



Modern
Slavery Act
Statement
2016

This statement is made pursuant to Section 54(1) of the Modern Slavery Act 2015 (the “Act”) and sets out the steps that we, Thames Water Utilities Limited (“Thames Water”), have taken (and are taking) to ensure that slavery and human trafficking is not taking place in our supply chain or in any part of our business.

OUR STRUCTURE

Thames Water is the largest supplier of water and wastewater services in the United Kingdom, which includes serving approximately 15 million customers and managing, and maintaining 31,100km of water pipes and 109,400km of sewers across London and the Thames Valley. Our ultimate parent company is Kemble Water Holdings Limited whose shareholders comprise pension funds and other long-term institutional investors.

OUR BUSINESS AND SUPPLY CHAIN

Our business is predominantly focused on water and wastewater operations in the United Kingdom only and is organised into five distinct business areas. Specifically:

- Wholesale Water
- Wholesale Wastewater
- Retail Household
- Retail Non-Household
- Group Services

Our supply chain includes approximately three thousand suppliers of varying size and expertise from major capital programme delivery and operational support to works, services, and material supply. In 2015-16, we paid approximately £2bn to our supply chain.

OUR POLICY ON SLAVERY AND HUMAN TRAFFICKING

We are committed to ensuring that there is no slavery or human trafficking in our supply chain or in any part of our business. Our anti-slavery policy, contained within our [Honest & Ethical Behaviour Policy](#), reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere within our supply chain.

OUR DUE DILIGENCE PROCESSES FOR MODERN SLAVERY AND HUMAN TRAFFICKING

As part of our initiative to identify and mitigate risk, we have in place systems to identify and assess potential risk areas in our supply chain and to mitigate any identified areas of risk. This includes a periodic ‘current state’ analysis and review of our supply chain. Thames Water employees, suppliers and contractors are encouraged to notify, by way of a confidential ‘whistleblowing’ phone number, if they have any concerns that slavery or human trafficking is taking place.



Our standard procurement processes include a variety of checks and reviews designed to ensure that the suppliers we engage with have sufficient capability, capacity, and agreement to Thames Water policies and commercial terms. Our approach to ensuring compliance with the Act is to ensure that suppliers are obliged to meet the requirements of our updated Honest and Ethical Behaviour Policy as set out above. Further enhancements to our supply chain processes may develop in time allowing an improved capability to target high-risk suppliers.

Our zero tolerance approach to slavery and human trafficking is also reflected in the additional steps that we have undertaken to guard against this occurring, specifically:

- Our standard supplier contractual terms and conditions have been amended to include a provision requiring incoming suppliers (and each of their sub-contractors) to comply with the provisions of the Act. We also now require our new suppliers to maintain a Slavery and Human Trafficking Policy, which sets out their internal monitoring, control, due diligence and record keeping procedures undertaken to minimise the risk of an offence under the Act being committed. Standard contractual provisions will allow for periodic and targeted audit of compliance with this requirement using a risk-based approach;
- Existing direct suppliers and contractors will be notified of our obligations under the Act and will be provided with our updated Honest & Ethical Behaviour Policy; and
- We have in place a compliance team responsible for periodic reviews of our overall effectiveness in preventing modern slavery and human trafficking, consisting of representatives from the following departments:
 - Legal;
 - Audit and Assurance;
 - Procurement;
 - Contract Management; and
 - Human Resources

FURTHER STEPS TO BE UNDERTAKEN

Following a review of the effectiveness of the steps we have taken to ensure that there is no slavery or human trafficking taking place in our supply chain, we intend to take the following further steps to combat slavery and human trafficking:

- Certain suppliers and contractors may (although this is likely to be in exceptional circumstances only) be asked to produce an annual slavery and human trafficking report to Thames Water, setting out the steps they have taken to ensure slavery and human trafficking is not taking place in any part of their business or supply chain. We may request this where we identify that certain parts of our supply chain have an increased risk of slavery or human trafficking ; and
- Training will be developed and delivered to all appropriate individuals, again targeting those areas of the business, which we identify as posing the greatest risk from a slavery or human trafficking perspective.



OUR EFFECTIVENESS IN COMBATING SLAVERY AND HUMAN TRAFFICKING.

We intend to appoint an independent third party over the next 12 months to conduct an externally facilitated review to bring insights on ways that we can even better tackle slavery and human trafficking. We anticipate that the appointed organisation will use appropriate KPIs to assess how effective we are, or have been, in ensuring that slavery and human trafficking is not taking place in any part of our business or supply chains. This will allow for continuous improvement.

This statement constitutes Thames Water's slavery and human trafficking statement for the financial year ending 31 March 2016.



Sir Peter Mason KBE

(Chairman)

30 June 2016

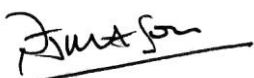
SUPPORTING STATEMENT BY KEMBLE WATER HOLDINGS LIMITED.

We are the ultimate parent company of Thames Water, which is the key operating subsidiary within the Thames group of companies, which we ultimately own (the "Group"). We have read and fully support the above slavery and human trafficking statement for Thames Water's financial year ended 31st March 2016.

We are equally committed to ensuring that there is no slavery or human trafficking taking place within our and our extended Group's supply chains or businesses. Our Group's focus and priority over that last year has been on ensuring that Thames Water, as our key operating subsidiary, has embarked upon the process of implementing the necessary due diligence, systems and controls to minimise (and hopefully eradicate) the risk of slavery and human trafficking occurring within its business and supply chains.

Over this last year, we and the other members of our Group have nevertheless remained vigilant in our respective business operations to the need to ensure the absence of slavery and human trafficking in those operations. Group companies subject to section 54(1) of the Act have now started to look at their respective businesses and supply chains to understand the risk of slavery and human trafficking taking place in these. In that light of this, appropriate policies and procedures will be developed and/or strengthened and which will inform the contents of future statements, which we or other relevant members of the Group may be required to publish under section 54(1) of the Act.

KEMBLE WATER HOLDINGS LTD.



Sir Peter Mason KBE

(Chairman)

