



**Modern  
Slavery Act  
Statement  
2018**

This statement is made pursuant to Section 54(1) of the Modern Slavery Act 2015 (the “Act”) and sets out the steps that we, Thames Water Utilities Limited (“Thames Water”), take to ensure that slavery and human trafficking is not taking place in our supply chain or in any part of our business.

## Our Structure

Thames Water is the largest supplier of water and wastewater services in the United Kingdom, serving approximately 15 million customers and managing, and maintaining 31,100km of water pipes and 109,400km of sewers across London and the Thames Valley. Our ultimate parent company is Kemble Water Holdings Limited whose shareholders comprise pension funds and other long-term institutional investors.

## Our business and supply chain

Our business is focused on water and wastewater operations in the United Kingdom only.

Our supply chain includes approximately three thousand suppliers of varying size and expertise from major capital programme delivery and operational support to works, services, and material supply. In 2017-18, we paid approximately £2.1bn to our supply chain.

## Our policy on Slavery and Human Trafficking

We remain fully committed to ensuring that there is no slavery or human trafficking in our supply chain or in any part of our business. Our position on preventing modern slavery in our business is contained within our Honest & Ethical Behaviour. It reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere within our business or supply chain.

Thames Water’s Executive team and Board have overall responsibility for ensuring our Honest & Ethical Behaviour Policy reflects our legal and ethical obligations and is adhered to by our employees and support partners.



## Steps taken and our due diligence processes for Slavery and Human Trafficking

### **Our Employees**

Thames Water employs over 5,400 employees within the UK. We use an independent third party provider to undertake pre-employment screening that includes identity checks and confirmation of entitlement to work in the UK, on all directly hired employees prior to commencing employment with us.

All of our employees are required to complete annual training on a number of key policies including the Honest and Ethical Behaviour Policy as referred.

### **Our Supply Chain**

We have in place systems to identify and assess potential risk areas within our supply chain and to mitigate any identified areas of risk. Our suppliers and contractors are also encouraged to report, via our confidential 'whistleblowing' phone line, any concerns that slavery or human trafficking may be, or is, taking place.

Our standard procurement processes include a variety of checks and reviews designed to ensure that the suppliers we engage with have sufficient capability, capacity, and agreement to Thames Water policies and commercial terms. We validate that contracts awarded have the appropriate assessment and contract clauses.

We regularly look to improve our supply chain processes. All new sourcing advertisements subject to The Utility Contract Regulations 2016 include a question around the value chain for the products or services we are procuring. This will highlight countries of origin that are considered 'high risk' (in line with US Bureau of International Labour Affairs). This information is then used in the resulting tendering assessment process.

Tailored training for our buying team has been conducted to help individuals identify and recognise high risk commodities and services when ordering goods or services. This training will be refreshed on an annual basis.

A formal process to report potential breaches has been embedded. Instances of non-compliance would be considered on a case-by-case basis, taking remedial action as appropriate, potentially including withdrawing from an existing commercial arrangement.

New suppliers are required to maintain a Slavery and Human Trafficking Policy, which sets out their internal monitoring, control, due diligence and record keeping procedures undertaken to minimize the risk of an offence under the Act being committed. Standard contractual provisions will allow for periodic and targeted audit of compliance with this requirement using a risk-based approach.



## Assurance controls

We have in place a risk management process that identifies, assesses, monitors and reports on the Company's compliance risks, including compliance with our obligations under the Act. We assess the effectiveness of the controls in place, the impact of these risks should they materialize, and the likelihood of this happening.

We use the "three lines of defence" model to provide assurance on our risk management arrangements, and systems of internal control. In drafting this statement we have taken into account the results of ongoing monitoring of controls, undertaken by first, second and, where relevant, third lines of defence, as well as the outcomes from our risk management process.

- First line - management is responsible for the application of our risk management framework and for the operational effectiveness of internal controls;
- Second line – our risk and assurance function and our compliance teams are responsible for supporting the business on, and providing oversight of, the identification, assessment, monitoring and reporting of risk and mitigation strategies; and
- Third line – our internal audit function provides independent and objective assurance on the risk management framework and the effectiveness of the systems of internal control.

Our documented controls have been operated and tested by our first and second line assurance functions during the year.

## Our effectiveness in combating Slavery and Human Trafficking

We have identified Key Performance Indicators ("KPIs") in order to measure our performance and effectiveness in combatting slavery and human trafficking over the next 12 months.

These include:

1. Company-wide employee training.
2. Role based training.
3. Tender pre-qualification questions answered appropriately and tested.
4. Appropriate contractual arrangements.
5. Potential breaches will be investigated and where appropriate reported within the defined timescale.

This statement constitutes Thames Water's Slavery and Human Trafficking Statement for the financial year ending 31 March 2018.



**Ian Marchant**  
(Chairman)

27 June 2018



## Supporting statement by Kemble Water Holdings Limited

We are the ultimate parent company of Thames Water, which is the key operating subsidiary within the Thames group of companies, which we ultimately own (the “Group”). We have read and fully support the above slavery and human trafficking statement for Thames Water’s financial year ended 31st March 2018.

We are equally committed to ensuring that there is no slavery or human trafficking taking place within our and our extended Group’s supply chains or businesses. Our Group’s focus and priority over that last year has once again been on ensuring that Thames Water, as our key operating subsidiary, continued the process of implementing the necessary due diligence, systems and controls to minimise (and hopefully eradicate) the risk of slavery and human trafficking occurring within its business and supplychains.

Over this last year, we and the other members of our Group have nevertheless remained vigilant in our respective business operations to the need to ensure the absence of slavery and human trafficking in those operations. Group companies subject to section 54(1) of the Act have now started to look at their respective businesses and supply chains to understand the risk of slavery and human trafficking taking place in these. In that light of this, appropriate policies and procedures will be developed and/or strengthened over the next 12 months and which will inform the contents of future statements, which we or other relevant members of the Group may be required to publish under section 54(1) of the Act.

### KEMBLE WATER HOLDINGS LTD



**Kenton Bradbury**  
(Chairman)  
28 June 2018

