

## Slavery and human trafficking statement

### Executive Summary

United Utilities has taken steps to identify areas where there is any risk of modern slavery occurring within our supply chain, and to attempt to eliminate that possibility. However, we cannot guarantee that it is not present in some form. We will build on our actions to date and improve our processes, including directly challenging our suppliers to do all they can to eradicate it completely. We embrace the new legislation and the Transparency in Supply Chains provisions of the Modern Slavery Act 2015 and agree with its aims. However, we understand and acknowledge that this is a task that can only be completed over time, and with the full support of our suppliers.

### Overview

United Utilities provides water and sewerage services to around seven million people and 200,000 businesses in the North West of England by providing them with clean, fresh water every day. We also take away and treat the region's wastewater helping keep our rivers and beaches clean. These services are carefully regulated by the water regulator Ofwat, who reviews the prices companies can set every five years.

We want to ensure that our customers can rely on us for a great service and we're spending billions to ensure we deliver on our promises. Over the next five years, we are spending approximately £3.5 billion to make our network more resilient to the effects of climate change, to reduce the risk of drought, to improve drinking water quality, reduce flooding from sewers and improve wastewater treatment.

During difficult economic times, our five year investment programme means a £9 billion boost to the North West economy, supporting thousands of jobs, and securing a legacy for the future. In doing so, we spend over £1 billion each year procuring works, goods and services ranging from our £200m extension of Liverpool wastewater treatment plant, through operational spend on chemicals and energy to the use of professional IT services. Our Health and Safety policy states that 'Nothing we do is worth getting hurt for' and we will never ask anyone to compromise on this, including our suppliers.

We have developed a [Sustainable Supply Chain Charter](#) which sets out our joint commitment to the principles and expectations we uphold in dealing with our supply chain. 75% of our annual procurement spend is with suppliers who have signed up to this. We aim to ensure our suppliers and buyers understand our values, which range from environmental considerations such as reducing waste to landfill and carbon emissions, to humanitarian priorities such as fair treatment of employees and protecting human rights.

We have drawn up a [Modern Slavery Policy](#) covering an introduction to the Modern Slavery Act 2015 and its impact for United Utilities. We are serious about tackling these issues and are committed to taking the steps necessary to eradicate modern slavery within our supply chain.

In dealing with our suppliers, we have looked at the variety of ways that modern slavery could occur within our supply chain, so that we can focus our efforts where there is the greatest risk:

- directly – all new staff who join as direct employees or as agency workers are subject to pre-employment checks to confirm identity, right to work in the UK and to verify employment history and qualifications. All new staff are also subject to basic criminal record checks and, for certain roles such as directorship and financial, we carry out additional checks.
- 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 trafficking has occurred as a result of our operations.
- indirectly – 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 new legislation.

We have taken a risk-based approach and identified those spend categories where the supply chains can be global and lengthy. The main risk categories, and actions we have taken, are detailed below:

### **Chemicals**

We have identified our most commonly-used chemicals that we procure for water and wastewater treatment, and have requested that our suppliers review their supply chains to source, to provide assurances that no modern slavery is evident. We have been provided with suppliers' Corporate Social Responsibility and Modern Slavery and Human Trafficking Policy Statements to support their commitment, along with details of their suppliers, countries of production and raw materials used. Our suppliers are recognising their obligations under the new legislation and applying their own measures and assurances. We have conducted supplier audits, including site visits to review working practices and conditions at suppliers' premises, to ensure expected standards are being met. Our audit requirements are being strengthened to include specific modern slavery and human trafficking reviews.

### **Workwear and Personal Protective Equipment (PPE)**

We have conducted analyses of the goods that we buy and identified that a potentially high risk area is textiles, specifically our Workwear and Personal Protective Equipment (PPE), as these are generally sourced from countries where there may be a higher likelihood of forced or child labour in their production. We have sought assurances from our suppliers, whether they are statutorily required to comply with the Modern Slavery Act or not, that their business and supply chains do not contain forced or child labour. Whilst we understand it is, in some circumstances, difficult for suppliers to offer assurances, we have found that they have taken a hands-on approach and responded directly to our efforts, which in turn has resulted in a trickle-down effect. It has encouraged them to voluntarily audit their supply chains to ensure they have their own assurances and can demonstrate to us that ignorance is not acceptable. They have provided us with their own statements, findings, policies and risk assessments to tackle the issue of modern slavery.

### **Information Technology (IT) Hardware and Equipment**

As a high proportion of the components of IT equipment is manufactured in South East Asia, we have established framework relationships with leading value added resellers who each apply codes of ethics to their supply chains. For example, one of our key IT suppliers has based its approach to Corporate Sustainable Responsibility on the 10 core principles of the United Nations Global Compact ('UNGC'), that include ensuring they are not complicit in human rights abuses and are committed to the elimination of all forms of forced and compulsory labour.

Furthermore, we operate a number of framework relationships that utilise offshore labour, again predominantly in South East Asia. Each of these framework suppliers operate codes of ethics that focus on human rights issues actively prohibiting forced or other compulsory labour within their own organisations and supply chains. Periodically, and when establishing key contracts with these suppliers, our personnel conduct review visits to the delivery sites located in the country of origin where the labour is based so as to satisfy ourselves these suppliers and specific sites comply with the standards we set ourselves and our supply chain.

### **Mains Materials (Metal and Plastics)**

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 were asked about their labour standards as part of the tender assessment and subsequent framework award. Applicant's responses included their policy in relation to labour standards, including: how their workforce are treated, how they ensure the legality of workers and how the supplier maintains these standards throughout their supply chain.

All of the resulting contractual suppliers were able to demonstrate their compliance with a Social Corporate Responsibility Charter detailing their factory, people and ethical charters relating to employer and labour standards in each country where they operate. They also recognise and promote the UNGC Principles covering Human Rights, Labour Standards, Environment and Anti-Corruption.

## **Other initiatives:**

### **Training**

We are working with the Chartered Institute of Purchasing and Supply (CIPS) to develop focussed training on Ethical Procurement and Supply. This will address modern slavery within worldwide supply chains and strengthen our control procedures in this important area. We expect our buyers to have completed this during 2016.

### **Tendering**

As part of our tendering process we require potential suppliers to complete a detailed questionnaire covering wide areas of their business operations including specific questions around labour standards. Given the introduction of new procurement regulations in the UK we will take advantage of the need to review and update our processes to also update how we assess potential supplier's labour standards to elicit detailed responses that demonstrate the measures potential suppliers have taken to eradicate modern slavery. This review will be complete and new standards in place in 2016.

### **Performance Indicators**

From the review of our spend categories, further planned training, strengthening our tendering process and challenging suppliers, we are developing a set of performance indicators during 2016, to measure our suppliers' initiatives in this important area.

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 27 September 2016 and signed by



**Steve Mogford**  
Chief Executive Officer