

## ANTI-SLAVERY STATEMENT 2022

The Modern Slavery Act 2015 (the “Act”) came into force in 2015. The Act requires commercial organisations with an annual turnover of more than £36 million to publish a slavery and human trafficking statement for each financial year. This statement is made pursuant to Section 54(1) of the Act and constitutes our slavery and human trafficking statement for the financial year ended 31st March 2022. The Board of Directors of Dŵr Cymru Cyfyngedig<sup>1</sup> (the “Board”) approved this statement on 5th May 2022.

### Our Structure and Business

Dŵr Cymru Cyfyngedig, a wholly owned subsidiary of Glas Cymru, is the Group's principal trading company with an annual turnover of £807 million and is referred to as Welsh Water throughout this statement. Its principal activity is the supply of water and treatment and disposal of wastewater under the Instrument of Appointment made by the Secretary of State for Wales under the Water Act 1989. Unique in the water and sewerage sector, Glas Cymru is a company limited by guarantee and as such has no shareholders.

Welsh Water is the sixth largest of the eleven regulated water and sewerage companies in England and Wales. It is responsible for providing over three million people with a continuous, high-quality supply of drinking water and for taking away, treating, and properly disposing of the wastewater that is produced, we are fully committed to delivering best quality service at least possible cost.

Welsh Water's vision is to Earn the Trust of our Customers Every Day. We understand that ensuring the highest standards of governance is crucial to earning the trust of our customers. Our relationships with our suppliers and decision-making in connection with our supply chain are crucial elements of our culture and important to earning and maintaining that trust.

### Covid-19

As we move into a new phase of dealing with Covid-19, we continue to work closely with our suppliers. Covid-19 safe working practices continue to be followed as appropriate across our business including operations and support sites and we ensure all our teams have access to appropriate PPE. We have continued to support suppliers, and measures include regular communications with key suppliers, to understand the impact on their organisation and their supply chains as restrictions and measures change.

### Our Policies

Welsh Water is committed to meeting the aims of the Act. We strongly oppose slavery, human trafficking and child labour and we work to raise awareness across the business and in our supply chains. We have made clear to colleagues and suppliers that we will not tolerate slavery and human trafficking in our supply chains or any part of our business. To be trusted to do the right thing is one of our core values. We would never knowingly engage with suppliers or contractors involved in slavery or human trafficking and reserve the right to terminate our agreements with any third party found to have engaged in any act or thing that amounts to modern slavery as defined under the Act (“Modern Slavery Practice”).

Our Anti-Slavery Policy sets out Welsh Water's commitment to acting ethically and with integrity in our supply chain arrangements, and the safeguards we have implemented to require that our suppliers and contractors comply with the Act. We regularly review the effectiveness of our policies and procedures, to ensure they remain fit-for-purpose.

Our Employee Code of Conduct is issued to all new starters as part of our induction programme. It highlights key policies and values, especially the importance of “doing the right thing” and refers

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<sup>1</sup> Dŵr Cymru Cyfyngedig is the only company in our Group which meets the turnover threshold to report under the Act.

colleagues to our separate policies including those covering Safeguarding, Bribery and Corruption and Whistleblowing. Colleagues are reminded that they should raise any concerns with their line manager, the Head of Internal Audit, any Director, or the Chief Executive, and that we also provide an independent third-party service for reporting concerns or issues by email or phone.

We have updated our Supplier Code of Conduct which reinforces our requirement for our supply chain to comply with our and legislative requirements relating to Modern Slavery. Our Supplier Code of Conduct is published on our web site, it is referenced in our Purchase Order terms and conditions and forms part of our specification for new tender activities.

We have commenced development of our Sustainable Procurement Policy which will incorporate and reinforce our approach to modern slavery in our supply chain and we intend to follow the principles of ISO 20400 (Guidance for the Implementation of Sustainable Procurement) in our development. Implementation and subsequent measurement of our approach.

### **Our Supply Chain and due diligence process**

Our supply chain includes approximately 4,000 suppliers of which circa 2,322 were active suppliers with invoices paid in the financial year to 31st March 2022. During 2021-22, payments to the supply chain were circa £541 million. These suppliers are of varying size from small and medium sized enterprises to global organisations, and expertise ranging from major capital works, and operational services contractors, to material and goods suppliers.

Our electronic tendering system requires potential suppliers and contractors to confirm whether they have committed any offence under Section 1, 2 or 4 of the Act. An unsatisfactory response constitutes mandatory grounds for exclusion from our tender processes. Our Terms and Conditions include contractual provisions relating to compliance with the Act and our Supplier Code of Conduct. We implement these provisions in all new agreements, upon renewal of existing agreements and upon the issue of purchase orders to suppliers.

We aim to meet the Welsh Government's 12 commitments set out in its Code of Practice for Ethical Employment in Supply Chains (2016).

During 2021, a potential case of modern slavery was identified relating to a tier 4 sub supplier of polysilicon, used to manufacture Solar PV panels, in Xing hang Provence, China. Working with our contracted supplier, we activated measures to gain further assurance on suitability of source, whilst also ensuring future projects were supplied using material from other ethical sources in Taiwan.

### **Risk Assessment**

Since 2019, our Contract and Supplier Management process has detailed Modern Slavery as a primary criterion which is considered when assessing the risk and consequential contract and supplier management actions that may be required for key contracts. Contracts are allocated into a Platinum, Gold, Silver or Bronze, contract management level with associated levels and frequency of monitoring specified.

During 2021-2022, our Contract and Supplier Management process has been revised, and we will continue to broaden our supply chain mapping of commodities and services at higher risk, in line with the development of our sustainable procurement policy and will consider further areas of focus within sub-supply chains for high-risk categories.

### **Recruitment and Training**

Our People team maintains recruitment policies to protect against slavery and human trafficking in our own operations and we are working towards meeting the Welsh Government's 12 commitments in its Code of Practice on Ethical Employment in supply chains.

As part of Anti-slavery week in October 2021, Hope for Justice & Slave Free Alliance were engaged to provide an internal campaign and awareness sessions on spotting the signs of and how to report modern day slavery. We identified the top 50 suppliers with the highest risk of modern slavery within their supply chains and provided those organisations with a reminder of our Supplier Code of Conduct expectations, policies, and training on the signs of and reporting of any concerns. The corresponding Procurement and Contract Managers for these suppliers were also trained as part of this week-long campaign.

Throughout 2021 and 2022, all members of the Procurement team completed the Ethical Procurement Supply certification, through the Chartered Institute of Purchasing and Supply (CIPS). During 2022, individual team members will renew their certifications and new team members will also be supported to attain this certification also. Over the course of 2022, Welsh Water will apply for CIPS Ethical Sourcing accreditation.

Over the course of 2022 and beyond, we will:

- Increase awareness of the risk of Modern Slavery in our supply chain and require adherence with our Anti-Slavery Policy, ensuring transparency in our supply chains
- Promote inclusivity and diversity through our supplier assessment process
- Continue to develop our Sustainable Procurement Policy incorporating our aspirations and requirements relating to Modern Slavery.

### **Measuring Effectiveness**

During 2022-23, we will review the effectiveness of the processes we have implemented to date to identify any additional assessment or monitoring activities that may support continuous improvement in this area.

Signed by:



**Peter Perry, Chief Executive**

On behalf of the Board on 5th May 2022