



Modern  
Slavery Act  
Statement  
2019

This statement is made pursuant to Section 54(1) of the Modern Slavery Act 2015 (the “Act”) and sets out the steps that we, Kemble Water Holdings Limited and its relevant subsidiaries (Kemble Water Eurobond plc, Kemble Water Finance Limited, Thames Water Limited, Thames Water Utilities Holdings Limited, Thames Water Utilities Limited, Thames Water Utilities Finance PLC and Thames Water (Kemble) Finance PLC), (“The Group”) 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

The ultimate parent company of the Group is Kemble Water Holdings Limited, whose shareholders comprise pension funds and other long-term institutional investors.

Thames Water Utilities Limited (“Thames Water”) is the main operating company in the Group. It 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 business and supply chain

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

Our direct 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 2018-19, we paid approximately £1.76bn 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 Policy [<https://www.thameswater.co.uk/-/media/Site-Content/Thames-Water/Legal/Honesty-and-ethical-behaviour-policy.pdf>]. 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 approximately 7,000 employees within the UK. It uses 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 and capacity to comply with Thames Water policies and commercial terms. We validate that contracts awarded have undergone appropriate assessment and have appropriate contract clauses in place.

We regularly look to improve our supply chain processes. All new sourcing advertisements subject to The Utility Contract Regulations 2016 (for Thames Water) 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, sourcing managers, and contract managers has been conducted to help individuals identify and recognise high risk commodities and services when ordering goods or services. This training is refreshed on an annual basis.

A formal process to report potential breaches has been embedded into our business. 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 statement in line with the Act 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 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 materialise, 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.

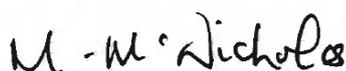
## Our effectiveness in combating Slavery and Human Trafficking

We have in place 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 The Groups, including Thames Water’s Slavery and Human Trafficking Statement for the financial year ending 31 March 2019.



**Michael McNicholas**

Chairman, Kemble Water Holdings Limited  
27 June 2019



**Ian Marchant**

Interim Executive Chairman, Thames Water  
27 June 2019

