



2023 ANTI-SLAVERY AND HUMAN TRAFFICKING STATEMENT

WONDERFUL ON TAP



OUR COMMITMENT



As a purpose-led organisation, we strive to do business the right way, taking care of one of life's essentials for the long-term. Our purpose is underpinned by our sustainability framework and a key pillar of this framework is 'being a company you can trust'.

We have four priorities under this pillar: Living our Values; Balancing the interests of our Stakeholders; Running our Company for the Long-term; and Being Open about what we do and sharing what we know. Our overarching mission provides a solid foundation to uphold a zero-tolerance stance towards modern slavery.

The complexities of the world in which we operate have not diminished over the last 18 months. This period has presented some of the biggest challenges in our history and continue to remain as such – with high inflation driving increases in energy costs, cost of living pressures, labour shortages, migration, and broader macroeconomic uncertainty. Our stakeholders are not immune to this – such as the customers and communities we serve, our people and, indeed, our supply chain. We have always taken a proactive approach to such issues – as evidenced by being a real Living Wage employer – and these increasing complexities strengthen our resolve to being a company you can trust both now and in the long term.

Our purpose cannot be achieved alone, and we partner with other businesses and industries in order to deliver our essential services to customers, 365 days a year. The impact of the challenging environment is felt more acutely by some industries, such as construction, transportation, logistics, waste management, and facilities management. We have therefore applied significant focus on ensuring our zero-tolerance approach is understood and adhered to within our supply chain. Our Sustainable Supply Chain Charter plays a crucial role in our success and this year, we've added new controls to our procurement process to ensure all new contracts align with our Charter. I'm thrilled to share that 100% of our contracted suppliers are signed up to our Charter. This is a testament to our enduring relationships with our suppliers, who are committed to reducing risks we face as a business, for the benefit of our wider stakeholders, particularly our customers and communities.

Collaboration forms an essential element of our approach to modern slavery. Through our partnerships with Slave-Free Alliance, Supply Chain Sustainability School, and Utilities Against Slavery, we ensure that our approach remains appropriate and effective in consideration of the evolving external landscape. You can read more about our collaboration with these organisations throughout this statement.

Our culture of trust and continuous improvement supports our approach, enabling us to share knowledge and expertise to find the right solutions for our customers, ensure continuous sustainable development and ensure responsible business strategies. In addition to our work with external partners, internally we ensure our teams at every level of the organisation are aware of the risks through our robust policies and supporting eLearning modules. 'Doing the Right Thing' and our 'Speak Up' Policy are just two examples of the measures in place to maintain our vigilance as an employer. Our partnership with Slave-Free Alliance ensures that staff have the awareness and receive ongoing training support to recognise risks and report them. Again, you can read more within this statement.

Today modern slavery sadly remains a threat; however, at Severn Trent, we are wholly committed to working closely with our partners to ensure we are a company you can trust to robustly address this important issue. This statement describes the steps we have taken during the financial year to address modern slavery risks in our supply chain and our business. We welcome feedback and, as always, remain open to sharing our approach with others for the benefit of all.

This statement was approved by the Board of Directors of Severn Trent Plc on 26 September 2023 and is signed on its behalf by:



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 2023, is made pursuant to section 54 (1) of the Modern Slavery Act 2015 (the 'Act'). It 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 eighth statement and outlines our processes and procedures to mitigate the risk of slavery and human trafficking within our Group during the financial year ending 31 March 2023.

Our previous statements can be found [here](#).

We are not complacent and remain committed to keeping our approach under continual review. In the year under review, we received one potential concern raised about a third-party service provider. This was immediately investigated, and found not to be a case of modern slavery. However, it gave us an opportunity to test the strength of our processes and procedures in this area. More detail can be found in the "Evaluating our Performance" section.

KEY ACTIONS WE HAVE TAKEN DURING 2022/23:

Collaboration

- Collaboration with our supply chain and also organisations who hold expertise in the subject enhances our own capabilities.
- In March 2023, we held a dedicated event with suppliers to share our ambitions and priorities for AMP8 and engage with them on modern slavery – with a focus on identifying and mitigating modern slavery risks.
- We collaborated with utility sector peers as part of Utilities Against Slavery to develop a new operating model to drive increased awareness beyond our business. We also joined the Supply Chain Sustainability School's Modern Slavery Working Group which provides a forum to share best practice approaches to identify and mitigate modern slavery risk. Slave-Free Alliance remains an important ally in the evolution of our approach.

Oversight and Governance

- We refreshed our Modern Slavery Working Group to provide greater representation across all areas of our business and deepen understanding of Modern Slavery throughout the Group.

Enhanced Supplier Due Diligence

- We enhanced our approach to supplier due diligence to increase our ability to identify high risk sectors. New controls implemented within our procurement process to ensure all suppliers are signed up to our Sustainable Supply Chain Charter and a new supplier selection question have increased robustness of our approach. 100% of our contracted suppliers are now signed up to our Sustainable Supply Chain Charter and our enhanced supplier selection questions have informed our heat mapping exercise to identify our greatest areas of risk and develop bespoke assessments where required.

Enhanced Training and Awareness

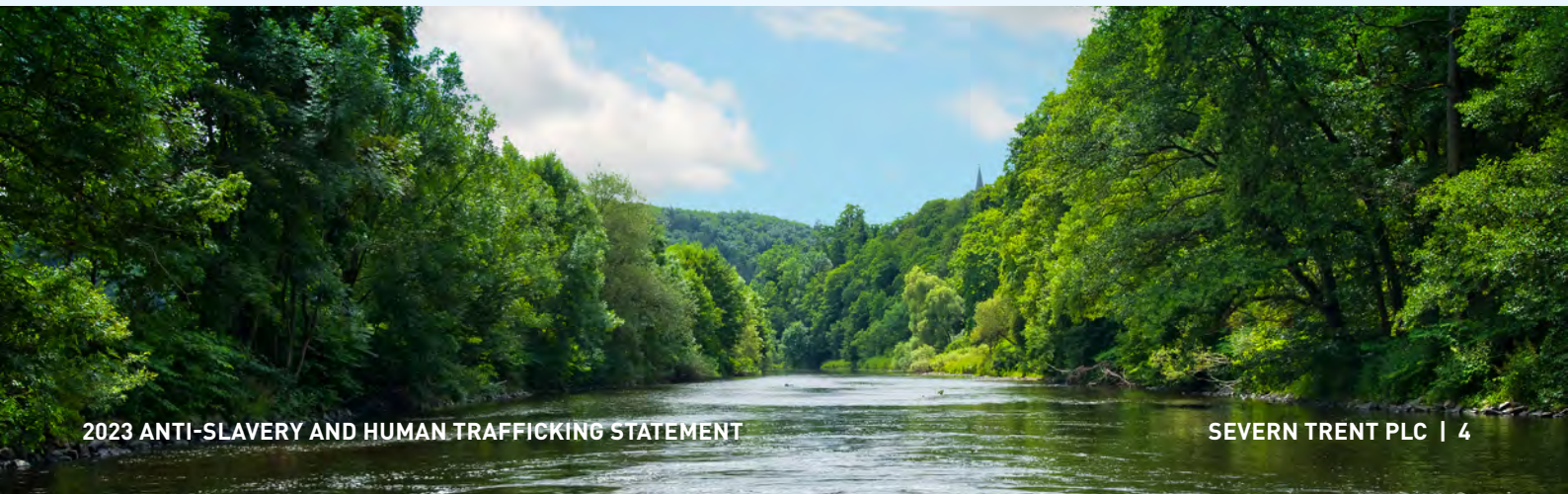
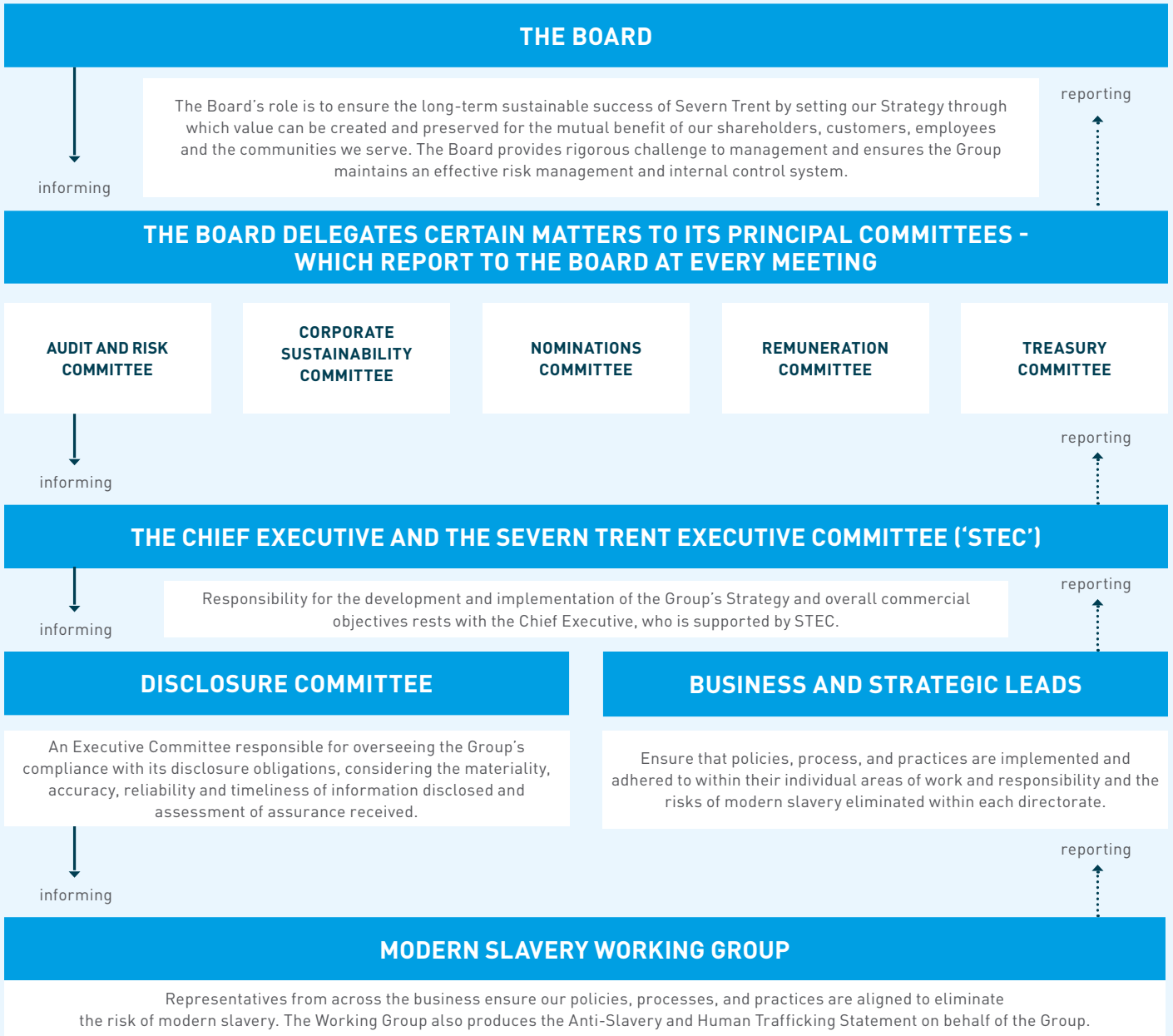
- Slave-Free Alliance plays a key role in supporting our staff training programmes. This year we provided additional training opportunities for teams. We also launched a dedicated modern slavery section on our intranet site 'On Tap' and an internal communications portal ensuring that all employees remain aware of the measures we are taking to address the risk of modern slavery as well as raising awareness of their own responsibilities.
- This year we announced the significant step of insourcing our 300 strong reactive waste team which provides our customer blockage, flooding and pollutions response. Insourcing offers a number of benefits, not least the opportunity to invest in skills and training (using our dedicated Academy) and reinforcing the importance we place on addressing the risk of modern slavery as well as raising awareness with our new colleagues.



GOVERNANCE

Our strong governance framework, led by our Board, ensures that we demonstrate our values consistently and conduct business in the right way – and act as a Company our stakeholders can trust.

GOVERNANCE FRAMEWORK



PARTNERSHIP

Working with others

Actively engaging with expert partners, our peers and other organisations outside of our sector remains key to identifying and addressing the risk of modern slavery. We continue to seek opportunities to gain new insight, demonstrate best practice and develop consistency in our approach across our supply chain.

Slave-Free Alliance

This is our fifth year of partnership with Slave-Free Alliance ('SFA'), who act as a critical friend on our approach; ensuring we are not at all complacent and remain effective, focused and proactive in addressing modern slavery risk.

"Severn Trent is one of Slave-Free Alliance's longest-standing members having worked in a partnership for five years that demonstrates Severn Trent's long-term commitment to addressing modern slavery and labour exploitation. Severn Trent adopts a continuous improvement approach in tackling the issue. This year SFA has worked with Severn Trent to further develop its strategy and risk assessment approach, improve its due diligence process, complete supplier assessments and upskill Severn Trent staff on the issue of modern slavery.

Severn Trent's influence has extended beyond its own operations, having played an instrumental role in the set-up and running of the Utilities Against Slavery working group which now has over 24 active members. This group is focused on elevating ethical standards across the industry through collaboration. Severn Trent's commitment to these initiatives underscores its dedication to combating modern slavery."

Marc Stanton
Director of Slave-Free Alliance



**SLAVE-FREE
ALLIANCE**

Working Towards a
Slave-free Supply Chain

Utilities Against Slavery

We remain steering committee members of Utilities Against Slavery ('UAS'); a working group set up to collectively drive consistency in our approach to identifying and addressing modern slavery across the sector. In 2022, the UAS was short-listed for the Reuters Stop Slavery Award for collaboration. With over 24 utilities organisations now actively participating in UAS, we took the opportunity to develop and implement a new operating model in 2023; recognising the scale of our collective influence, and the additional support needed to drive forward our approach. Our priorities during the year have focused on enhancing supply chain due diligence, bolstering our training provision and driving internal engagement. More information on the UAS Group, as well as progress to date can be found [here](#).



Supply Chain Sustainability School

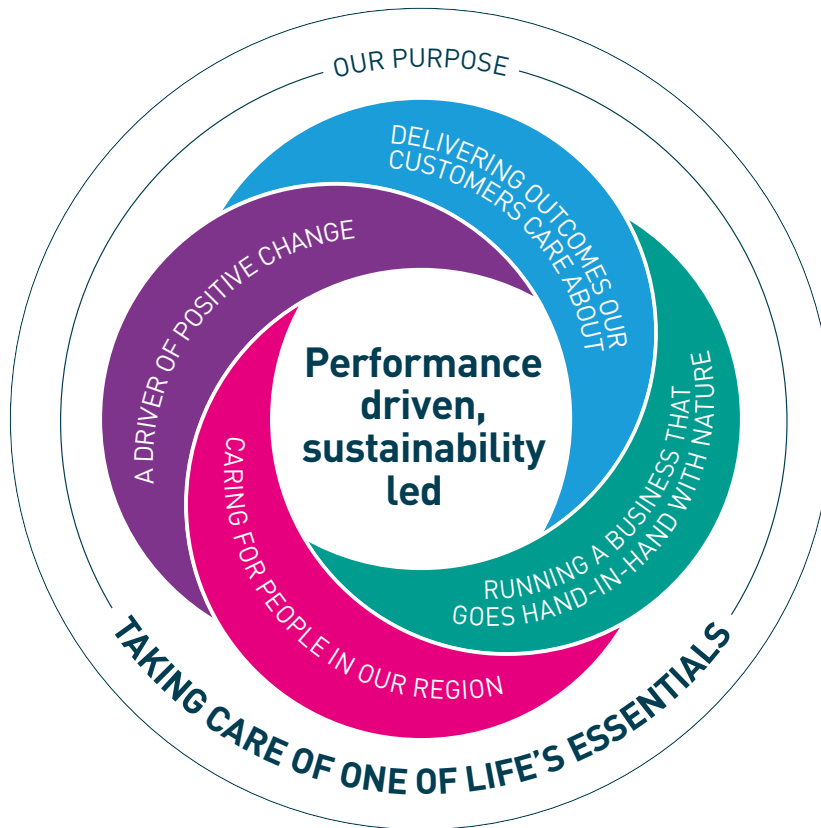
Building knowledge and capability is critical to our approach; both internally and across our supply chain. Our continued partnership to the Supply Chain Sustainability School ('SCSS') provides free access to a wide range of sustainability learning resources, including Modern Slavery Awareness Training, and tools to inform our approach and overall strategy. We actively promote SCSS's resources, particularly with our SME Supplier Partners who may not have the resource or capacity to deliver these high-quality services in-house.

In 2023, Severn Trent also joined the SCSS's Modern Slavery Working Group; a collaborative group with an aim of developing a consistent approach to addressing modern slavery across a shared supply chain. Focus areas include development of a heat map approach to identify and prioritise exploitation risks in the built environment, demonstrate best practice and develop operational guidance for identifying and mitigating potential modern slavery risks.

APPROACH

Our Purpose, Strategy and Sustainability Framework guide our overall approach and lay the foundations to ensure we have robust policies and procedures in place to identify and mitigate modern slavery.

OUR CORPORATE STRATEGY



OUR SUSTAINABILITY FRAMEWORK

BEING A COMPANY YOU CAN **TRUST**

- ★ Living our Values
- ⚖️ Balancing the interests of all our stakeholders
- 🕒 Running our company for the long term
- 🗣️ Being open about what we do and sharing what we know

TAKING CARE OF THE **ENVIRONMENT**

- 💧 Ensuring a sustainable water cycle
- 🌱 Enhancing our natural environment
- ♻️ Making the most of our resources
- 🌍 Mitigating climate change

HELPING PEOPLE TO **THRIVE**

- 👤 Delivering an affordable service for everyone
- 🏠 Providing a fair, inclusive and safe place to work
- 🎓 Investing in skills and knowledge
- 👏 Making a positive difference in the community

APPROACH (continued)

Alignment Across our Group

As we continue to identify and address the potential risk of modern slavery, we strive to ensure our approach is aligned and consistent across the Group.

Suppliers within each business area receive a level of focus and support that is tailored appropriately to the size and risk of each organisation to ensure a fair, reflective, and relevant approach; consistent with the due diligence process adopted across the Group. We provide all suppliers across the Group with access to Supply Chain Sustainability School ('SCSS') training and workshops related to a range of topics, and specifically modern slavery awareness.

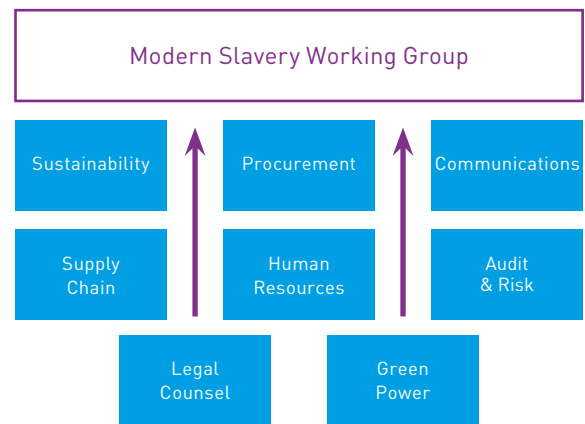
All communications and training materials continue to be tailored and shared both across the Group and externally with our suppliers. This approach ensures we are doing our utmost to provide all colleagues and suppliers with, as minimum, a basic understanding of the risk of modern slavery and what to do if a concern is raised.

For a more detailed overview of our Group Corporate Structure, please click [here](#).

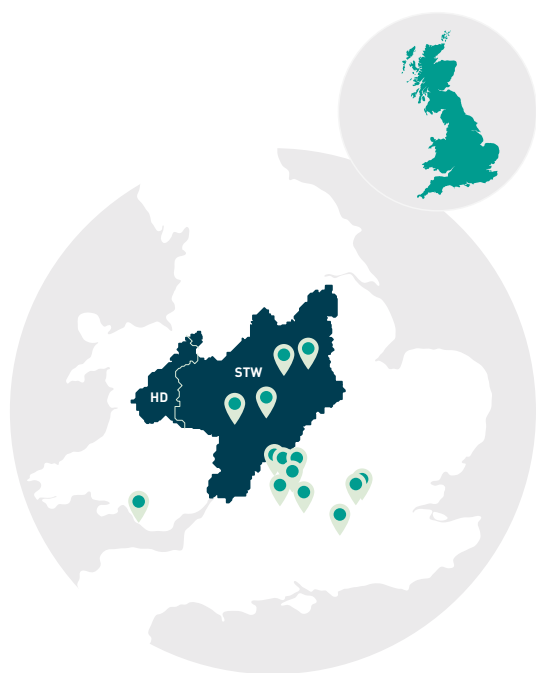
We have a zero-tolerance approach to modern slavery in all parts of our business and our supply chain. Our approach falls under six key areas, which are outlined below.

Internal Modern Slavery Working Group

To ensure that our business remains at the forefront of addressing Modern Slavery and takes a cohesive approach, we refreshed our Modern Slavery Working Group with greater representation across our Group. The Working Group is principally responsible for ensuring our all areas of our business are fulfilling their responsibilities an enhancing our long-term approach.



1. OUR BUSINESS AND SUPPLY CHAIN



REGULATED BUSINESSES	NON-REGULATED BUSINESSES
<p>Our regulated water and wastewater businesses are Severn Trent Water ('STW') and Hafren Dyfrdwy ('HD'). The primary activities we focus on are:</p> <ul style="list-style-type: none"> • providing clean water; • treating wastewater; and • generating renewable energy. 	<p>Business Services operates a UK-based portfolio that complements the Group's core competencies and is well positioned to capitalise on market opportunities in these areas:</p> <ul style="list-style-type: none"> ● Green Power ● Operating Services ○ Property development

Our business

Severn Trent Plc is a FTSE100 company. Severn Trent Water and Hafren Dyfrdwy, are two of 11 regulated water and wastewater businesses in England and Wales, providing high quality services to more than 4.8 million households and businesses in the Midlands and Wales.

Our Green Power business generates renewable energy from food waste, anaerobic digestion, crop anaerobic digestion, hydropower wind turbines and solar technology; and we draw upon our skills in water and waste treatment to provide similar services to other organisations through Severn Trent Services. This includes contract services to municipal and industrial clients in the UK, including the UK Ministry of Defence, for the design, build and operation of water and wastewater treatment facilities and networks.

Our supply chain

To enable our Group companies to deliver our operations responsibly, we engage with over 2,000 supply chain partners and spend £1.4 billion on a vast range of services and materials. Over 99% of our supply chain partners are based within the UK. Our supply chain constitutes direct and subcontracted parties, who work with us to construct, operate, and maintain our water and sewage treatment works, provide security and cleaning services and serve our customers daily.

Due to the complexity and breadth of our supply chain, we apply particular focus to modern slavery risks. We mandate that all of our suppliers adopt and apply our high standards consistently in order to identify and address modern slavery risks, irrespective of supplier size or industry; and conduct robust due diligence on all

OUR WORKFORCE

We directly employ 7,805 people, across 118 UK sites, most of them at locations across the East and West Midlands, as well as in North and Mid-Wales.

TOTAL EMPLOYEES	8,001 <small>including Contractor and temporary</small>
OFFICE BASED EMPLOYEES	3,891
OPERATIONAL EMPLOYEES	3,914
PERM. STAFF	7,805
CONTRACTORS & TEMPS	196

Numbers average over 2022/23

suppliers to ensure compliance. Through our review with SFA this year, we have identified the following categories to be our higher risk areas: Facilities Management (including Grounds Maintenance, Cleaning and Security), Construction, Waste Management; and Logistics and Transport. As such, we have applied particular focus to these areas during the year. Further detail can be found in our section on 'Supplier Due Diligence and Assessments'.

We are resolute in our zero-tolerance approach to modern slavery, and remain committed to working collaboratively with our suppliers to ensure they continue to build and develop an effective approach to identifying and mitigating modern slavery within their business and supply chain.

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.

Our aim is to create a culture where everyone understands the importance of doing the right thing. This is reflected in everything we do in terms of recruiting, developing, and rewarding our people.

At the same time, we support our people in being able to recognise and call out wrongdoing whenever they come across it. They are our eyes and ears on the ground and in every part of our business. We create an open environment where people are not only encouraged but empowered to do exactly this. Our purpose, Values and Group Policies therefore have a strong link to doing the right thing.

Our values

Our purpose of 'taking care of one of life's essentials' encapsulates our goal to look after one of our most precious resources. At the same time, it underlines our responsibility to take care of the environment, while helping people to thrive as they do so, and being a company our customers can trust.

Our purpose is underpinned by four core values, which describe the behaviours we expect from each of our employees, contractors, temporary staff, and our supply chain: **Showing Care; Having Courage; Being Curious; and Taking Pride.** These values help all Severn Trent employees understand how to think about the actions and decisions they take every day. Each of these are particularly relevant to the subject of modern slavery:

- **Showing Care:** having empathy and recognising when an individual may be vulnerable to modern slavery or other forms of coercion.
- **Having Courage:** being willing to speak up without fear of reprisals.
- **Being Curious:** a willingness to investigate and ask questions about given situations.
- **Taking Pride:** having a sense of what is and what is not acceptable at Severn Trent.

Our purpose-built training Academy, Hawkseley Park, provides our employees with access to a vast syllabus to develop skills across five key learning streams; Operations, Leadership and Management, Professional Development and Business Skills, Engineering and Customer. We are committed to supporting our employees' development via easily accessible online learning, immersive virtual reality-based training, simulated technical training, coaching, mentoring and hosted classroom training across 450 different courses.

Last year we launched our Societal Strategy, an ambition objective to give 100,000 people in, or at risk of, water poverty the tools to improve their life chances. Many in our communities are impacted by the current economic challenges presented by high inflation, energy costs and cost of living pressures. Our Societal Strategy aims to keep people out of water poverty and have a positive impact on their future prospects. Our strategy lays out our plans for achieving that goal; encompassing affordability, diversity and inclusion ('D&I'), employability and community support.



2. OUR VALUES, PEOPLE AND POLICIES (continued)

Our people

Our people connect with our Purpose and culture, and our outstanding engagement scores demonstrate the strength and depth of this connection. As We believe our culture makes us distinctive and allows us to have an engaged workforce, delivering exceptional services to all stakeholders.

When asked “If I suffered or witnessed wrongdoing at work, I’d be confident Severn Trent would respond appropriately,” our employees scored Severn Trent 8.5 out of 10 during our annual employee survey conducted independently by energy and utilities employee engagement specialists, Peakon.

In addition, the most recent employee engagement score placed Severn Trent in the top 5% of global and energy utilities. Along with our embedded values, we believe this is evidence of a culture where people feel comfortable to challenge and raise concerns, confident they will be listened to, taken seriously and see appropriate action taken as required.

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.

Around half of our employees are in permanent, office-based roles. The relatively low number of temporary employees and contractors we have are predominantly office staff who are considered low risk.

As part of our recruitment and on boarding process, we conduct thorough compliance checks for all workers, including temporary staff.

This activity has been particularly impactful this year, when we insourced our 300 strong reactive waste team which provides our customer blockage, flooding and pollutions response.

For more information on our compliance checks and internal controls, please refer to section on “Supply Chain Due Diligence”.

- Our employees scored us **8.4 out of 10** for engagement, placing us in the top **5% of global energy and utilities companies** as benchmarked by Peakon.
- Our employees scored us **8.5 out of 10** when asked “If I suffered or witnessed wrongdoing at work, I’d be confident Severn Trent would respond appropriately.”
- Around half of our employees are in permanent, office-based roles and our 196 temporary employees and contractors are predominately made up of office staff supporting our customers, which are considered low risk.

Real Living Wage Employer

We are an accredited real Living Wage employer, which means we are committed to paying all our direct employees a wage based on the cost of living today. In addition, none of our direct workforce are on zero-hour contracts. Employees also have access to a wide range of services and benefits designed to take care of all aspects of wellbeing; physical, mental and financial. For more details of how we are helping colleagues through the cost of living crisis, see our latest Annual Report available on our website at www.severntrent.com.

We also mandate that our suppliers and their subcontractors embed the real Living Wage as a minimum hourly salary, and have embedded clauses for all new contracts as standard. This includes an expectation that all annual increases of the RLW are applied within the appropriate timeframe for each contract term.

100% OF APPLICABLE SUPPLIERS’ EMPLOYEES WORKING ON OUR CONTRACTS ARE PAID THE REAL LIVING WAGE

Through direct engagement and communication with our supplier chain, a number of supplier partners have now gained accreditation with the Living Wage Foundation in their own right.



2. OUR VALUES, PEOPLE AND POLICIES (continued)

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 communicate and raise awareness of these policies through our intranet and campaigns and with our supplier partners. Our key Group policies can be found on the Severn Trent [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, enabling all of our people and every level of the organisation to achieve their potential and work to the best of their ability.

The Group Financial Crime and Anti-Bribery, Anti-Corruption Policy

The Group Financial Crime and Anti-Bribery, Anti-Corruption Policy sets out a zero tolerance to financial crime - this includes bribery, fraud, tax evasion and all other corrupt business practices, all of which are prohibited by law. Severn Trent Group is committed to upholding the law, and consistently promoting and implementing measures to prevent and detect financial crime.

Doing The Right Thing

At the heart of Severn Trent's culture is a closely held set of values. 'Doing the Right Thing' helps us put our values into practice. 'Doing The Right Thing' sets out the cultural norms and behaviour expected of everyone at Severn Trent, including how they should demonstrate our values every day.

By 'Doing the Right Thing' every day, we protect our people, our reputation and all of those who work for and with us to help deliver on our commitments to:

- Build public trust;
- Live our values every day;
- Comply with laws, regulation and our standards;
- Not tolerate illegal or unethical acts;
- Treat everyone fairly (including our people, customers and suppliers);
- Be a responsible and sustainable company;
- Create an inclusive environment; and
- Give our people confidence to Speak Up if they see things that are not quite right.

Everyone who works for, and with, us is required to comply with Doing the Right Thing, our values – supported by the mandatory requirement to undertake the company-wide e-learning modules on an annual basis. We also continue to promote our 'Speak Up' Policy and helpline as further described across the page.

SPEAK UP IN ACTION

This year we investigated a modern slavery concern raised by a member of staff, who identified a perceived risk regarding one of our subcontractors working at our Hawksley Park site. The member of staff flagged a concern after completing our in-depth modern slavery awareness training. SFA was engaged immediately in response to the reported concern, and we worked collaboratively to implement the Group's escalation and remediation policy, including investigation of the supplier and the subcontractor in question.

The outcome of the investigation identified no evidence of modern slavery or exploitation activities within the supplier's organisation, and in line with our culture of continuous improvement, lessons learned from this investigation have been built into our new approach to supplier due diligence and management.

For more information on our approach, see our section on 'Training and Awareness'.



2. OUR VALUES, PEOPLE AND POLICIES (continued)

'Speak Up' Policy

We aim to do things in the right way all the time and encourage colleagues to speak up to make sure we never fall below this standard. Living our values and demonstrating our culture are a key part of this, which is why we take any reports of illegal practice or inappropriate conduct extremely seriously. We believe everyone must play their part to achieve the highest standards of legal and ethical behaviour and we must always strive to do things the right way, the Severn Trent way.

Our Group 'Speak Up' Policy applies to all employees, contractors, temporary staff, and agency workers working on behalf of the Group.

We encourage and empower colleagues to Speak Up if they are worried about wrongdoing affecting our company, customers, colleagues, or suppliers. Any concerns can be discussed directly with line managers, a senior executive, or via the confidential and independent helpline 'SafeCall'.

Escalation and Remediation Policy

In 2020 we published our Escalation and Remediation policy, setting out our response to any instance of modern slavery concern at Severn Trent. This policy is victim-centred and flexible, allowing us to respond on a case-by-case basis; and provides a thorough and transparent process to investigate any concerns raised within Severn Trent or our supply chain. This is communicated through our internal channels and across our supply chain on a regular basis to ensure all colleagues and suppliers acting on our behalf know how to escalate concerns. For more information, see our section on 'Training and Awareness'.

Employee Rights

At Severn Trent we believe it is critical to have open conversations with our partners about business decisions impacting our workforce. We have developed strong partnerships with our three trade union groups (Unison, GMB and Unite), and we use regular Company Forum meetings which are attended by our Executive Team and Board, 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 or other conditions of employment are referred to the Company Forum for approval. This covers approximately 91% of our employees. It does not cover middle and senior managers or employees of Severn Trent Services.

We acknowledge the right of all employees to freedom of association and collective bargaining. We seek to foster constructive cooperation between employees, our management team, and recognised Trade Unions. This ensures that potential impacts to all groups are considered and represented in any major change programme.



Find out more in our [**Annual Sustainability Report**](#)



3. RISK ASSESSMENT

We operate a well-established risk management framework, underpinned by standardised tools, practices and risk management methodologies to ensure consistency across the Severn Trent Group.

Through this comprehensive framework, we review our organisational-level modern slavery risk on an ongoing basis. This process is complemented by a dedicated modern slavery risk management review through partnership with experts' SFA, to bolster our capability to identify, assess and act upon changes in actual or potential risk associated with our business and supply chain.

Due to the complexity and breadth of our supply chain, we undertake an annual review of our approach to supplier due diligence and assessment. This year's review identified the following categories to be our higher risk areas: Facilities Management (including Grounds Maintenance, Cleaning and Security), Construction, Waste Management; and Logistics and Transport. For more information, refer to our section on 'Supplier Due Diligence and Assessments'.

We also recognise the known challenges and complexity around the sourcing of solar panels and are working collaboratively with Slave-Free Alliance and members of Utilities Against Slavery to raise awareness of these issues and build our understanding to inform future strategy.

Operational Risk Management Process

As outlined above, we continually review our business risk in relation to modern slavery. Led by a dedicated Risk and Assurance Manager; subject specialists and our Modern Slavery Working Group assess the level of risk modern slavery may present to us, along with a detailed review of causes, consequences and importantly mitigating controls. Each control measure has an owner responsible for its delivery, and an effectiveness rating applied.

Assurance of the effectiveness of these controls is undertaken through a three line of defence approach. Business leaders are interviewed and feedback is captured as part of first line assurance. The Assurance team completes second line assurance, and if required, our Internal Audit team provide third line assurance. The outcome of this review is signed off by Senior Management and recorded at Operational Risk Management level.

Key risk indicators are monitored regularly, and provide early indication for incremental improvements to control measures. This year's review concluded that key risk indicators used to monitor the effectiveness of the controls applied remain effective and that the risk to the business remains low.

In 2023, we introduced a new control as part of our Enterprise Risk Management Level risk for effective procurement and contract management. This control specifically tests how effectively key sustainability elements, including Modern Slavery, are embedded as part of the Procurement and Contract Management life cycle, for example, use of correct supplier selection questions and contractual clauses. We also strengthened personal objectives for key procurement, contract management and commercial roles, and this process also measures delivery against those.



3. RISK ASSESSMENT (continued)

Risk Mapping our Supply Chain

We continue to risk map our direct supply chain through several processes.

As part of the supplier approval and on boarding process, all suppliers are mapped to understand their base location and the location from which the products and services they deliver to us are sourced. In addition, a financial stability assessment is also undertaken. This process is managed by a dedicated Category or Contract Specialist who is assigned a vendor based on the category of materials or services which we will predominately procure from them.

We also utilise the Ariba Risk Assessment module within our procurement and contract management system, SAP Ariba. This provides live, and detailed insights on our registered suppliers, including:

- Google newsfeeds;
- Financial assessment Dunn and Bradstreet reports;
- Supplier country scores derived from the World Economic Forum Scores; and
- Environmental and social reviews including labour compliance.

Continued Supplier risk training is undertaken and measured as part of our training tracker to ensure users understand the process and how to use the system to its full benefit. To further assist in the management of potential risks, contracted suppliers undergo a continual risk assessment and heat mapping process, monitored by a dedicated Risk and Assurance Team. The top 50 high-risk suppliers identified through this process are flagged to the responsible Procurement and Contract Management specialists, who conduct a deeper risk assessment and monitoring of the supplier.

As well as using our internal SAP systems, our partnership with sustainability ratings platform, EcoVadis, allows us to independently assess our suppliers against environmental and social criteria, including on labour and human rights. This detailed assessment provides additional insight on the potential risk profile of our suppliers and the support we may be able to provide them in mitigating modern slavery risks. Category and Contract Managers monitor supplier scorecards and work collaboratively with suppliers to close any gaps identified on the EcoVadis Corrective Action Plan.

This assessment informs our understanding of a supplier's current maturity in relation to identifying and addressing modern slavery, and enables targeted incremental improvements to bolster the overall strength of our control environment.



SINCE LAUNCH, 89 OF OUR SUPPLIERS HAVE BEEN ASSESSED THROUGH ECOVADIS, AN INDEPENDENT RATING PLATFORM, WHICH ASSESSES SUPPLIERS BASED ON THEIR ENVIRONMENTAL AND SOCIAL IMPACT PERFORMANCE.

We are aiming for 100% of high-impact suppliers to be assessed, and we're driving improvement through corrective action plans.

4. SUPPLY CHAIN DUE DILIGENCE AND ASSESSMENTS

We are reliant upon over 2,000 supply chain partners to help us deliver our critical service; doing so in a way that has a positive impact on the environment, society and the communities in which we serve. In 2023, we launched our first [Sustainable Procurement Statement](#) which outlines our commitment to embedding sustainability through procurement and supplier management, with addressing modern slavery and labour rights being a key priority. As an organisation we have a responsibility to understand, engage and influence how our supply chain identify and address modern slavery, and support them in developing an effective approach.

Having outperformed our ambition to ensure 60% of our high-impact suppliers were risk assessed for modern slavery, we decided to evolve our approach to supplier due diligence and risk assessment. In collaboration with SFA, we enhanced our supplier selection questions, conducted a heat mapping exercise to identify and assess our greatest areas of risk and engaged with contract owners to develop bespoke supplier assessments where required.



For more information on our approach to Sustainable Procurement, refer to our latest [Annual Sustainability Report](#)

Our supply chain

We remain committed to working collaboratively with our suppliers to understand and support the development of their approach to identifying and addressing the risk of modern slavery within their operations and across their supply chain. Our direct supplier contracts are predominantly held with UK companies, with all suppliers, irrespective of industry, size and location, are expected to meet our standards set out in our Sustainable Supply Chain Charter and undertake assessment at supplier selection stage; with additional measures applied for those supplier categories identified as higher-risk.

To date we have had two potential cases of modern slavery raised and investigated within our supply chain. Both instances were investigated thoroughly in line with our Escalation and Remediation Policy, and in full collaboration with the suppliers involved. Both investigations concluded that no modern slavery activities were identified. Further details of the investigation can be found within the 'Speak Up in Action' case study in the 'Values, People and Policies' section.

Sustainable Supply Chain Charter

Aligned to our Sustainability Framework, our [Sustainable Supply Chain Charter](#) sets out the key principles and behaviours we expect all suppliers to adopt and embed when working for and on behalf of the Severn Trent Group; including fair pay and working conditions. The Charter clearly sets out our zero-tolerance approach to any form of forced or bonded labour, slavery or human trafficking and an expectation of suppliers to proactively take steps to identify and address this within their own business and their supply chain. In addition, we expect that employees within our supply chain are always treated fairly, ensuring their working conditions, working hours and wages always comply with the UN International Labour Organisation standards. We also mandate that our suppliers and their subcontractors embed the real Living Wage as a minimum hourly salary, and have embedded clauses for all new contracts as standard. This includes an expectation that all annual increases of the RLW are applied within the appropriate timeframe for each contract term.

AS AT THE DATE OF THIS STATEMENT, 100% OF CONTRACTED SUPPLIERS HAVE SIGNED-UP TO OUR SUSTAINABLE SUPPLY CHAIN CHARTER.

In 2023, we implemented new controls across our procurement process to ensure that compliance with our Charter is embedded into all new contracts. All suppliers are required to agree to the Charter as part of the onboarding requirements to partner with Severn Trent. In addition, we completed an audit of all of our tier 1 suppliers to ensure that they are compliant with the Modern Slavery Act of 2015.



For more information, refer to our [Sustainable Supply Chain Charter](#)

Supplier evaluation

When selecting new suppliers, all suppliers, irrespective of industry or size, are expected to confirm the steps they are taking to identify and address modern slavery within their organisation and supply chain; allowing Procurement and Contract Management teams to test and examine modern slavery awareness and risk mitigation at the earliest stage.

4. SUPPLY CHAIN DUE DILIGENCE AND ASSESSMENTS

(continued)

In 2023, we introduced a new supplier selection question to align with recommendations from the SCSS and agreed adoption by other organisations part of UAS. Not only does this support our ambition to drive consistency in what is asked across a shared supplier base, but also allows for improvement areas to be easily identified. This process seeks to confirm that key elements, such as risk assessment, supplier due diligence and training and awareness, form part of their approach; and in turn provides clearly defined insights on areas of improvement which we can work with them on upon contract award.

We work closely with suppliers to develop, maintain, and improve their approach to mitigate modern slavery risks. Additional support is offered through access to expert resources provided by the SCSS and SFA. See our section on 'Training and Awareness' for more information.

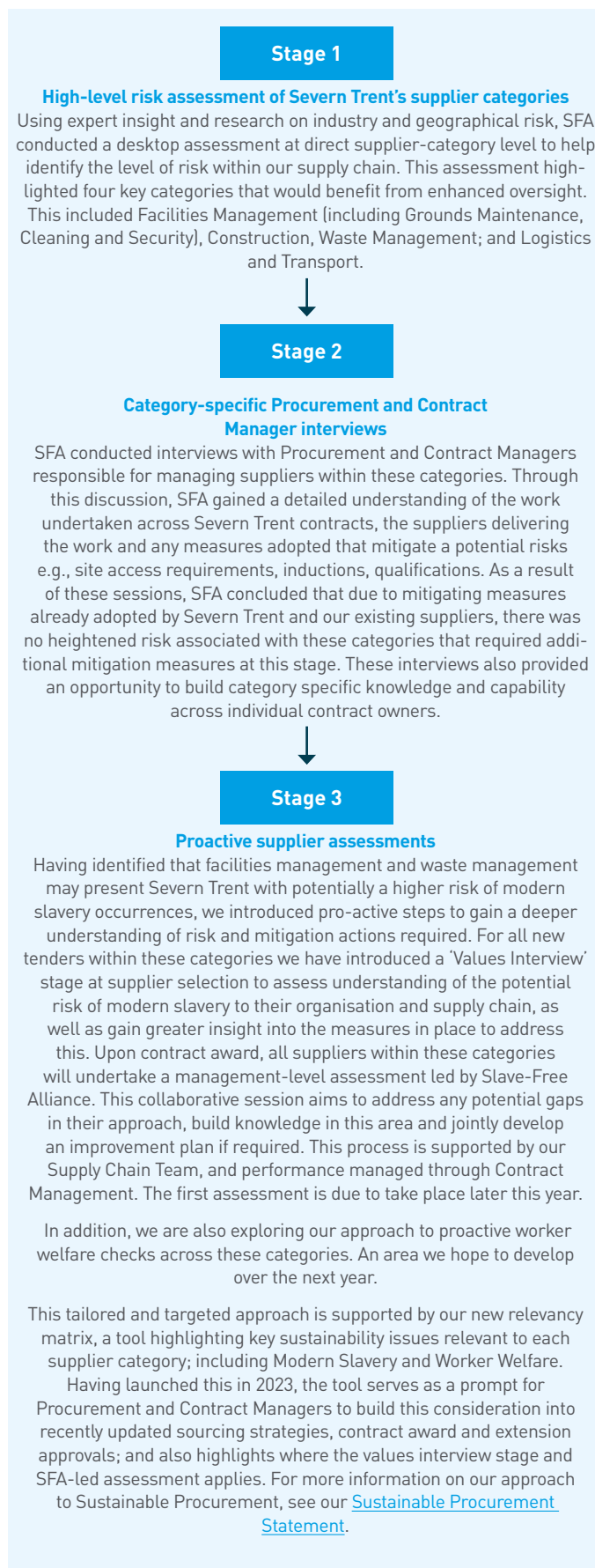
This activity is supported by standard contractual terms and conditions, including compliance with the Modern Slavery Act, pre-employment checks, and adherence to our Sustainable Supply Chain Charter principles. We expect all suppliers to respond positively to our expectations, regardless of the goods or services they provide.

Supplier due diligence and site assessments

This year, SFA conducted a full review of our supplier risk assessment and due diligence process to assess and test our approach and ensure it remains effective against the growing risk of modern slavery affecting our organisation and supply chain.

We will continue to engage with all suppliers around modern slavery through the mechanisms outlined in this Statement, and this new targeted approach enables us to proactively apply an additional level of focus to those supplier categories that potentially pose a higher risk. In line with our culture of continuous improvement, we continue to seek expert guidance and regular review.

Our approach can be outlined in three stages:



4. SUPPLY CHAIN DUE DILIGENCE AND ASSESSMENTS

(continued)

Due diligence of our employment practices

We work with suppliers who provide temporary staff to our business to ensure they adopt the same compliance checks for all workers as part of our recruitment and on-boarding process. We continually review our internal controls and risk management processes to reduce potential risks where 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.

We carry out additional due diligence to protect our employees with checks on multiple use of addresses and bank accounts. If a concern is identified, our HR team will make confidential and appropriate contact with the individual to confirm the position in a sensitive manner before escalating if required. The successful completion and passing of these tests are a prerequisite for a permanent employee to start working with us. We contractually mandate that our supply chain partners also apply this approach and adopt the same level of pre-employment checks that are required for direct employees.

We conduct an annual audit of temporary and contractor staff to ensure the right level of pre-employment processes are completed. If any concerns are identified, they are immediately 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. In this year's audit, no concerns were identified.

We continue to review our recruitment process for both permanent and temporary recruitment (direct and indirect staff) with SFA. The purpose of our review is to validate our approach and determine any areas of risk or best practice to be incorporated. This year's review concluded that we have robust and rigorous recruitment processes in place, supporting our focus on reducing risk and exposure to modern slavery.



5. TRAINING AND AWARENESS

Our colleagues are our eyes and ears on the ground, which is why we emphasise the importance of empowering our people with the knowledge to identify instances of modern slavery and follow the proper channels for escalation. Our company-wide e-learning and communications as well as dedicated training for those who have regular and direct engagement with our supply chain, ensures that colleagues feel comfortable and confident to report any concerns. In addition, further in-depth training and awareness is available for employees and suppliers through our partnership with the SCSS.

Targeted training

We maintain a close partnership with SFA, conducting yearly reviews of our approach and training offerings. Their expertise guarantees that our training programme remains up-to-date, targeted, and appropriate, whether it is used for our all-encompassing e-learning module or more in-depth role-specific training.

All colleagues are expected to undertake our bespoke modern slavery awareness e-learning module. Developed in collaboration with SFA (and reviewed in full in 2023), this module provides colleagues with an overview of modern slavery, how the risk is relevant to our business, potential indicators and importantly how to report a concern. All new starters receive the module in their company induction portfolio, with all employees refreshing their knowledge of the module every three years. This includes Severn Trent and Hafren Dyfrdwy Board Members. As evidenced in our case study on page 11, we are confident that this module plays an important part in colleagues identifying and reporting a potential modern slavery occurrence.

AS AT THE DATE OF THIS STATEMENT, WE HAVE A 99% COMPLETION RATE FOR OUR COMPANY-WIDE MODERN SLAVERY AWARENESS E-LEARNING MODULE.

For colleagues who engage directly with our suppliers, SFA deliver in-depth training workshops. These mandatory half-day training workshops are refreshed annually, with workshops delivered this year to new starters in the following roles:

- Procurement and contract managers and specialists;
- Construction project and site managers;
- Front of house and facilities management; and
- Operational site managers.

In 2023, we extended an additional training provision to the teams involved in investigations. See our 2022 Anti-Slavery and Human Trafficking Statement for more information.

In line with our culture of continuous improvement, we are working with SFA to develop 'refresher training' for key roles. These one-hour sessions will build upon the existing provision and ensure colleagues are aware of the risk of modern slavery when engaging with our suppliers. We expect the refreshed training to launch in October 2023.

As part of our commitment to transparency in procurement; Capital Commercial, Procurement and Contract Management Teams will also be required to complete mandatory Sustainable Procurement training, delivered by the SCSS, through 2023/24.

We also encourage colleagues, and our supply chain to access the SCSS platform; actively promoting their resources including e-learning modules, workshops and lunch and learn sessions on a range of sustainability topics including modern slavery and labour rights. We're proud to be able to offer this free resource to all our suppliers, particularly SME and micro SME's who may not be able to deliver bespoke training for all employees.

5. TRAINING AND AWARENESS (continued)

Continuing to raise awareness

In addition to the training provided to employees, we continue to raise awareness of modern slavery through our key internal channels. This includes reminders of the indicators and how to report a concern, anti-slavery week, and learnings from any investigations.

Modern slavery awareness is built in to both internal and external communications plans. This gives us an accessible platform to share updates, case studies, training events, and expert advice. We use newsletters, emails, posters, and intranet articles. We can tailor information to the audience and make it relevant and topical to other events happening at the time.

In 2023, we also launched a dedicated section on our intranet pages 'On Tap', providing colleagues with insights into how Severn Trent are addressing modern slavery and the collective role we all have in identifying and addressing this issue; this includes signposting to helpful resources from SFA and the SCSS, and guidance on the steps to report a potential concern.



Our supply chain

We remain committed to working collaboratively with our suppliers to raise awareness of modern slavery and support them in addressing gaps within their approach. We do this through our partnership with the SCSS, in-person Supplier Summits, supplier on-boarding events, training events and dedicated supplier communications.

Through these channels, we continue to engage, communicate, provide access to expert advice and support the development of their own approach to identifying and addressing modern slavery; irrespective of their industry or size.

In conjunction with UAS, in 2022 SCSS hosted a series of five lunch and learn sessions for our shared supply chain; focused on key aspects of modern slavery awareness and mitigation. We look to build upon this provision over the next year through UAS, but also through a dedicated SCSS supplier learning pathway.

CURRENTLY 65% OF OUR HIGH-IMPACT SUPPLIERS ARE ACCESSING RESOURCES FROM THE SUPPLY CHAIN SUSTAINABILITY SCHOOL.

Through our new approach to supplier due diligence and risk assessment, and in turn our tailored 1:1 supplier engagement, we have also identified opportunities to build awareness of this issue outside of our direct supply chain. For example, we work with suppliers operating in the agricultural sector, and whilst the work they undertake for us is low risk, they are in a position to spot and report potential concerns within the wider sector; an area known to be high-risk within the UK. We will continue to seek similar opportunities through our approach to supplier due diligence.

6. 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. 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 2022/23:

KPI	TARGET	PROGRESS
<p>Organisational Culture Having the right culture is fundamental to our approach.</p>	>8 out of 10.	<p>8.5/10 – the score given to Severn Trent by employees answering the question: 'If I suffered or witnessed wrongdoing at work, I'd be confident Severn Trent would respond appropriately'.</p> <p>Severn Trent is in the Top 5% of global and energy utilities when ranked for employee engagement.</p> <p>Along with our embedded values, we believe this is evidence of a culture where people feel comfortable to challenge and raise concerns, confident they will be listened to, taken seriously and see appropriate action taken as required.</p>
<p>Reporting of potential risks Ensuring that our people and supply chain are confident to report perceived risks.</p>	Develop a culture of trust amongst our people and supply chain.	<p>One concern was raised and investigated during the year, reflecting our culture of trust where our people and supply chain feel comfortable in reporting perceived risks and be confident that their concerns will be fully investigated.</p> <p>Read more about this investigation on page 11.</p>
<p>Supplier due diligence and adherence Our highest risk of modern slavery is within our supply chain. We have evolved our approach to focus on highest risk categories.</p>	100% of contracted suppliers signed up to our Supply Chain Charter.	100% of our contracted suppliers are signed up to our Supply Chain Charter. This is a testament to our enduring relationships with our suppliers, who are committed to reducing risks we face as a business, for the benefit of our wider stakeholders, particularly our customers and communities.
<p>Training and Awareness Company wide and targeted training. Focus on impact.</p>	95% of employees completed modern slavery e-learning.	99% of employees completed e-learning on modern slavery. against a target of 95% for the year 2022/23.

KEY FOCUS FOR 2023/24

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 identify and address modern slavery.

Seek input and insight from Slave-Free Alliance to enhance and evolve our overall approach in relation to modern slavery, and more broadly human rights.

Continue to drive impact through collaborative opportunities with members of UAS; specifically supply chain due diligence, training and internal engagement.

Review and if necessary enhance our Escalation and Remediation procedure to ensure continued vigilance and adequate employee and supplier reporting and investigation of concerns.

Continue to take a proactive approach to supplier due diligence through SFA-led management level assessments with high risk suppliers.

Provide refresher modern slavery awareness training for key supplier facing roles; and Severn Trent and Hafren Dyfrdwy Board level briefing on the modern slavery landscape and impact on the Group.

Explore development and delivery of a dedicated modern slavery supplier learning pathway through the Supply Chain Sustainability School.

Seek ongoing guidance and best practice to enhance our proactive employee checks where required.



CONCLUSION

We continue to take our responsibilities under the Act very seriously and take proactive steps to upskill our employees and supply chain of the duties we must all demonstrate to mitigate the risk of occurrence.

Over the last eight years we have followed best practice guidance to create a strategy, develop training pathways and embed clear expectations within our business and supply chain. Our zero-tolerance approach to modern slavery is supported by robust policies and procedures developed in collaboration with Slave-Free Alliance and support our wider commitment to provide a safe, inclusive and fair place to work.

However, despite our progress we are not at all complacent and take our responsibility to help eradicate modern slavery in our business and supply chain very seriously. We recognise the evolving changing nature of the modern slavery landscape and, as such, continually review and improve our approach.

For any questions please email
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WONDERFUL ON TAP

