



Modern  
Slavery Act  
Statement  
2017

## **APPENDIX 1**

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”), has taken and will be 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 four distinct business areas. Specifically:

- Wholesale Water
- Wholesale Wastewater
- Retail 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 2016-17, we paid approximately £2bn to our supply chain.

### **OUR POLICY ON SLAVERY AND HUMAN TRAFFICKING**

We remain fully 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 [include link], 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 business or supply chain.

Thames Water’s Executive team and Board has overall responsibility for our Honest & Ethical Behaviour Policy and that it complies with all our legal and ethical obligations.

Thames Water’s Audit and Assurance function has primary day to day responsibility for the implementation, monitoring, use and effectiveness of this policy. This policy is subject to review every two years. Thames Water’s Executive team will provide an endorsement of this policy following this review.



# STEPS TAKEN AND OUR DUE DILIGENCE PROCESSES FOR MODERN SLAVERY AND HUMAN TRAFFICKING

## **Our Employees**

Thames Water employs over 5,400 employees within the UK. We use an independent third party provider to undertake pre-employment screening that includes identity checks and confirmation of entitlement to work in the UK, on all directly hired employees prior to commencing employment with us. 'New Joiner' information packs are issued to all new employees. These packs include written contracts and information in relation to statutory entitlements such as holiday, sick pay and other benefits they may be entitled to during their employment.

All of our employees are required to complete annual training on a number of key policies including the Honest and Ethical Behaviour Policy, which includes sections in relation to modern slavery and human trafficking. If an employee has any concerns they are directed to, and actively encouraged to report their concerns through their line manager, our HR team or via our confidential 'whistleblowing' phone line.

All of our Human Resources policies and procedures are updated and reviewed on an ongoing basis by an independent provider to ensure they remain both best practice and appropriate.

## **Our Supply Chain**

We have in place systems to identify and assess potential risk areas in our supply chain and to mitigate any identified areas of risk. Our suppliers and contractors are also encouraged to report, via our confidential 'whistleblowing' phone line, any concerns that slavery or human trafficking may be, or 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.

We regularly look to improve our Supply Chain processes. All new sourcing advertisements subject to The Utility Contract Regulations 2016 include a question around the value chain for the products or services we are procuring. This will highlight countries of origin that are considered 'high risk' (in line with US Bureau of International Labour Affairs). This information is then used in the resulting tendering assessment process.

Instances of non-compliance would be considered on a case-by-case basis, taking remedial action as appropriate, potentially including withdrawing from an existing commercial arrangement.

Any new suppliers are required 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 within our contracts will allow for periodic and targeted audit of compliance with this requirement using a risk-based approach.

Our zero tolerance approach to slavery and human trafficking is also reflected in the various steps that we have undertaken in the past 12 months, specifically:

- Existing direct suppliers and contractors were notified by letter in September 2016 of our (and by default, their) obligations under the Act and were provided with a revised copy of our Honest & Ethical Behaviour Policy;
- We have rolled out a revised annual on-line ‘Honest & Ethical Behaviour’ training module, which incorporates key risks and considerations in relation to modern slavery and human trafficking;
- We have maintained a compliance team responsible for periodic reviews of our overall effectiveness in preventing modern slavery and human trafficking; and
- We have conducted a supplier risk assessment to identify the parts of our supply chain that could be at risk of slavery and human trafficking. This risk assessment was broken down into two distinct areas:
  - 1) High risk ‘Commodities’ and ‘Services’, as defined by the US Bureau of International Labour Affairs, were identified. All of our existing suppliers have been reviewed against these high risk areas. Any supplier identified as ‘high risk’ by virtue of this categorisation were issued with a self-declaration questionnaire. The questionnaire was intended to enhance our visibility of our business partners’ practices to help us understand how they operate in order combat modern slavery. Analysis of responses to this questionnaire continues.
  - 2) Supplier countries were reviewed against the Walk Free Foundation’s Global Slavery Index list where modern slavery is most prevalent. We recognise that accurate ‘country of origin’ information is not always currently available. We intend to work on improving our data over the coming months.

## FURTHER STEPS TO BE UNDERTAKEN

Following a review by an independent third party of the effectiveness of the steps we have taken to date 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:



- New suppliers will be required to answer additional questions (which we are currently developing), in relation to their approach to compliance with the Act, before any orders are placed by our business. These responses will be used to validate the appropriateness of those suppliers being added to our supplier list; and
- Further and more tailored training for our Buying Team will be rolled out to help them identify and recognise high risk Commodities and Services when ordering goods or services on behalf of Thames Water.

## OUR EFFECTIVENESS IN COMBATING SLAVERY AND HUMAN TRAFFICKING

We intend to adopt Key Performance Indicators (“KPIs”) in order to measure our performance and effectiveness in combatting modern slavery and human trafficking over the following 12 months. This will include, for example, ensuring that 100% of our Buying Team will have completed the targeted face to face training by 31 March 2018.

This statement constitutes Thames Water’s slavery and human trafficking statement for the financial year ending 31 March 2017.

**Sir Peter Mason KBE**

(Chairman)

7 June 2017

## 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 2017.

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 once again been on ensuring that Thames Water, as our key operating subsidiary, continued 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 over the next 12 months 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)

