



2021
Anti-Slavery
and Human
Trafficking
Statement

WONDERFUL ON TAP

SEVERN

TRENT

Our commitment

Our people are fundamental to delivering one of life's essentials and we believe our culture is what makes us special. Our teams are passionate about the positive role they can play in helping customers and communities thrive and they care that we create an environment where everyone can feel safe and supported.

We have a clear zero-tolerance approach to modern slavery and are committed to playing our part in helping eradicate it.

With several examples over the last year of poor treatment of employees and suppliers taking centre stage across other sectors, the last 12 months have served as a stark reminder that modern slavery is a complex criminal activity that is continually evolving and requires businesses to keep the effectiveness of their response constantly under review. The COVID-19 pandemic has also served as a reminder of the heightened risk, as traffickers prey on vulnerability and profit from opportunities created by the associated economic uncertainty and restrictions on movement. As a socially purposeful company, we have carefully considered how we can make a positive impact for the good of our stakeholders and for wider society – please see [Severn Trent Plc Annual Report and Accounts](#) for more details of our approach. Our partnership with Slave-Free Alliance remains integral to our approach, ensuring we keep up to date with the changing landscape and associated risks, and we are grateful for their insight and support.

Each year we build on our approach and are committed to continually doing so. Using Slave-free Alliance's insight, as well findings from the Independent Anti-Slavery Commissioner's review of Operation Fort in 2020, we are adopting their recommendations to ensure we continue to learn and further strengthen our mitigation against this risk in the future. We believe through the steps we have taken to date, the risk of modern slavery remains low within our business and supply chain.

At Severn Trent we are proud of our high

employee engagement, strong sense of purpose and our values – which we believe are important in creating a culture where people feel comfortable raising any concerns. To date, we have had no instances of modern slavery, or concerns, raised.

Our focus this year has been on improving our supplier risk assessment and supplier engagement process. We knew from both Slave-Free Alliance's review and our own internal audit this was an area for improvement. Our new process allows us to reach a wider supplier base, identifying suppliers requiring an additional level of due diligence; addressing risk through in-depth assessments and detailed action plan as required. We've also continued to engage and raise awareness, which we have achieved through regular internal communications and bespoke training, and by reviewing our people recruitment process, and we are also pleased that we helped to establish a utilities sector working group which shares best practice across our industry.

We will continue to work hard to tackle this issue collaboratively with our partners, employees, suppliers and peers, to evolve our approach to ensure it remains effective.



This statement was approved by a resolution of the Board of Directors of [Severn Trent Plc on 7 July 2021] 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 2021, 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, 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 sixth statement and outlines our processes and procedures to mitigate the risk of slavery and human trafficking during the financial year ending 31 March 2021. Our previous statements can be found [here](#). To date, we have had no instances of modern slavery, or concerns, raised, however we are not complacent and remain committed to keeping our approach under continual review.

2020/21 Key Actions

Key actions we have taken during 2020/21:

- ✓ **Shared and promoted our Speak-Up helpline** and new values with suppliers through our updated Sustainable Supply Chain Charter
- ✓ **Embedded our new purpose and values** internally and incorporated these into our operational rhythm
- ✓ **Introduced an additional 650 suppliers to our Sustainable Supply Chain Charter**, with 86% contracted suppliers now signed up to its principles;
- ✓ **Embedded a routine audit rhythm for third-party recruitment** to ensure all required checks are undertaken for every role in line with our direct recruitment process
- ✓ **Rolled out the requirement for suppliers to adopt the Real Living Wage** through supplier selection, standard terms and conditions and engagement
- ✓ **Promoted principles** outlined in our Escalation and Remediation Policy internally, and across our supply chain
- ✓ **Dedicated awareness sessions** held for Hafren Dyfrdwy and Severn Trent Plc Boards
- ✓ **Supported Anti-Slavery Day** through internal communications
- ✓ **98% completion rate** of our company-wide e-learning module
- ✓ **Continued supplier engagement** including awareness communications and dedicated support and guidance
- ✓ **Updated and delivered bespoke workshops** for an additional 72 colleagues across contract, procurement and construction roles
- ✓ **Evolved and implemented our four-stage supplier assessment** and assurance process to identify potential risk exposure and work collaboratively to mitigate risks across Group suppliers
- ✓ **Regular cascade of shared Modern Slavery communication materials** to employees and suppliers as part of our continual awareness campaign and to encourage engagement throughout the tiers
- ✓ **Established collaboration across the industry** with the Utilities Sector Working Group
- ✓ **Renewed our three-year partnership** with Slave Free Alliance (SFA)
- ✓ **Completed all internal audit actions**

Approach and governance

Our approach

As set out in our [sustainability framework](#), providing a fair, safe and inclusive place to work for our employees and supply chain is a key objective as a leading business in the region. This includes a zero-tolerance approach to modern slavery. Our approach to mitigate against the risk of modern slavery is structured around six key areas, as outlined below. Our statement covers each of these in turn.



Strategy

We aim to align our approach with best practice and seek to act in accordance with but not limited to:

- The Home Office statutory guidance;
- The Business and Human Rights Resource Centre (BHRRC);
- The Chartered Institute of Procurement and Supply (CIPS);
- The International Bill of Human Rights and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work; and
- The United Nations Guiding Principles on Business and Human Rights

Modern Slavery benchmarking within broader ESG indices further drives our approach, with our disclosures being highlighted as transparent and industry leading.

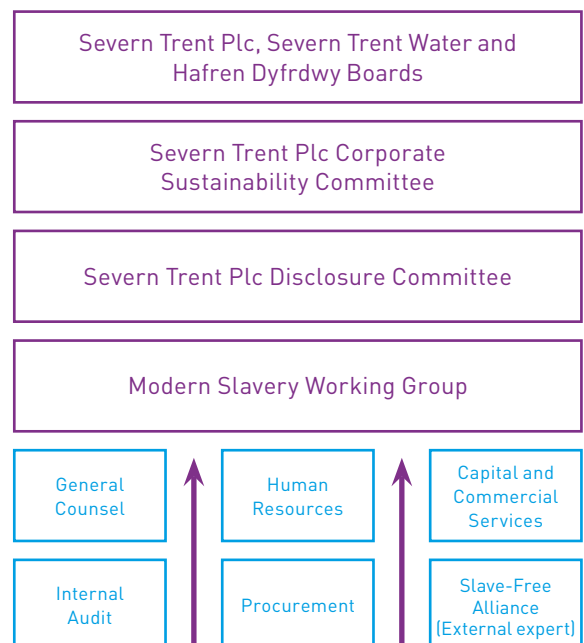
Governance

Modern Slavery Working Group

Our established Modern Slavery Working Group drives the development and delivery of our approach across the Severn Trent Group. It includes representation from core functions key to driving change, including Sustainability, HR, Procurement, Supply Chain Management and Legal. The Modern Slavery Working Group Terms of Reference are reviewed annually. A review was undertaken during the year and no changes were recommended as a result of this review.

The Modern Slavery Working Group reports to our Disclosure Committee and our Corporate Sustainability Committee. Our General Counsel and Company Secretary has overall responsibility for our approach to modern slavery. The Severn Trent Plc, Severn Trent Water and Hafren Dyfrdwy Boards all oversee and sign off on our approach at least annually.

Governance structure



Approach and governance (continued)

Working with others

We work collaboratively across a number of organisations including our charity partners Slave-Free Alliance to gain best practice insight and share what we are doing.

Slave-Free Alliance

We have worked with Slave-Free Alliance, our charity partners, for over four years and are pleased to have extended our partnership with them for another three years. Their guidance and support are invaluable and we continue to work closely with them to ensure our approach remains effective.

“Severn Trent’s modern slavery agenda goes from strength to strength; they increased their vigilance to the vulnerabilities presented by the COVID-19 pandemic and focused on the breadth of their duty of care across their supply chain. Over the past year, their modern slavery agenda has received further support from Executives, and we have worked together to improve their supplier engagement on this crucial matter. Seven Trent is committed to improving its anti-slavery initiatives, and Slave-Free Alliance is honoured to continue to support them.”

Marc Stanton,
Director of Slave-Free Alliance.



**SLAVE-FREE
ALLIANCE**

Working Towards a
Slave-free Supply Chain

Utilities Sector Modern Slavery Working Group

In 2020, in partnership with Slave-Free Alliance, we set up the first utilities sector Modern Slavery Working Group. The objective of the group is to share best practice and develop a common approach to tackling modern slavery across the sector, and importantly our shared supply chain.

Over the course of the year, we have grown to over 20 member organisations; all committed to working together to tackle this issue collaboratively, identifying a common approach to supplier due diligence, risk mapping and supplier training and awareness.

Alignment across our businesses

We continue to ensure alignment and consistency of our approach to tackling modern slavery across the Group, with a particular focus on engagement, awareness and supplier due diligence. Suppliers undergo an assessment and assurance process across all Group businesses (see section 3.4 Due Diligence), through a tailored approach to ensure the process is relevant and reflective of supplier size and service. All communication and training materials are shared across the Group and, for the first time in March 2021, our in-depth awareness workshop (see section 3. Training and Awareness) was extended to colleagues in key roles across Business Services. Through the application of a standardised and automated approach, we have been able to access and assess high-risk supplier categories across all of our businesses simultaneously, and not limit our approach to specific perceived risk areas. This due diligence has provided great insight into awareness of our higher-risk suppliers, including the approach they take to minimise risks of modern slavery within their organisations.



1. 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 regional and waste water businesses in England and Wales, providing high quality services to more than 4.6 million households and businesses in the Midlands and Wales.

Severn Trent Business Services operates a UK-focused portfolio capitalising on market opportunities in four areas:

- **Green Power** – generates renewable energy from anaerobic digestion, crop, hydropower, wind turbines and solar technology;
- **Operating Services** – provides contract services to municipal and industrial clients in the UK, including to the UK Ministry of Defence, for the design, build and operation of water and wastewater treatment facilities and networks, and services to developers;
- **Property Development** – manages the sale of surplus land; and
- **Other** – our property searches and affinity partnership businesses.

Our supply chain

We spend over £1.2 billion a year through our supply chain, and rely on around 2,800 supply chain partners within our associated Group companies to deliver our operations responsibly; from the construction of sewage treatment works through to cleaning and maintaining our sites and offices. Due to the nature of our business activities, over 99% of our supply chain is based within the UK, equating to more than 98% of our total spend.

Our highest risk of modern slavery is within our supply chain due to its complexity. We have identified Facilities Management, Construction, Waste Management, and Warehouse Distribution and Logistics to be our key risk areas. These areas have been identified through Gangmasters and Labour Abuse Authority (GLAA) insights in line with guidance from Slave-Free Alliance.

We ensure all our suppliers adopt our high standards to help mitigate the risk of modern slavery, and while we are committed to working collaboratively with them, we are also explicit on our zero-tolerance approach. Read more about our Values, people and policies for more information on our approach in Section 2.

Our workforce

We directly employ around 7,000 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

7,328
including Contractor and temporary

Office Based Employees

3,416

Operational Employees

3,574

Perm. Staff

6,990

Contractors & Temps

338

Numbers average over 2020/21

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, including contractors, temporary staff, and our supply chain.

Our values

This year we focused on embedding our recently updated company purpose and values, which were produced collaboratively with our people and for our people. As a company we know the work that we do is critical for our customers to live their daily lives, and our purpose of 'taking care of one of life's essentials' recognises this. Our purpose is underpinned by our core values which define who we are and what we stand for, ultimately supporting everything we do. These are **Showing Care**, **Having Courage**, **Being Curious** and **Taking Pride**.

Alongside the launch of our purpose-built training Academy, Hawksley Park, earlier this year, we have ensured these values are reflected in the content of the new Academy syllabus. We have aligned courses to our values and supported our employees in developing skills to embrace our values in their everyday roles. Additionally, we have reviewed and updated our behaviours model, company induction, contracts of employment, onboarding documentation, job adverts and interview materials, to ensure our values are embedded in all roles at all levels across our organisation.



2. Our values, people and policies (continued)

Our people

At Severn Trent one of our wonderful assets is our inclusive and open culture, and that is a testament to our people and our management, who lead by example. We believe it is our culture that makes us distinctive and allows us to have such an engaged workforce, delivering exceptional services for all our stakeholders. Our employees scored us 8.3 out of 10 for engagement, once again placing us in the top 5% of global energy and utilities companies (benchmark provided by Peakon based on their energy and utilities global client base). This engagement, along with our values, create a culture where people feel comfortable to challenge and raise concerns because they know they will be listened to, taken seriously, and, concerns actioned if required.

i Our employees scored us **8.3** out of 10 when asked “If I suffered or witnessed wrongdoing at work, I’d be confident Severn Trent would respond appropriately.”

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. Most of our employees are permanent, office-based roles and the relatively low number of temporary employees and contractors we have are predominantly made up of office staff supporting our customers who are considered low-risk. A third of our workforce is operational and they present a higher risk of modern slavery as their work is labour intensive. As part of our recruitment and onboarding process we conduct thorough compliance checks for all workers, including temporary staff who join our business. For more information on our compliance checks and internal controls, please refer to section 3.

i Most of our employees are permanent, office-based roles and our **338** temporary employees and contractors are predominately made up of office staff supporting our customers, which are considered low risk.

Real Living Wage Employer

Since achieving our accredited status as a Real Living Wage (RLW) employer we have focused on supporting our suppliers transition to the RLW such that all colleagues throughout our supply chain receive at least the RLW.

Through our internal communications and the supply chain sustainability newsletter issued to all our suppliers, we have raised the profile of the RLW and our accreditation with all our colleagues and suppliers. Internal guidance and communications of our accredited RLW status has been developed and shared across the business to raise awareness.

The requirement to pay the RLW to all colleagues working on our contracts is now embedded within our supplier selection process and clauses for new contracts. Contract clauses have been developed to ensure all annual increases of the RLW rates will be applied throughout the contract terms as standard and several suppliers are also investigating the potential of achieving their own accredited status, which is a positive demonstration of support for the adoption of the RLW.

Employee rights

At Severn Trent we believe it is critical to have open conversations with our partners about the areas of our business decisions that are most crucial and impactful to our workforce. We have developed strong partnerships working with our three trade union groups (Unison, GMB and Unite), and we use regular Company Forum meetings 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 and other conditions of employment are referred to the Company Forum for approval. This covers approximately 91% of our employees as it does not pertain to middle and senior managers and all employees of Severn Trent Services. We acknowledge the right of all employees to freedom of association and collective bargaining. We seek to foster constructive co-operation between employees, our management team, and recognised Trade Unions, ensuring that potential impacts to all groups are considered and represented in any major change programme. Almost 22% of our employee base informed us they choose to 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.

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

2. Our values, people and policies (continued)

communicate and raise awareness of these through our intranet and campaigns and with our supplier partners. Our key Group policies can be found on the [severntrent.com](https://www.severntrent.com) 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.

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 our values 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 this. [Doing the Right Thing](#) has recently been updated to reflect our new purpose and values. Over the course of the last 12 months we have rolled out our new values to the business through engaging communications, including a refreshed companywide e-learning module and continued promotion of our 'Speak Up' policy and helpline, as described further below.

Since September, we have shared our updated Supply Chain Sustainability Charter with 475 contracted suppliers and over 1,000 suppliers across the Group have signed up to the principles and behaviours of the Charter since its launch in 2016. This included 'Doing

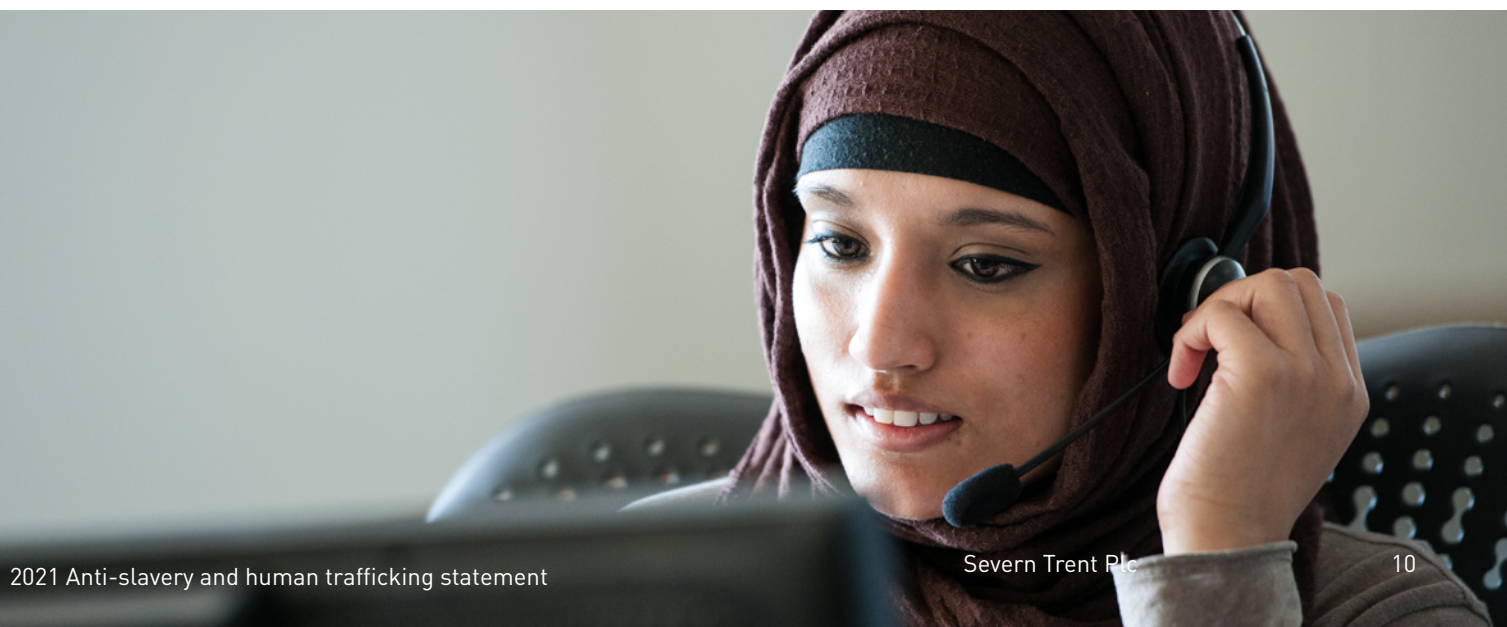
the Right Thing' and our independent whistleblowing helpline, Safecall.

Group speak up policy

Our established whistleblowing process encourages any concerns to be raised. This can be done via our confidential and independent helpline Safecall. This is available 24/7, offers translation services and is also available to our suppliers and members of the public. Slavery and human trafficking is highlighted throughout the business as an example of unethical and unlawful activities which should be raised via the Speak-Up channels, including Safecall. Every concern is taken seriously, investigated thoroughly and findings are reported at our Audit and Risk Committee. More serious findings are also reported to our Board. The Audit Committee annually reviews the effectiveness of our whistleblowing processes and the 2020/21 review confirmed that the Group's processes continue to operate effectively. We are committed to communicating this process regularly to ensure our employees and our supply chain know how to raise any concerns.

Escalation and Remediation policy

In 2019/20 we developed our Escalation and Remediation policy which clearly sets out our response to any instance of modern slavery. This policy is victim-centred and flexible, to allow a bespoke response for individual cases. This year we have focused efforts on communicating this through our internal channels and also across our supply chain. For more information, see section 6 – Training and awareness.



3. Supply chain due diligence

Proactive and tailored due diligence allows us to assess and identify risk across our supply chain and ensure effective measures are in place to address and mitigate against this. With around 2,800 supplier partners across our business, we recognise our ability to influence and support our supply chain in tackling modern slavery. We extend this due diligence to our own internal processes, including recruitment, to ensure our approach remains effective.

Our supply chain

From supplier evaluation to contract management, we ensure we work collaboratively with our suppliers to gain insight and confidence in the steps they are taking to mitigate this risk. To date we have no instances of modern slavery raised in our business or supply chain.

Almost all our direct supplier contracts continue to be held with UK companies. Taking expert advice from the Gangmasters and Labour Abuse Authority (GLAA) and Slave-Free Alliance, we have reviewed our highest risk supplier categories in relation to modern slavery. These now include Facilities Management, Waste Management, Construction, Warehouse, Logistics and Distribution. We are using this insight to ensure we target suppliers operating in these sectors through our new approach to supplier risk assessment (see Risk Assessment section).

We are committed to working with suppliers should any instance of modern slavery be detected, and we will respond in accordance with our [Escalation and Remediation Policy](#). No instances have been raised to date.

Sustainable Supply Chain Charter

Our [Sustainable Supply Chain](#) Charter sets out the key principles and behaviours we expect our suppliers to adopt. This was updated in 2020 to ensure it is reflective of our commitment to make a positive impact on society, as outlined within our Sustainability Framework. Since the introduction of the Charter in 2016, over 1,000 suppliers across the Group have pledged to adopt and support its principles. This includes an expectation that all employees in our supply chain are always treated fairly; ensuring their working conditions, working hours and wages comply with the UN International Labour Organisation standards at all times.



475 of contracted suppliers have actively signed our Supply Chain Sustainability Charter since its launch in 2016

Supplier evaluation

Modern Slavery forms part of our supplier selection process, with all suppliers expected to demonstrate their compliance with the Modern Slavery Act 2015 and outline their approach to tackling this issue. The areas which they are requested to outline include risk assessment, supplier due diligence, training awareness and recruitment processes. A standard suite of questions during the initial pre-qualifying tender stage assesses the quality of their approach and identifies any areas for improvement. We remain committed to working with all suppliers to develop and improve their approach to modern slavery mitigation through improvement plans and access to expert resources. All suppliers, regardless of the type of goods and services procured, are expected to respond to these questions.

This activity is supported by standard contractual terms and conditions, including supplier and subcontractor compliance with the Act and adherence to our Sustainable Supply Chain Charter. This year, we also introduced standard contractual clauses to ensure the same level of pre-employment checks were conducted (see section 3. Due Diligence process).

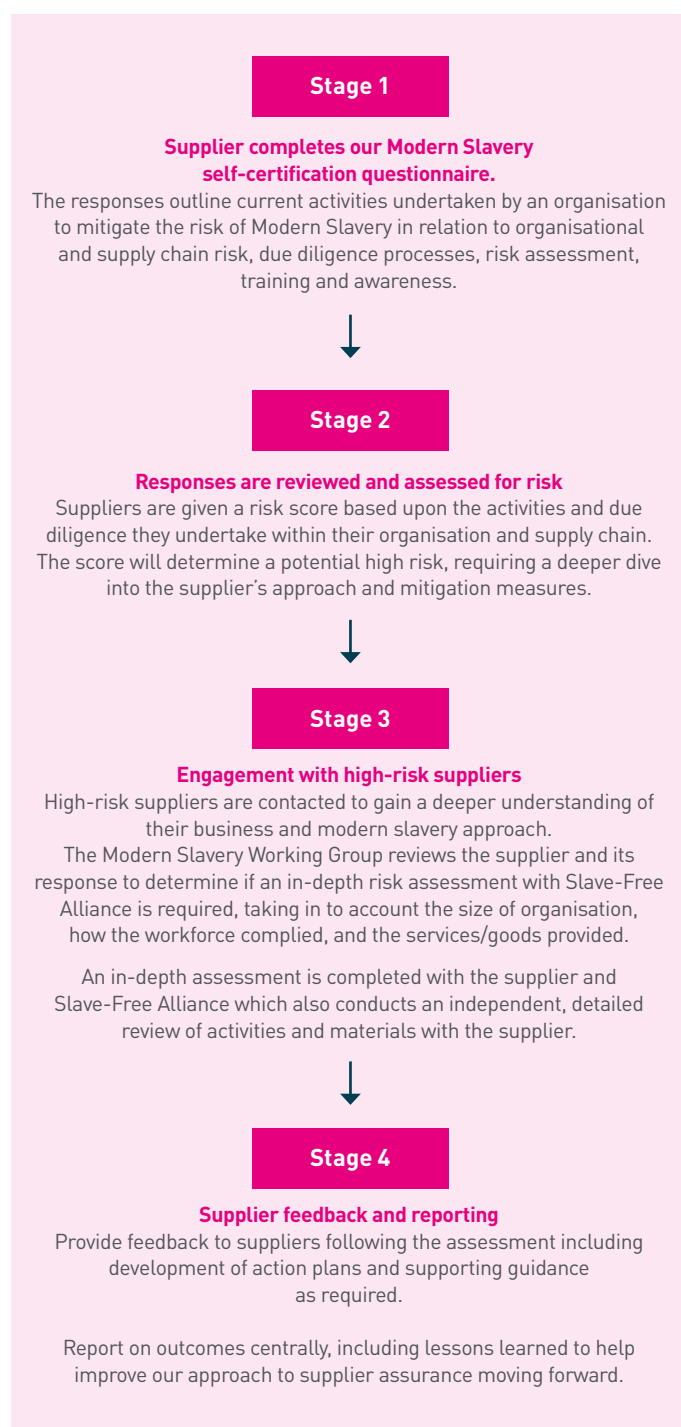
We continually seek ways to improve our approach to ensure it remains robust. In 2021, we piloted a scenario-based Modern Slavery interview question as part of the value interviews stage of the tender process. These interviews are designed to ensure that a prospective supplier understands and embeds the values and principles outlined in their written responses. Suppliers were assessed on their capability to identify indicators of modern slavery on site and respond to this situation. We will develop and improve this approach for our large and more complex tenders moving forward to ensure the values interviews are effective and provide insight into the principles applied by our suppliers.

In 2020, we commenced a migration from our existing procurement system to the SAP Ariba platform, which will provide an enhanced procurement and contract management solution. Once this is implemented, we will assess system solutions to automate supplier assessment of compliance, further strengthening our approach.

3. Supply chain due diligence (continued)

Supplier due diligence and site assessments

Throughout 2020, we developed, launched and embedded our new supplier assessment and assurance process to inform our understanding of the risk associated with our supply chain and the level of mitigation measures adopted. Our four stage process, developed with support from Slave-Free Alliance, is as follows:



Stage 1

Due to the scale of our supply chain, we initially focused supplier due diligence across our highest risk supplier categories. Following guidance from the Gangmasters and Labour Abuse Authority (GLAA) and Slave-Free Alliance, we identified four high-risk categories – Construction, Facilities Management, Tankering and Waste Management, and Warehouse and Logistics across our portfolio. Implementing a targeted approach, the questionnaire was issued to Facilities Management suppliers. This provided an opportunity to test, review and refine the process the process before continuing the roll-out to other high-risk suppliers.

Since its launch in May, we have exceeded our target of engaging with suppliers in the four high risk categories: Construction, Facilities Management, Tankering, Waste Management and Warehouse and Logistics Management. The questionnaire has also been shared across the remaining supplier base. The questionnaire has had a positive response, generating engagement and discussions about modern slavery, particularly across SME and micro-SME suppliers who have been proactive in seeking assurance that they are implementing the right behaviours and activities to mitigate modern slavery and to understand any potential gaps which they may need to address.

Stage 2

Responses are reviewed and assessed based on the level of risk. The risk score feeds into a heat map, in order to identify suppliers who could potentially have a high-risk exposure. The response questions allow an automated score to be determined, ensuring that no inadvertent bias is applied and forms a basis for further investigation. High level information on suppliers are compiled, including an understanding of their employment structure, turnover and services provided. The Modern Slavery Working Group review the responses and identify suppliers to undergo the in-depth risk assessment with Slave-Free Alliance.

3. Supply chain due diligence (continued)

Stage 3

In February, we conducted in-depth risk assessments in partnership with Slave-free Alliance on three suppliers. Suppliers were asked to discuss in detail the nature of their business and the application of modern slavery mitigation measures including training, due diligence, and awareness communications to staff and the supply chain. In a constructive and informative dialogue, Slave-Free Alliance can test the risk exposure level, provide guidance, and support the supplier and ascertain if improvement actions are required. The assessments conducted thus far have had a positive outcome, in which Slave-Free Alliance confirmed that the correct processes and policies were in place for the businesses reviewed and no further actions were required.

Site verification assessments are also conducted on suppliers where a high level of concern has been identified or the due diligence process highlights that escalation is required. This approach has been discussed and 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. 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.

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. All suppliers will continue to receive regular communications in relation to modern slavery, advising of changes to legislation, sharing engagement materials and training opportunities to inform and engage staff about modern slavery risks.



3. Supply chain due diligence (continued)

Stage 4

The fourth stage of the process focuses on reporting the outcome of the assessment and evaluation of our approach. We are committed to ensuring we communicate the outcome of an assessment with each supplier including an agreed action plan and timescale for completion, if required, and to support them in mitigating modern slavery. We review our process with Slave-Free Alliance annually to ensure the process remains effective.

Due diligence of our employment practices

Compliance checks for all workers, including temporary staff who join our business are completed as part of our recruitment and on-boarding process. We are always looking at ways to keep our internal controls and risk management processes up to date and keep our risk levels as low as 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

Our Group HR Team has also undertaken additional assessments in line with best practice to help further eliminate the risks of modern slavery, for example, deploying checks on multiple addresses and bank accounts. In a scenario where this raises any concerns, our HR team would reach out to the employee concerned without disclosing any sensitive information and await confirmation before proceeding. The successful completion and passing of these tests are a prerequisite before a permanent employee can start working with us.

For our temporary and contractor staff, the 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.

Although the responsibility for these checks lies with our service providers, we continue to conduct an annual audit of these employees to ensure the right level of pre-employment processes are completed. In this year's audit, no concerns were found. 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.

This year we have also undertaken a review of our recruitment process for both permanent and temporary recruitment (direct and indirect staff) with Slave-Free Alliance. The purpose of our review was to validate our approach and determine any areas of risk or best practice to be incorporated. The outcome of our discussions confirmed we have robust and rigorous recruitment process 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.

Next year we are looking to explore opportunities to conduct 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



In 2019/2020 our Internal Audit Function reviewed our approach to modern slavery. The audit concluded we had effective measures and controls in place across the Group and highlighted new opportunities to continue improvement of our approach. Over the last year we have ensured that all these recommendations have been actioned, for example developing an appropriate approach for beyond Tier 1 suppliers – see supplier due diligence section, pre-employment checks for third party contractors and greater alignment across all ST businesses.

4. Risk assessment

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

Enterprise risk management process

We review the level of risk that modern slavery presents to us as a business risk quarterly and believe the current level of risk to the business is low. We formalised modern slavery as an Enterprise Risk Management level risk, considering reputational and financial implications should an incidence of modern slavery occur. This process investigates the risk in detail, identifying causes, consequences, and mitigating controls. We consider that controls are satisfactory and we maintain Key Risk Indicators to monitor and ensure our Modern Slavery programme remains on track. The risk is updated quarterly then reviewed and signed off by senior management. This regular ongoing assurance to minimises the likelihood of a modern slavery occurrence.

Risk mapping our supply chain

Throughout the year, we have worked closely with Slave-Free Alliance to strengthen our approach to supplier due diligence and embed our supplier

assessment and assurance process to identify the true position of a supplier on their journey. Risk assessment is fundamental to this, ensuring we target suppliers accordingly. We have adopted this approach as standard practice to understand the risks that exist across our supply chain, and not just our high-risk category suppliers. 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.

Our working relationship with Slave-Free Alliance enables ongoing expert review and challenge of our approach, as well as ensuring our approach is expertly conducted. More information can be found in section 3 – Due Diligence processes.



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 to mitigate against modern slavery – 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 2020/21:

KPI	Progress
Culture Having the right culture is fundamental to our approach	2020/21: Our employees scored us 8.3 out of 10 for engagement, once again placing us in the top 5% of global utilities. Our employees scored us 8.3 out of 10 when asked “If I suffered or witnessed wrongdoing at work, I’d be confident Severn Trent would respond appropriately.”
Reported cases – whistleblowing	We have had no speak-up allegations relating to modern slavery since we started reporting in 2015/16. 2020/21: 0 cases of modern slavery raised through speak-up.
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	This year we updated our supplier due diligence approach to a four stage process. The first stage – self-certification questionnaire has now been returned by 526 suppliers, 208 of which were identified as a high-risk category supplier.
Training and Communication Companywide and targeted training – focus on impact	2020/21: 98% of employees completed bespoke modern slavery e-learning (against 95% target). 98% of employees completing e-learning felt better equipped to raise concerns.

6. Training and awareness

Training and raising awareness is central to our approach to mitigate against modern slavery. This ensures our teams are equipped with the relevant knowledge and skills to identify and report any instances of modern slavery. Following on from the positive engagement activities conducted over recent years, we continue to provide training and awareness to an increased number of employees and suppliers.

Targeted training

Ensuring our employees are equipped with the knowledge and skills to identify potential cases of Modern Slavery is central to our approach. We work closely with our expert partners, Slave-Free Alliance, to continually assess and deliver our training programme, ensuring it is relevant, tailored and proportionate to specific roles. All employees across the Group are expected to complete our company-wide e-learning module.

Our bespoke e-learning module, developed in collaboration with Slave-Free Alliance, provides an overview of what modern slavery is, the relevance to our business, potential indicators and how to raise concerns. Company-wide, the completion rate for this module remains high at 98% (6,241 employees). Following completion of the module, 99% of employees felt better equipped to identify modern slavery. The e-learning is included in all new starter inductions and is reviewed on a three-yearly basis.

Last year our customer contact centres were excluded from the roll out of the module due to COVID-19. The Customer Contact Centre colleagues will receive and complete the e-learning module in 2021. In line with our values, we will explore opportunities to highlight specific indicators which may be flagged when engaging with our customers and the channels in which to report any potential concerns.

In 2021, we refreshed our half-day workshop for new starters, with a further 72 Contract Management, Procurement and Construction employees across the ST businesses completing the training. In response to the Independent Anti-Slavery Commissioner's review of Operation Fort, the UK's largest prosecution case in 2020, we extended this training to construction site managers and site supervisors for the first time this year.

Following training,

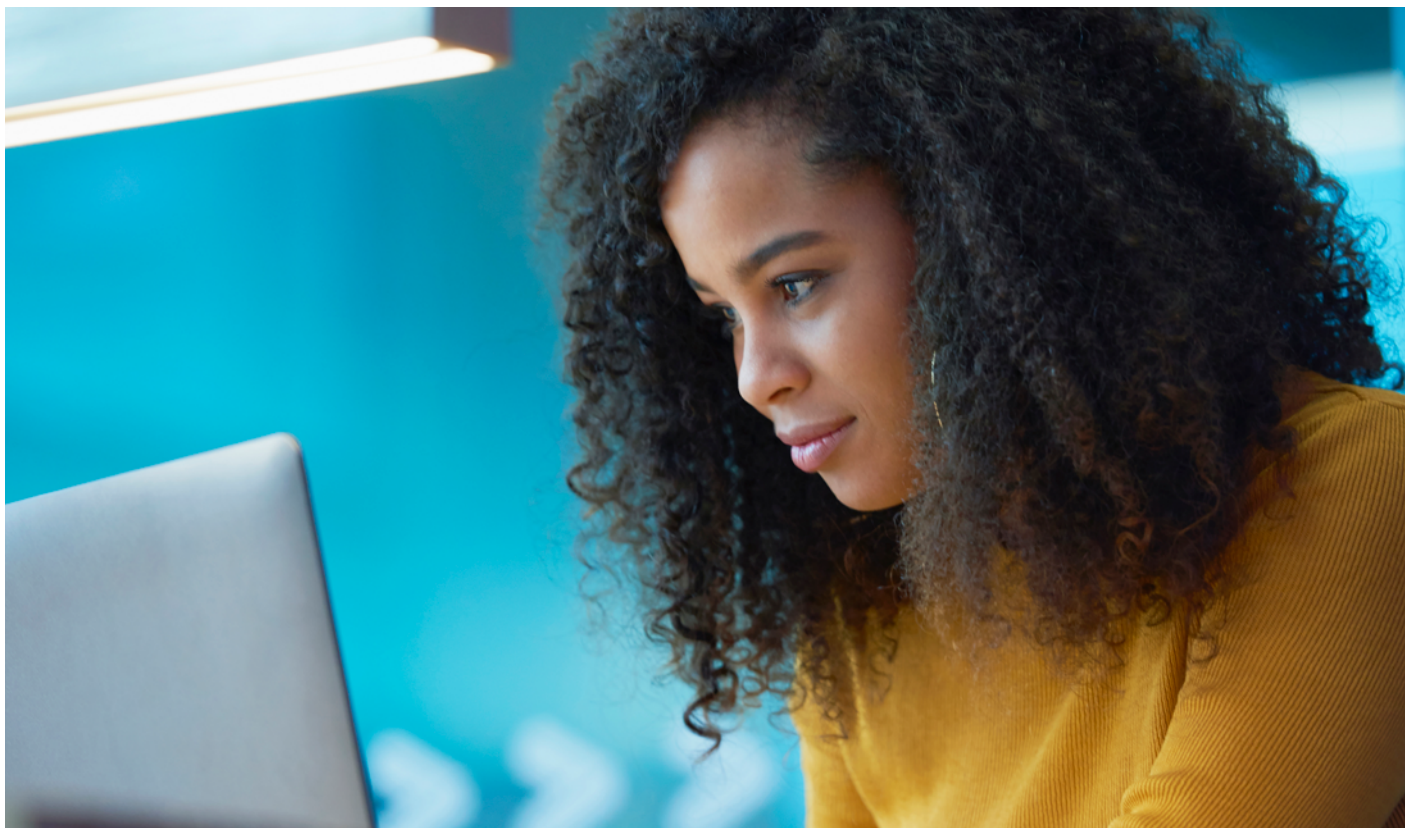
99%



of attendees reported they now felt confident to identify indicators of modern slavery and to report it.



6. Training and awareness



In April 2021, Hope for Justice delivered an interactive virtual Lunch and Learn session to employees. Through video, case studies and expert insight, the team highlighted the impact modern slavery has on victims in the UK and what we can do to identify and help prevent this from happening in the future. This session also provided employees with an opportunity to 'ask the expert' for insight to develop their understanding of modern slavery.

Our accreditation to the Chartered Institute of Procurement & Supply (CIPS) Ethics Mark in 2020, reinforces our commitment to tackling Modern Slavery. All Procurement and Contract Management teams have also completed CIPS Ethics training which covers exploitation, human rights, forced labour, and ethics and transparency in procurement.



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

We continually raise awareness of modern slavery through our key internal channels and have been able to provide our employees with more tailored information on the topic following a poll conducted to assess understanding of the subject. We also have a specific modern slavery communications plan which reflects three key touchpoints throughout the year, including Anti-Slavery Week. These touchpoints have also been built into our corporate communications planner to ensure we share messaging at the right time to both our people and our supply chain. Dedicated and tailored communications continue to be shared regularly with those employees who have direct engagement with our supply chain. Through regular newsletters and dedicated team briefings, we highlight relevant case studies, expert insight and updates to our approach. Building on the Executive and Senior Management briefing in 2019, Slave-Free Alliance delivered dedicated briefing sessions to both our Plc and Hafren Dyfrdwy Boards in November 2020. This focused on raising awareness of modern slavery, the potential risk to our business and the processes and procedures in place to help safeguard against this issue.

6. Training and awareness

Supply chain engagement

We take our responsibility to raise awareness of modern slavery with our supply chain seriously and are committed to supporting them in enhancing their own approach to tackling this issue.

Following a review of supplier responses to our modern slavery self-certification questionnaire (see Due Diligence section), we do not consider that dedicated supplier training is required at this stage. Instead we have focused on continued, regular engagement and offer tailored support and guidance on a supplier by supplier basis.

Next year, we will seek collaborative opportunities through the Utilities Sector Modern Slavery Working Group in relation to shared training and awareness to ensure expectations are consistent across the sector.



Activities include:

- **Highlighted the current modern slavery situation** and promoted our Escalation and Remediation Policy and signposted 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'; 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 2021/22



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 will be:

- **Explore opportunities** to conduct 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
- **Investigate the potential to flag supplier’s modern slavery status**, e.g. automated annual modern slavery review on SAP Ariba
- **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)
- **Continue to work with Slave-Free Alliance** to help our risk mapping beyond Tier 1 suppliers
- **Test effectiveness of due diligence approach** across our businesses and supply chain
- **External review** of our progress through a refreshed threat assessment
- **Explore and identify further training needs** both internally and in our supply chain
- **Continue to evolve our training in collaboration with Slave-Free Alliance**, ensuring it remains relevant and effective
- **Explore collaborative opportunities** for supplier training and awareness through the Utilities Sector Modern Slavery Working Group

Actions completed to date

Actions we've taken 2015-2020	Actions in 2020/21
<ul style="list-style-type: none"> ✓ Promoted our Speak-Up policy and our Code of Conduct 'Doing the Right Thing' internally through communication ✓ Updated our Group policies to reflect our zero-tolerance approach, including 'Doing the Right Thing' 	<ul style="list-style-type: none"> ✓ Shared and promoted our Speak-Up helpline and new values with suppliers through our updated Sustainable Supply Chain Charter
<ul style="list-style-type: none"> ✓ Updated our purpose and values, and communicated that to the business 	<ul style="list-style-type: none"> ✓ Embedded our newly introduced purpose and values internally and incorporated these into our operational rhythm
<ul style="list-style-type: none"> ✓ Developed our Escalation and Remediation policy 	<ul style="list-style-type: none"> ✓ Promoted principles outlined in our Escalation and Remediation Policy internally, and across our supply chain
<ul style="list-style-type: none"> ✓ Reviewed internal and third-party recruitment process to ensure appropriate and relevant pre-employment checks are undertaken 	<ul style="list-style-type: none"> ✓ Embedded routine audit rhythm for third-party recruitment to ensure all required checks are undertaken for every role in line with our direct recruitment process
<ul style="list-style-type: none"> ✓ Launched our first Sustainable Supply Chain Charter 	<ul style="list-style-type: none"> ✓ Updated our Sustainable Supply Chain Charter to reflect our commitment to make a positive impact on society. Over 1,000 suppliers have signed up to the Charter, with 86% contracted suppliers now signed up to its principles.
<ul style="list-style-type: none"> ✓ Company-wide awareness campaigns, including updating our company induction and a dedicated modern slavery awareness week 	<ul style="list-style-type: none"> ✓ Continued company-wide engagement including awareness communications and dedicated support and awareness of Anti-Slavery Week
<ul style="list-style-type: none"> ✓ Dedicated briefing for Executive Committee, Senior Management population and Company Forum 	<ul style="list-style-type: none"> ✓ Dedicated awareness session for the Hafren Dyfrdwy and Plc Board members
<ul style="list-style-type: none"> ✓ 90% of contract, procurement and construction project managers trained through bespoke face-to-face workshop 	<ul style="list-style-type: none"> ✓ Updated and delivered bespoke workshop for new starters in contract, procurement and construction roles across the company groups
<ul style="list-style-type: none"> ✓ Rolled out bespoke e-learning to all employees, excluding customer contact centre teams 	<ul style="list-style-type: none"> ✓ 98% employees completed the Modern Slavery e-learning module
<ul style="list-style-type: none"> ✓ Strengthened our supplier due diligence and onboarding process, including standard tender questions and terms and conditions 	<ul style="list-style-type: none"> ✓ Piloted modern slavery values question set during large value contract tender

Actions completed to date

Actions we've taken 2015-2020	Actions in 2020/21
<ul style="list-style-type: none"> ✓ Stepped up engagement to gain confidence around suppliers' approach through dedicated communications, statement reviews and one-to-one meetings ✓ Supply Chain Corporate Social Responsibility Forum in 2016 and 2019 ✓ Adopted a new approach to supplier due diligence through our supplier self-certification questionnaire 	<ul style="list-style-type: none"> ✓ Launched the Supply Chain CSR newsletter regularly issued to all suppliers, raising awareness of modern slavery and the Real Living Wage, sharing modern slavery communication materials with suppliers to encourage engagement throughout their Tiers ✓ Developed and launched new supplier assessment and assurance process to identify potential risk exposure and work collaboratively to mitigate any risk
<ul style="list-style-type: none"> ✓ Supplier risk assessment on prioritised suppliers ✓ Heat mapping exercise of our prioritised suppliers ✓ Identified our highest-risk supplier categories at tender stage ✓ Evolved our risk assessment process to ensure assessment beyond our prioritised suppliers ✓ Assessed feasibility of automated processes to ensure compliance 	<ul style="list-style-type: none"> ✓ Developed and launched new four-stage supplier assessment and assurance process to identify potential risk exposure and work collaboratively to mitigate any risk ✓ Exceeded our target of engaging with suppliers in the high risk categories and completed the risk assessment process ✓ Supplier assessment and assurance process rolled out across the Group, beyond high-risk categories
<ul style="list-style-type: none"> ✓ Independent threat assessment conducted by Slave-Free Alliance 	<ul style="list-style-type: none"> ✓ Reviewed independent threat assessment, with commitment to conduct a refresh of the threat assessment
<ul style="list-style-type: none"> ✓ Formalised modern slavery as an emerging risk in our internal enterprise risk management process 	<ul style="list-style-type: none"> ✓ Internal audit completed and all actions closed
<ul style="list-style-type: none"> ✓ Achieved Living Wage Employer accredited status with the Living Wage Foundation 	<ul style="list-style-type: none"> ✓ Rolled out the requirement for suppliers to adopt the Real Living Wage through supplier selection, standard terms and conditions and engagement





Conclusion

We continue to take our responsibilities under the Act very seriously and believe that over the last five years we have taken positive steps to mitigate the risk of modern slavery within our business and supply chain.

We have followed best practice guidance and taken a risk-based approach, clearly setting our expectations with our supply chain and engaged with them regularly around modern slavery. We have focused on regular

training and raising awareness, collaborated with others and ensured everyone knows how to raise concerns. Our approach is supported by robust policies and procedures, and our clear zero-tolerance to modern slavery fits within our wider commitment around providing a safe, inclusive and fair place to work. We believe our approach is proportionate to our risk and we are committed to continually reviewing and improving our approach.

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