

Slavery and Human Trafficking Statement 2020

United Utilities Group PLC
United Utilities Water Limited

Executive summary

United Utilities is committed to tackling modern slavery, both in terms of our own business operations and within our supply chain. Our ambition is to raise awareness of the issue throughout our direct and indirect employee base, in order that we can be vigilant when in the communities we serve. At United Utilities we have a comprehensive set of policies and procedures which are continually monitored and updated. These 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 prepared in accordance with the Modern Slavery Act 2015.

We recognise that the modern slavery landscape is changing and, to ensure we are actively mitigating risk, our approach needs to evolve. Over the past year, our focus has been on the expansion of our horizons towards industry best practice, alternative approaches, the education and research sector, as well as engaging with a variety of charities and not for profit organisations. The primary aim is to highlight standards and best practice to ultimately identify where we can improve our processes, activities and remediation.

We have continued to address areas where we have identified a higher risk of modern slavery potentially occurring within our supply chain, and have kept abreast of industry developments to highlight emerging risk areas. This has resulted in the number of higher risk supply chain areas of focus expanding to include the construction sector.

We are committed to building on our actions and improving our processes, training and policies, so that we can mitigate the possibility of exploitation within our supply chain, but also build our capability in working towards this goal. This year, for the first time, we delivered a company-wide modern slavery awareness week in conjunction with a charitable organisation, retained our Corporate Ethics Mark (from the Chartered Institute of Procurement and Supply), engaged in Institute of Environmental Management and Assessment (IEMA) accredited training in the mitigation of modern slavery risk, and have a representative on the BSI standards committee on modern slavery.

While we reflect on some extensive and positive progress this year, moving into our next business plan period from 2020–2025 we have the opportunity to renew our efforts towards addressing the global issue of modern slavery, and ensuring that internally, in the communities we serve and within our supply chains we do the utmost to protect those that need it most. This will involve issuing a revised supply chain charter, partnering with the Supply Chain Sustainability School and building on our relationships with other infrastructure and sector providers to build collaboration and capability.

Overview of our business

United Utilities provides water and wastewater services to around seven million people and 200,000 businesses in the North West of England. The group's principal subsidiary, United Utilities Water Limited (UUW) operates solely in the UK.

We directly employ over 5,200 people to deliver these services – from engineers to customer service specialists; scientists to financial experts. Many of these employees are members of trade unions with whom we have regular and constructive engagement. We also rely on agency workers, engaged through a recruitment agency, as part of our people strategy.

Our financial year, and the period covered in the statement, is from 1 April 2019 to 31 March 2020.

As Chief Executive Officer, Steve Mogford has overall responsibility for compliance with human rights and modern slavery laws and best practice, with oversight from the board Corporate Responsibility Committee. Our Human Rights and Modern Slavery Act Compliance Group meets regularly throughout the year to assess our approach and address any issues.

Our supply chain

We rely on suppliers to deliver our services. Every year we spend over £1.1 billion with up to 2,500 suppliers, from major international corporations to sole traders. Whilst the majority of our suppliers are from the UK we also source goods and materials from at least 15 countries around the world.

We procure works, goods and services ranging from infrastructure capital investments, through to operational spend on chemicals and energy, to the use of professional IT services. We also have long-term robust relationships with well-regarded organisations for the engagement of agency workers.

Our approach to engaging with our supply chain is to conduct all dealings with integrity, fairness and to ensure compliance with all legal and ethical requirements in conducting our business.



Our approach to human rights and addressing modern slavery

We are committed to protecting the human rights of our employees, and those working on our behalf in our supply chain. As stated in our [Human Rights policy](#), we recognise and support all the rights and freedoms set out in the articles of the Universal Declaration of Human Rights. We also recognise and support the four commitments set out in the International Labour Organisations' Declaration on Fundamental Principles and Rights at Work.

Consistent with good corporate governance and in line with the commitment within our Human Rights policy, we will review the policy in the coming year to make sure it continues to take account of best practice and our company purpose.

Our policies and procedures seeking to prevent modern slavery fall under our broader approach towards maintaining human rights. Our focus remains on the three key ways modern slavery can occur, and where there is the greatest risk:

- **Direct employment:** through our recruitment and management of employees and engagement of agency workers
- **By association:** as a result of our operations, or as a secondary consequence of our actions
- **Indirect employment:** within our supply chain or through the use of products, or materials, which have been produced by people under conditions of forced labour



Direct employment

All new employees who join us directly, or who work on our behalf as agency workers, are subject to pre-employment checks to confirm their identity, right to work in the UK, and to verify employment history and qualifications. They are also subject to basic criminal record checks. In addition, for certain roles such as directorships and those with financial responsibilities, we carry out additional checks.

We have a comprehensive suite of internal employment policies that support the prevention of modern slavery among all people in our employment including:

- Health, safety and wellbeing
- Equality and diversity
- Working time
- Grievance
- Esteem in the workplace
- Agency workers
- Whistleblowing
- Maternity, paternity, shared parental and adoption leave
- Flexible working
- Safeguarding and prevent
- Mental wellbeing

We have an established governance process to consult on and implement employment policies. This includes consultation with our joint trade union forum which meets quarterly. These policies are published on our intranet which is accessible to employees and agency workers.

In the last year we have reviewed the following policies:

- Family friendly and special leave
- Flexible working
- Menopause

We are also in the process of reviewing our agency worker framework contracts to include provisions on modern slavery.

By association

As a UK utility company operating with a principal footprint in the North West, our use of stringent employment checks means it is highly unlikely that modern slavery or human trafficking has occurred within the local area as a result of our operations, or as a secondary consequence of our actions.

Indirect employment

This is the area where we have the least control and where we have concentrated our efforts in ensuring our suppliers recognise their obligations under the legislation and are raising awareness and mitigating modern slavery risk throughout the supply chain.

Trade union relations

We develop effective and commercial partnerships with four main trade unions; Unison, GMB, Unite and Prospect. This enables effective consultation with our people on issues that affect them. There are four full time representatives available within the company to provide employees with help and advice.

The unions also negotiate with the company collectively on behalf of employees on key issues such as pay, terms and conditions and working practices. This is done through four monthly local forums covering the main areas of the business. Joint statements are published internally following each meeting.

Raising awareness

To coincide with UK Anti-Slavery Day on 18 October 2019, our supply chain function led a week-long series of events to raise awareness of modern slavery issues. This was the first time our employee base as a whole has been communicated to on this issue.

Over the course of the week we published a daily blog to inform colleagues how modern slavery is relevant to them as individuals and our business. We provided information to assist colleagues in spotting the signs of modern slavery and understand how to respond if they do spot any of the signs.



The week culminated with a presentation to procurement professionals and other senior leaders across the business from representatives of the Sophie Hayes Foundation – a charity set up to help women who have been through the ordeal of human trafficking, including survivors of modern slavery.

This hard-hitting presentation from survivors of trafficking really brought the issue home to colleagues and has significantly raised awareness of the topic across our employee base.

We will continue to raise awareness by making our Anti-Slavery Day an annual event.

Supply chain

All United Utilities Group procurement activity is carried out by our commercial department. Our approach is based on category management which takes a long-term view of our demand, specifications and the external supplier market to deliver the appropriate contract strategy. We build relationships with our key partners and suppliers based on common values to achieve our goals which are monitored through our Supplier Relationship Management (SRM) process.

Activities to address modern slavery and human trafficking are incorporated into our wider sustainable supply chain approach. Our approach is based on The British Standard for Sustainable Procurement BS8903 and is set out in our Supply Chain Charter, devised following feedback and discussion with both our supply chain and industry peers.

We've improved our policy and governance structures to ensure sustainable supply chain is incorporated into contract pre-assessment, award process and ongoing relationship management. At a procurement category level we undertake a heat mapping exercise against ten environmental, social and governance issues. This enables assessment of the issues through several tiers of the supply chain, allowing us to identify the key areas of impact and the control we may have.

Where there are issues of concern the process dictates that risk analysis is incorporated in the contract assessment and award process. Once we have a contract with a supplier the issues of concern form the basis of action and improvement through ongoing supply relationship management.

Our benchmark remains to ensure that all suppliers are able to demonstrate their employment and labour standards compliance, detailing their factories, people and ethical charters in each country where they operate. We also seek and encourage the promotion of the UNGC Principles covering human rights, labour standards, environment and anti-corruption.

Sustainable Supply Chain Charter

We have been committed to sustainable and responsible procurement for over 15 years. Suppliers committing to our charter have agreed to support us in delivering wider social, economic and environmental benefits. There are ten key issue areas within our charter; six environmental, three social and one governance related. Considerations on modern slavery are incorporated into the wider issues of human rights. Specifically: "Irrespective of the applicable legal obligations we expect all suppliers to adhere to the overriding principles and ethos of the Modern Slavery Act 2015".

The charter is available to all on our [website](#) and we are pleased to report that 77% of our suppliers (based on annual procurement spend) have signed up to support our sustainable supply chain charter, meeting a target of 75% that we set in 2015 to measure progress.

External review

This year we have been reviewing our sustainable supply chain approach. We have identified several areas for improvement, and will be launching a new strategy during 2020. An integral part of this was an independent review undertaken by the University of Liverpool to understand the implications of modern slavery legislation on our practices and culture. This insightful study, comprising of a paper review and in depth interviews with senior leaders and procurement/contract management professionals across the business, has provided a focus for building effectiveness over the next five-year business planning period.

One such recommendation we have already taken forward is the alignment of modern slavery with other areas of the business such as safeguarding and health and safety. We have a cross-functional group which meets monthly, comprising of representatives from legal, HR, commercial, corporate affairs, customer and health and safety to ensure we are tackling issues holistically and our approach is reflected in corporate values, policies and business principles.

As partners to the Supply Chain Sustainability School, and as a part of our strong relationship with CIPS, such as the Ethical Standards Certification, we are building a culture of best practice and will continue to leverage these relationships. As part of the revised supply chain strategy for the next five years we intend to provide suppliers with resources and forums to share best practice to develop their own capability.



Supply chain modern slavery risk assessment

Following an internal risk mapping process across our entire supply chain, we initially identified four key areas of our supply chain where we believe the greatest potential risk of modern slavery non-compliance lies. During the year we have responded to evidence that the construction sector is one of the emerging risk areas where modern slavery is on the rise. This is relevant to us given the large amount of construction and maintenance based activity we undertake every day, particularly where there are sub-contractors involved. We have therefore included construction as one of our higher risk areas.

Our five sensitive areas are:



1. Construction and maintenance

Every year we spend a combined total of circa £600 million on construction and maintenance which amounts to approximately 55% of overall procurement spend. Most of our construction is undertaken by four delivery partners with whom we work on a partner basis. Many of these construction partners employ sub-contractors and as the supply chain reaches further from our business there is less visibility and control over employment practices. We have recently extended our contracts with our delivery partners and in doing so have strengthened the contractual obligations with regards to modern slavery provisions. This includes a stipulation that these measures must be passed down through the delivery partner supply chains to increase our influence. As we move forward into the next five years we are going to include modern slavery as part of health and safety audits on construction and maintenance sites. This is following a trial which took place this financial year in relation to incorporating modern slavery within existing health and safety audits on our network partners. This further demonstrates our progress in bringing together different policy areas to form a cohesive business response to managing risk in this sector. Membership of Supply Chain Sustainability School and collaboration with other infrastructure providers will provide further insight into the specific construction and maintenance sectors.



2. Chemicals

Chemicals account for 2% of our annual procurement spend with 51 suppliers sourcing products from 14 countries. Focusing on those chemicals most commonly used in water and wastewater treatment, as part of on-going annual supplier verification audits we have requested that our suppliers review their extended supply chains to source, and provide assurances that no modern slavery is evident. These checks continue to take place across the extended supply chain and we seek regular assurances and evidence from our suppliers, including access to their corporate responsibility, modern slavery and human trafficking policy statements to support their commitment. We have conducted and encourage our partners to conduct their own supplier audits, including site visits to review working practices and conditions at suppliers' premises, to ensure expected standards are being met.

The topic of modern slavery across the water sector has become more prevalent this year and in January we arranged for the Sophie Hayes Foundation to present at a chemicals resilience forum. This was well received and following the session a number of other water companies have also made contact. Through existing collaborative forums in the chemicals area we will continue to investigate opportunities to work holistically to tackle modern slavery, this is particularly relevant in the chemicals sector where there are common sector supply chains.



3. Workwear and Personal Protective Equipment (PPE)

Less than 1% of our annual procurement spend is on workwear and PPE, with both contracted suppliers located in the UK. Textiles remains a potentially high risk area within this spend category, as they are generally sourced from countries where there may be a higher inherent risk of forced or child labour in their production. We have sought assurances from all existing associated suppliers, that their business and supply chains do not contain slave and child labour. In 2020 it is our intention to re-tender our PPE and workwear requirements. This is a significant opportunity for UU to take into consideration the many sustainable and ethical risks in this area. As such we have conducted extensive market engagement to understand the various risks and mitigation options available to us, and our strategy takes into account the increasing importance of sustainability and ethics in our value proposition. The procurement and appointment of a new supplier will be completed in the financial year 2020/21 and we are confident this will take into account mitigation of the high level of risk in this area.



4. Information Technology (IT) hardware and equipment and offshore labour

We work with 272 suppliers located in nine countries relating to IT hardware and equipment, accounting for around 4% of annual procurement spend. IT equipment remains a focus due to the large proportion of manufacture which takes place in South East Asia, where we continue to work with our established framework partners to ensure appropriate relationships and controls are in place with the wider supply chains in this region.

In addition, we continue to engage a number of framework suppliers that utilise offshore labour, again predominantly in South East Asia. We aim to audit each of these framework suppliers to ensure they continue to operate codes of ethics that focus on human rights issues actively prohibiting forced or other compulsory labour within their own organisations and supply chains. As part of our framework replacement process, we will be considering supplier evaluation and post mobilisation will look at appropriate visits to the delivery sites located in the country of origin where the labour is based, so as to ensure that these suppliers comply with the standards we set ourselves and our supply chain.



5. Network materials, mechanical, electrical and operational technology kit (mainly metal and plastics)

The category accounts for over 2% of our annual procurement spend with 285 suppliers located in at least four countries. As part of the procedure for identifying supplier risk, we have reviewed the types of materials we currently buy using framework agreements to assess the potential sources that could involve forced labour. Whilst fair treatment and labour standards were deemed to be low risk, our potential suppliers continue to be evaluated on their labour standards as part of both ongoing performance management, tender assessment and subsequent framework awards. Applicants' responses included their policy in relation to labour standards, focusing on how their workforce are treated, how they ensure the legality of workers and how the supplier maintains these standards throughout their supply chain. They also advise about their policy for their extended supply chain and compliance to the Act and if their organisation has accreditation or has adopted any recognised standards or initiatives that they operate to (e.g. UN global compact).

Training

Our training programme on issues related to modern slavery have been focused on employees who are directly involved in commercial activities. We have retained the Chartered Institute of Procurement and Supply (CIPS) Corporate Ethics Mark for three years. This requires all relevant commercial employees to undertake online training covering human rights and forced labour in supply chains; the implications, the risks and how to respond. To complete the training participants must reach the required pass mark. This accreditation recognises the work we have done and the level of training we have provided to our employees in support of our aim to eliminate modern slavery from our supply chain, and those of our suppliers.



This year to make sure that we keep up to date with developments and best practice in addressing modern slavery in our supply chain our Commercial Policy Governance Manager has undertaken an IEMA (Institute of Environmental Management & Assessment) qualification in recognising and mitigating modern slavery risk in the supply chain. The Policy and Governance Manager is also a member of the BSI Committee on Modern Slavery, created to look at ways in which approaches can be standardised across businesses and the supply chain, thereby reducing 'red tape' maximising efforts and making it clearer for the supply chain to recognise and respond to modern slavery risk. This has also encouraged collaboration with other water companies and infrastructure providers to maximise efforts to tackle modern slavery across the sector.

Reporting of concerns

We all have a responsibility to remain vigilant and alert to the potential for modern slavery issues both internally and within our supply chain. To support this we continue to raise awareness of our whistleblowing policy and independent hotline where employees can report concerns safely and in confidence and management can act appropriately to deal with any resulting issues.

Issues reported to the hotline are answered in the strictest confidence by an independent operator Safecall. Once a concern is raised via the above means, the basis of that concern will be recorded, a decision made on what further actions are required and the relevant senior personnel informed.

The whistleblowing hotline is available to United Utilities employees, contractors and suppliers. There have been no issues raised relating to modern slavery, or human trafficking, to the whistleblowing hotline during the last 12 months.

Continuous improvement

We are proud of both our progress and achievements in relation to addressing the potential risk of modern slavery, however we recognise that further work will always be required and we will not reduce our efforts.

We recognise that there is further we can go within our organisation, within our supply chain and in collaboration with other organisation to raise awareness of, and mitigate against, modern slavery risk.

An essential part of this is recognising the areas for improvement and uncertainties. We accept that our current strategy is focused on our tier one supply chain with whom we have contracts for common goods and services, however in many cases our influence and visibility is reduced beyond the first tier and into the rest of supply chain.

We also recognise the limitations that arise from global supply chains, and differences in legislation and culture across the globe. By understanding and being transparent about these challenges we have the opportunity to begin to tackle them.

During the next 12 months our focus will be on three key ways in which modern slavery can occur, and where there is the greatest risk:

- **Direct employment:** we will continue to maintain high standards through our recruitment and management of employees and agency workers, we will embed a culture of tackling modern slavery throughout our direct employee base through expansion of awareness and training and providing confidential ways for our employees to report their concerns.

- **By association:** we aim to provide training to front line staff to be vigilant in our relationship with the communities we serve, and build relationships with other organisations to collaborate on tackling modern slavery risk. We will continue to engage with BSI and the Supply Chain Sustainability School to increase our sphere of influence and engagement.
- **Indirect employment:** we will continue to review and improve our risk identification and mitigation through strong relationships with our supply chain and our new strategy will build on the great work we have undertaken thus far with regards to sustainable supply chain. This will include, measurement and monitoring, auditing and reporting and investigating ways in which we can gain visibility of the supply chain beyond tier one. We will also continue to build relationships with other organisation to build a cohesive and holistic approach to mitigating modern slavery risk.

Given the current global pandemic, we recognise the impact of COVID-19 and will continue to engage closely with the supply chain in relation to identification of increased modern slavery risk.

The above statement sets out the steps taken by United Utilities Group PLC and United Utilities Water Limited, both companies falling within the scope of section 54(2) of the Modern Slavery Act 2015 and the Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations 2015.

It was approved by the boards of United Utilities Group PLC and United Utilities Water Limited on 28 April 2020 and signed by



Steve Mogford
Chief Executive Officer
United Utilities Group PLC

