

ANTI-SLAVERY STATEMENT 2021

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 more than £36 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 ten 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. This statement is made pursuant to Section 54(1) of the Modern Slavery Act 2015 (the "Act") and constitutes our slavery and human trafficking statement for the financial year ended 31 March 2021.

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

During the Covid-19 pandemic we took steps to ensure the safety of our capital and operations contractors and avoid undue pressure on supply chains where possible. We adopted Covid-19 safe working construction practices, as set out by the Construction Leadership Council, and re-planned work to enable social distancing, wherever possible, and the use of appropriate PPE. We amended our payment cycle to ensure that all invoices were paid within 10 days of approval, from January 2021 we reverted back to our standard payment terms. We have continued to support suppliers and measures include regular communications with key suppliers, the sharing of work plans and frequent discussions on resource availability. We seek wherever possible to provide suppliers with continuity of work thereby reducing the need for furloughing. We continue to engage with our offshore suppliers to test how workers, now based at home, are being supported. We continue to invest in additional transport to enable socially distant travel for relevant suppliers.

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 Modern Slavery 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 and a revised Anti-Slavery Policy statement which now additionally defines clear internal and external points of contact, should anyone wish to raise a concern, was approved by the Board in December 2020.

Our 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 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

Business Assurance, 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 developed a 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 Terms and Conditions and forms part of our specification for new tendered activities. During 2021 we will engage further with our suppliers to confirm the importance of compliance with Welsh Water's Supplier Code of Conduct, and the communication of such requirements throughout their organisations.

We will continue to attend a cross utility working group set up to share best practice ideas in Supply Chain Management and Sustainable and Responsible Procurement.

Our Supply Chain and due diligence process

Our supply chain includes approximately 4000 suppliers of which circa 2287 were active suppliers with invoices paid in the financial year to 31 March 2021. During 2020 to 2021 payments to the supply chain were circa £591 million. These suppliers are of varying size 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 Modern Slavery 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. We implement these provisions in all new agreements, upon renewal of existing agreements and upon issue of purchase orders.

We were not made aware of any instances of unfair employment practices or unethical activity in our supply chain during the reporting period 2020-21, however in April 2021 we were alerted to a potential issue in relation to goods supplied during 2020-21, which is currently under investigation.

Risk Assessment

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

In 2020 the Procurement Department commenced the supply chain mapping of commodity supplies and services that may be at greater risk of modern-day slavery with an initial focus on Catering and Cleaning services. We developed a Modern Slavery Questionnaire that was used in the tender process for Cleaning Services, and which will be utilised for the procurement of other commodities and services that are deemed higher risk in relation to Modern Slavery.

During 2021 we will broaden our supply chain mapping of commodities and services at higher risk and will consider further areas of focus within sub-supply chains for high-risk categories.

Recruitment and Training

Our People and Change 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.

During 2020 Hope for Justice & Slave Free Alliance delivered a Modern-Day Slavery Awareness Seminar to the Procurement Team and key stakeholders within our Legal, HR and Compliance teams.

In 2021 the Procurement Team will continue to support individual team members attainment of Ethical Procurement Supply certification, through the Chartered Institute of Purchasing and Supply.

Measuring Effectiveness

During 2021-22 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

The Board of Directors of Dŵr Cymru Cyfyngedig¹ approved this statement on 6 May 2021.

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