assessment resource among industry peers.

Focus for 2019/2020

- **Formalising and embedding our escalation process**
- **Further engagement with supply chain and industry peers**
- **Integrating ST Green Power Agrivert Holdings Limited** to understand how best to mitigate the risk of human trafficking and modern slavery in this new business, and more broadly how to build this due diligence into future acquisitions
- **Development of site assessments** – training employees and exploring opportunities for shared resource among industry peers. Conducting site assessments with Hope for Justice and developing improvements plans as necessary
- **Internal audit review** of the effective implementation of our supplier due diligence
- **Feasibility of automated processes to ensure compliance at tender stage**

4. Risk assessment

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

Actions we've taken 2015-2018	Actions in 2018/19
✓ Supplier risk assessment on prioritised suppliers	✓ Independent threat assessment
✓ Heat mapping exercise of supply chain	

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've categorised the risk as an 'emerging risk' in our 'Enterprise risk management' process when considering possible remediation, reputational and financial implications, should an incidence of modern slavery occur. This mandates formal reporting against the risk, and the mitigating measures we have in place on a quarterly basis to senior management, ensuring regular ongoing assurance to further reduce the likelihood of a modern slavery occurrence.

Risk mapping our supply chain

In 2018 we carried out a risk assessment and heat mapping exercise for all Severn Trent prioritised suppliers. This process was based on the Chartered Institute of Procurement and Supply (CIPS) guidance and assessed suppliers on the following indicators:

- Country of operation;
- Type of labour used;
- Services or goods provided;

- Modern Slavery Statement quality; and
- Confidence factor applied based on information available from contract managers.

A total of 14% of prioritised suppliers were identified as potentially high risk. Consequently we've engaged with them further to gain confidence around their approach and ensure adequate steps are being taken by them to eradicate modern slavery.

Although this approach provides a good starting point to understand our risks, during an independent threat assessment Hope for Justice identified some areas for improvement, such as removing potential bias from our scoring methodology and expanding our assessment beyond our prioritised suppliers to provide us a better view of our overall risk. Developing our risk assessment is a key focus for next year, mapping out higher risk categories and sectors, and seeking to better understand the risks which exists within our business services supply chain.

Focus for 2019/2020

- **Development of our risk assessment process** – evolve our risk assessment scoring methodology to include categories and expand our assessment beyond suppliers in Severn Trent to include Business Services suppliers
- **Formalise modern slavery as an emerging risk** – formally report against all controls in place as part of our internal enterprise risk management process

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, we review these annually. We've introduced some new qualitative and quantitative KPIs to provide a more holistic view of our company culture.

KPI	Performance 2017/18	Performance 2018/2019
% ⁽¹⁾ of prioritised suppliers signed up to the Sustainable Supply Chain Charter	100%	100%
% ⁽¹⁾ of prioritised suppliers compliant with the Modern Slavery Act 2015.	100%	100%
Number of speak-up allegations reported within Severn Trent relating to modern slavery	0	0
% ⁽¹⁾ of procurement, contract and construction project management teams attended modern slavery workshop	n/a	90%
% ⁽¹⁾ of those trained now feel very confident or confident to recognise and raise modern slavery concerns	n/a	98%

⁽¹⁾ KPIs reflect focus on Severn Trent Water

Conclusion

We're proud of the steps we've taken over the last four years to mitigate the risk of modern slavery within our business and supply chain. We clearly set out our zero tolerance position in our group policies and plainly set out our expectations of our supply chain. We have invested in training and raising awareness, and in creating the right culture throughout our organisation.

However, we're not complacent and take our responsibility to help eradicate modern slavery in our business and supply chain seriously. We need to be alive to the consistently changing nature of modern slavery and to assess our risk annually. We're clear on our priorities for the year ahead to further eliminate the risk and are committed to continually improving our approach.

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