



SEVERN

TRENT

# ANTI-SLAVERY AND HUMAN TRAFFICKING STATEMENT 2017

This statement, which is made on behalf of the Severn Trent Plc Board, for the financial year ending 31 March 2017, describes our efforts to mitigate the risk of slavery and human trafficking, since we made our first statement last year.

# Our business and supply chain

For the year ended 31 March 2017, the annual Group turnover was £1,819.2m (2016: 1,753.7m).

Severn Trent Plc is a FTSE 100 business, made up of our Regulated Water and Waste Water business and Severn Trent Business Services. Severn Trent Water Limited is one of the largest regulated water and waste water businesses in England and Wales providing high quality services to more than 4.4 million households and businesses. Severn Trent Business Services provides contract services to municipal and industrial clients in the UK and the UK Ministry of Defence, through our UK Operating Services division (Including Ireland). Within Business Services, our Renewable Energy business generates renewable energy from anaerobic digestion, hydropower, wind turbines and solar technology.

**Our vision** is to be the most trusted water company by 2020, by delivering an outstanding customer experience, best value service and environmental leadership. We're proud to be serving our communities and building a lasting water legacy.

With a head office in Coventry, we directly employ over 7,600 colleagues across 129 sites, all committed to living and breathing our



values and objectives every single day – and we expect the same high standards of our supply chain partners.

As of 31 March 2017, we had around 1,400 suppliers with a total spend of over £935 million. As such, our approach to eradicating modern slavery has initially prioritised those who provide high value or critical products and services. We've carried out a thorough risk assessment of ourselves and our supply chain and have put strong policies and practices in place – all backed up with training, awareness and ongoing monitoring.

## Our approach to eradicating modern slavery

We're fully committed to our responsibility to respect human rights as set out in the International Bill of Human Rights and to implementing the United Nations Guiding Principles on Business and Human Rights throughout our operations.

We constantly refresh our approach to eradicating modern slavery, which follows a **five stage process**.



## Our values, people and policies

'Doing the Right Thing – the Severn Trent way' details the principles we work by. It's about following our five values which are key to making sure we act as a responsible business and achieve our purpose and vision.

'Doing the Right Thing – the Severn Trent way' is supported by our group policies, standards and procedures and it reiterates our zero tolerance approach to slavery and human trafficking. Policies supporting our approach to modern slavery include; our Sustainable Supply Chain Charter, our Anti-Slavery and Human Trafficking Standard, our Whistleblowing policy ('Speak up') and our Procurement policies. You can find 'Doing the Right Thing – the Severn Trent way' and all of our policies on our website.

We are fully committed to protecting every individual's human rights and to complying with the Modern Slavery Act 2015 – and 'Doing the Right Thing - the Severn Trent way' was updated in 2016 to reflect this. We will never tolerate the use of child or forced labour and we firmly believe that nobody should be hurt or made unwell as a result of the work we do, or services we provide.

Our colleagues are trained on 'Doing the Right Thing - Severn Trent way', beginning with an induction programme and supplemented by e-learning courses, face to face presentations and internal communications. We track employee understanding of what's expected of them in relation to 'Doing the Right Thing - the Severn Trent way' through our annual engagement survey.

Before colleagues start working with us, we use pre-employment checks to confirm their identity

and right to work in the UK and we tell them about their statutory rights, such as holiday pay, and any other benefits they might be entitled to. All directly employed colleagues are paid at least the living wage and we make sure that any recruitment agencies we use comply with all legal requirements.

In 2016, we created an Anti-Slavery and Human Trafficking Standard, to let our colleagues know about their obligations under the Modern Slavery Act. It also tells them about what they should do if they suspect it's happening in our business or

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supply chain. Any breach of the principles laid out in 'Doing the Right Thing - the Severn Trent way' or the Anti-Slavery and Human Trafficking Standard are taken very seriously, and could result in disciplinary action or dismissal.

If colleagues have any concerns they are encouraged to report it through our 'Speak Up' process. They can speak to their own line managers, raise it with senior management, or use our confidential 'Speak Up' helpline - a service operated by Safecall, an independent company which specialises in handling concerns at work. Any resulting investigations are carried out independently of management and findings are reported back to the Severn Trent Plc Audit and Corporate Responsibility Committees. As of 31 March 2017, no instance of slavery or human trafficking had been identified.

We expect the same high standards of our supply chain, which is why we have launched our **Sustainable Supply Chain Charter**. The Charter explicitly states that we expect all suppliers to be compliant with the Modern Slavery Act and encourages them to publish their own anti-slavery and human trafficking statements. Being open and transparent is important to us and our Charter makes it clear that we expect our suppliers to have their own whistleblowing procedures in place.



## Training and awareness

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Our Anti-Slavery and Human Trafficking Working Group reviews how effective we are in preventing modern slavery. The group, made up of members from our General Counsel, Group Commercial, Procurement, HR, and Internal Audit teams, meets regularly and reports directly to the Severn Trent Plc Disclosure Committee.

All Executive, Non-Executive Directors and Executive Committee members have been briefed on the Modern Slavery Act 2015. High level training has also been delivered to colleagues working in procurement.

We have communicated with our colleagues internally about our zero tolerance approach to modern slavery and have asked for their support in identifying and reporting any incidents. In 2017, we'll be implementing a more in-depth training programme in partnership with Hope for Justice and PriceWaterhouseCoopers (PwC). Hope for Justice is a charity dedicated to bringing an end to modern slavery. This will include bespoke training sessions for those employees, such as Procurement and Compliance teams, who are more likely to encounter slavery and human trafficking incidents.

We'll review and assess our training requirements each year and adapt our approach according to our business needs and any areas of risk that we identify.

It's important to us that our suppliers share our commitment, which is why modern slavery was a key topic at our 'Sustainable Supply Chain Charter' launch event – where Hope for Justice and PwC shared best practice and talked to our suppliers about their experience of preventing slavery and human trafficking violations.

During the event, our suppliers were encouraged to make pledges demonstrating their commitment to support our vision and our approach to corporate responsibility, including preventing modern slavery from occurring within our respective businesses.

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## Supply chain due diligence

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To make sure that all of our suppliers meet our high standards, we revised our standard contractual terms in 2016. They now require all new suppliers, and each of their sub-contractors, to comply with the Modern Slavery Act 2015.

We also told our existing suppliers about the change to our new **Doing the Right Thing - the Severn Trent**

**way** policy. We'll assess any non-compliance issues and take action accordingly. We reserve the right to carry out audits on our suppliers and contractors.

### OUR VALUES

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We put our **customers first**

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We are **passionate** about what we do

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We act with **integrity**

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We protect our **environment**

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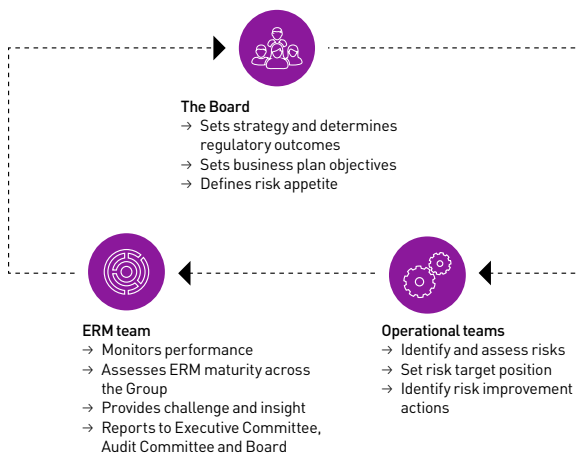
We are inspired to create an **awesome company**



## Risk assessment

Modern Slavery is identified as a key risk for Severn Trent through our Enterprise Risk Management Process (ERM). The ERM process is managed by our central ERM team and is linked to our corporate objectives, core processes, key dependencies, stakeholder expectations and legal and regulatory obligations.

### The ERM process



- Organisational structure, business and supply chains;
- Organisations' policies in relation to employment, human rights, slavery and human trafficking;
- Due diligence processes undertaken in relation to slavery and human trafficking both within their own business and their supply chain;
- Identification of potential risk and steps taken to mitigate and manage the risk;
- Key Performance Indicators used to monitor progress; and
- Training available both internally and externally.

“We know that our biggest risk in regards to modern slavery is within our supply chain and legal and regulatory obligations.”

We know that our biggest risk in regards to modern slavery is within our supply chain. Due to our large number of suppliers, we have taken a tiered approach to our risk assessment, initially focusing on our high value critical suppliers. We carried out risk assessments of all suppliers with a contracted spend exceeding £10 million per year. These 62 suppliers were assessed against recognised indicators of modern slavery, following guidance set out as follows:

- The country risk of modern slavery
- Consideration of the services and goods provided, such as chemicals, raw materials, PPE, pipes, IT hardware and Transport.
- Consideration of the types of labour used, including migrant labour, zero hour contracts, seasonal work, subcontracting and outsourced labour, and minimum wage.
- A confidence factor was applied based upon information available from our suppliers.
- Consideration of the strength of the suppliers' own Anti-Slavery and Human Trafficking Statements, scored on the depth of information provided, including:

This resulted in 22 suppliers being identified as high risk, 30 as medium risk and 10 as low risk.

Following discussions with Hope for Justice and in accordance with CIPS guidance, we carried out site audits at two of our highest risk suppliers. The audits included meetings with senior managers and HR colleagues, site tours, reviews of policies and procedures, checking employee records and employee interviews. In both cases, we found no evidence of slavery or human trafficking.

By 2020, we plan to have carried out site audits with all of our high risk suppliers and all suppliers will be asked to complete a risk-based self-assessment questionnaire to help us determine where future audits are needed. Going forward we will be looking at expanding the scope of our risk assessment in order to capture all our suppliers, continuing to take a targeted approach.

Hope for Justice and PwC have reviewed and fed back on our policies and plans and we are working closely with them on their recommendations.

## Evaluating our process

Our Key Performance Indicators (KPIs) will help us to monitor and report on the effectiveness of our process. The KPIs will develop over time, however, for the financial year ending 31 March 2018, we will be measuring our performance against:

- % of suppliers signed up to the Sustainable Supply Chain Charter
- % of high, medium and low risk suppliers having completed and returned self-assessment questionnaires
- % of office based employees having completed training
- % of site audits completed for high risk suppliers
- % of Speak Up allegations reported within Severn Trent relating to modern slavery

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Sustainable Supply Chain Charter launch event 2017

## Forward looking

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We know that our colleagues are passionately committed to our purpose, vision and values and we believe that this, along with support from our policies, procedures and practices, massively reduces the risk of slavery and human trafficking within our organisation. But we are not at all complacent – we're committed to developing our practices further and working collaboratively with our suppliers and contractors to share best practice that helps to eradicate modern slavery.

## Compliance

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This statement, which constitutes our Group's slavery and human trafficking statement for the financial year ended 31 March 2017, is made pursuant to section 54(1) of the Modern Slavery Act 2015.



The statement was approved by resolution of the Board of Directors on 18 July 2017 and is signed on its behalf by;



Olivia Garfield  
Chief Executive Officer  
Severn Trent PLC