

NORTHUMBRIAN WATER LIMITED SLAVERY AND HUMAN TRAFFICKING STATEMENT 2024

1. STATEMENT FROM CEO

At Northumbrian Water Limited (NWL) we are proud of our reputation as an ethical company and we are committed to making ethical behaviour a standard business practice. As part of that commitment, we adopt policies and practices to embed our values and to ensure that we are carrying out our business ethically.

As part of our ethical approach, we are committed to doing all we can to combat slavery and human trafficking by raising awareness and understanding of the many forms it can take and by reviewing and improving our policies and practices in light of that understanding.

We have continued to build on our actions and improve our processes, training, and policies with the aim to ensure that our employment and commercial practices prevent forced, compulsory, or child labour, as well as any form of human trafficking.

This statement is made pursuant to section 54(6) of the Modern Slavery Act 2015 (MSA) and constitutes our slavery and human trafficking statement for the financial year ending 31 March 2024. It sets out the steps we have taken in the year to ensure that no offence under the MSA is occurring in our own business or in our supply chains.

H Mottram CBE
Chief Executive Officer

2. OUR STRUCTURE

NWL's immediate parent company is Northumbrian Water Group Limited (NWGL) and NWL owns a number of direct and indirect subsidiary companies which carry out financing activities on its behalf. All of these companies, together with NWGL and its other direct and indirect subsidiary companies, form the Northumbrian Water Group (NWG).

The structure of the group of which NWL is a part can be found on our website, www.nwl.co.uk at: <https://www.nwl.co.uk/your-home/our-structure.aspx>

3. OUR BUSINESS

NWL is one of ten regulated Water and Sewerage Companies in England and Wales and has over 3,000 employees. It operates in the North East of England, trading as Northumbrian Water, and in the South East of England, trading as Essex & Suffolk Water.

In the North East, the business comprises the supply of both potable and raw water and the collection, treatment and disposal of sewage and sewage sludge, serving 2.7 million people in the major population centres of Tyneside, Wearside, and Teesside as well as the large rural areas of Northumberland and County Durham. We provide only wastewater services in Hartlepool.

In the South, we supply water services to 1.5 million people in Essex and 0.3 million in Suffolk. Our Essex area is part rural and part urban and includes the main population centres of Chelmsford, Southend and the London Boroughs of Barking and Dagenham and Havering and Redbridge. Our Suffolk area is mainly rural with the largest towns being Great Yarmouth and Lowestoft.

4. OUR SUPPLY CHAINS

We have an extensive supply chain of around 3,500 suppliers, with around 500 live contracts in place at any one time. There can be several tiers in the supply chain between us and the source of raw materials, spanning several countries.

We adopt multiple approaches to the procurement of goods and services and endeavour to engage suppliers at a level which is commensurate with the value, risk and importance to the business as a whole. The major spend areas are managed by our category managers directly with our contracted suppliers, while our smaller ad hoc requirements are managed on a local basis directly by the appropriate local personnel.

Ninety-nine per cent of the value of our supply chain is with UK based suppliers and ninety per cent of our total spend with suppliers is contracted and subject to procurement in accordance with The Utilities Contracts Regulations 2016.

5. OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business.

We expect our suppliers to comply with all applicable local laws and regulations and respect internationally recognised human and labour rights. NWL has published its Responsible Procurement Supplier Charter which includes an express statement of values, principles and standards of conduct for the performance of professional activities applicable to everyone in the supply chain, without exception.

In addition to this, the NWG Code of Conduct (Code of Conduct) includes general principles to guide the relationship of our employees with contractors and suppliers and to demonstrate NWL's interest in basing this relationship on the principles of responsible procurement.

These documents can be found on our website, www.nwl.co.uk.

6. TRAINING ON SLAVERY AND HUMAN TRAFFICKING

During the year ending 31 March 2024, the NWL Procurement team enhanced its knowledge regarding modern slavery and human trafficking by ensuring the completion by relevant team members of CIPS Ethical Procurement and Supply E-learning modules as part of their continuing personal development.

7. OUR DUE DILIGENCE PROCESSES FOR SLAVERY AND HUMAN TRAFFICKING

We require that any supplier working with us or on our behalf reads our Code of Conduct and agrees to work ethically, lawfully and with integrity.

All our contracted suppliers are subject to an approval process as part of which they commit to complying with our Code of Conduct.

8. OUR RISK ASSESSMENT

To meet the responsible procurement standards that we have laid down in our Responsible Procurement Supplier Charter, NWL recognises the importance of understanding our current position, where we need to improve, and where the greatest supply chain risks manifest.

A first step in our due diligence is to gather an initial understanding of the salient risks and potential opportunities in our supply chain and how these may impact the business. Developing this understanding helps to determine our priorities and the most appropriate supplier engagement methods.

NWL has adopted a category management approach to procurement activity. For each category, NWL utilises a tool that has scores based on the sustainability impact a supplier can have on NWL operations. From this, the highest risk categories and higher risk suppliers were identified and NWL developed a prioritised action plan.

9. OUR EFFECTIVENESS IN ENSURING NO SLAVERY AND HUMAN TRAFFICKING IS TAKING PLACE IN OUR BUSINESS OR SUPPLY CHAINS

We have a confidential independent whistleblowing hotline and employees, and suppliers, are encouraged to raise concerns about anything which may not be in line with our ethics. Concerns raised through this, or any other available route, will help measure our effectiveness in ensuring no slavery and human trafficking is taking place in our business or supply chains.

We are also an accredited Living Wage employer and have gone beyond the minimum requirements of the Living Wage Foundation by extending the Living Wage to our apprentices. The living wage has also been extended to all eligible employees in our supply chain.

We are confident that there is no slavery or human trafficking in our own operations, and we consider there is a low risk of slavery or human trafficking being present at any level in our supply chains.

Our various HR and Finance systems have certain controls built into them to flag any anomalies to us, allowing us to react quickly to such anomalies. For example, our Finance systems automatically alert us to instances of duplicate bank accounts and multiple occupancy housing alerts. We also adopt a robust 'new starter' process for new employees.

We were recognised in 2023, for the twelfth consecutive year, as one of the world's most ethical companies by Ethisphere, a global leader in defining and advancing the standards of ethical business practices. We remain the only water and sewerage company in the world to be included on this prestigious list and one of only two companies operating in the UK. We feel that this recognition exemplifies our commitment to delivering the highest ethical standards in everything we do.

NWL were also re-accredited to the Good Business Charter (GBC) for the third time in 2023. This accreditation recognises our ethical business practices in ten key areas including ethical sourcing. This requires a commitment to the standards set out in the Ethical Trading Base Code for Sourcing through a process of continuous due diligence.

In 2023, NWL conducted a Responsible Procurement survey with our top 116 strategic suppliers. These suppliers are those we have the most influence with because of our high spending, the critical nature of their services, and our strong relationships with them. Through the survey we checked supplier awareness of our whistleblowing hotline and continued our work identifying higher risk suppliers by:

- Asking if suppliers operate or source goods from a list of high-risk regions.
- Checked supplier awareness of the UK Modern Slavery Act and its requirements
- Asked our suppliers if they have any policies regarding Modern Slavery around supply chain management.
- Asked if the suppliers communicate on modern slavery through their supply chain to low tier suppliers.

The responses to the multiple-choice survey indicated that most suppliers are aware of our whistleblowing hotline and/or have their own system in place. All suppliers are aware of the UK Modern Slavery Act and its requirements. No concerns were raised as a result of the survey, which has helped reaffirm that the risk of slavery and human trafficking being present in our supply chain is low, however we have identified areas in which to improve, such as better advertising of our whistleblowing hotline. Insights from the survey will inform our approach to communicating on modern slavery with suppliers in the future.

10. UTILITIES AGAINST SLAVERY

In November 2021 NWL joined the 'Utilities Modern Slavery Working Group'. In February 2022 the group was renamed 'Utilities Against Slavery'. Utilities Against Slavery, facilitated by the Slave-Free Alliance, is a forum for energy, water and gas providers to collaborate to prevent and address modern slavery.

More than 24 utility organisations are members. Collectively, they employ more than 100,000 people with a supply chain spend in the region of £21bn. Their varied workforce carries out a wide range of tasks, providing essential services to customers throughout the UK, so they are uniquely positioned to identify potential acts of modern slavery and take action.

During 2023, Utilities Against Slavery formed three working groups to identify key areas that may affect all utility companies. They focus on 'Supply Chain', 'Training' and 'Engagement'. NWL is an active member of the Training working group, currently focusing on providing role specific training and a bank of training resources for organisations to refer to. Other recent projects at UAS include creating a high-quality pre-qualification questionnaire to enhance due diligence practices and developing a common approach to working with suppliers to support risk management.

The on-going plan is to co-ordinate activity across our industry to ensure communication and messaging is consistent to our employees and suppliers.

In 2023, we shared a document of Responsible Procurement case studies. This included a case study on the work we have done with Utilities Against Slavery and was also sent to key suppliers and shared on our internal communication platform.

11. OUR NEXT STEPS

We will continue to review the risk of slavery and human trafficking occurring in our own operations and at all levels within our supply chains as we develop our risk assessment process. This will also inform our future actions.

Whilst provisions addressing slavery and human trafficking are included in our terms and conditions, we will continue to formally carry out risk analysis of our supply chains. Training and awareness will be refreshed, where necessary, and all relevant policies and procedures will be continually reviewed and improved as necessary considering this awareness and the risk analysis. For example, all relevant Procurement team members will be required to maintain accreditation to the CIPS Ethical Register.

We will continue delivering and developing our Responsible Procurement Strategy which enables the business to be well equipped to face ongoing challenges, both locally and globally, whilst allowing us to evolve and adapt to a more sustainable way of working. This approach is essential to allow us to have clearer visibility of our supply chain partners and it will ensure that, as a business, we are striving to do all we can to eliminate any unethical behaviour in the supply chain that does not align with NWG values.

As part of our strategy, we have established the Impact Initiative 7 (#I17) programme which allows us to focus our efforts on areas where we can really make the biggest impact when sourcing goods and services. This takes the form of four key activities within the seven initiatives to achieve a stated outcome.

In regard to modern slavery, the outcome we have set of 'safeguarding from unethical practices and strive for transparency in our supply chains' will be achieved through the following key activities.

- Develop an anti-slavery culture within the organisation through CIPS ethical test for the Procurement team and "Lunch and Learn" sessions for internal stakeholders with the support of the Supply Chain Sustainability School
- Refresh and relaunch our whistleblowing hotline.

- Clear identification of high-risk suppliers and enhance our onboarding checks for new suppliers through use of the Sustainability Matrix, Achilles UVDB and tender documentation
- Steering group membership and collaborative industry work with Utilities against Slavery working group in conjunction with slave free alliance

We will continue to work in partnership with suppliers to identify and improve areas of concern.

As part of the Impact Initiative 7 we also ask suppliers to report 'social value' they are delivering against a selection of measures taken from the National TOMs framework. Suppliers can choose to report against a measure for 'Initiatives taken throughout the local and global supply chain to strengthen the identification, monitoring and reduction of risks of modern slavery and unethical work practices occurring in relation to the contract (i.e. supply chain mapping, staff training, contract management)'. This will aid regular conversation with suppliers and help us identify high performing suppliers. We will ask our best performing supplier to share experiences and best practice within our supply chain. We will also generate case studies to evidence the impact of our activities

This statement was approved by the Board of Northumbrian Water Limited on 23 September 2024.



H Mottram CBE
Chief Executive Officer

