



Modern Slavery Act
Statement 2020

Our statement on the Modern Slavery Act

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 our 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 ('our 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 our Group is Kemble Water Holdings Limited, whose shareholders comprise pension funds and other long-term institutional investors.

Thames Water Utilities Limited ('Thames Water') is our main operating company. As the largest supplier of water and wastewater services in the UK, we serve approximately 15 million customers and manage and maintain 31,100km of water pipes and 109,400km of sewers across London and the Thames Valley.

Our business and supply chain

We focus our business on water and wastewater operations in the UK only.

Our direct supply chain includes approximately 3,000 suppliers of varying sizes and expertise levels, from major capital programme delivery and operational support to works, services and material supplies. From 2019 to 2020, we paid approximately £1.83 billion to our supply chain.

Our policy on slavery and human trafficking

We remain fully committed to ensuring there's no slavery or human trafficking in our supply chain or in any part of our business. You can find out more about our position on preventing modern slavery in our [Honest & Ethical Behaviour Policy](#). This 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 making sure our Honest & Ethical Behaviour Policy reflects our legal and ethical obligations and that our employees and support partners adhere to it at all times.

Steps taken and our due diligence processes for slavery and human trafficking

Our employees

At Thames Water, we employ approximately 6,650 employees within the UK. We use an independent third-party provider to undertake pre-employment screening on all directly hired employees before they commence employment with us, which includes identity checks and confirmation of entitlement to work in the UK.

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

Our supply chain

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

Our standard procurement processes include a variety of checks and reviews designed to make sure the suppliers we engage with have the capability and capacity to comply with our policies and commercial terms. We also check that our contracts undergo appropriate assessment and have appropriate contract clauses in place.

We regularly look to improve our supply chain processes. At Thames Water, all new sourcing advertisements that are subject to The Utility Contract Regulations 2016 include a question around the value chain for the products or services we're procuring. This highlights countries of origin that are considered 'high risk' in line with the US Bureau of International Labor Affairs. We also use this information in the resulting tendering assessment process.

We conduct tailored training for our purchasing team, sourcing managers and contract managers to help individuals identify high-risk commodities and services before ordering. We update this training every year and ask people in relevant roles undertake annual refresher training.

We've embedded a formal process to report potential breaches into our business. We consider any instances of non-compliance on a case-by-case basis and take remedial action as appropriate, which may potentially include withdrawing from an existing commercial arrangement.

We require new suppliers to maintain a statement in line with the Act to minimise the risk of an offence being committed. Standard contractual provisions allow for periodic and targeted audits of compliance while using a risk-based approach.

Assurance controls

Our risk management process 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 controls. While drafting this statement, we considered 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 of defence:** Our business function that owns and manages risk and controls
- **Second line of defence:** Our business functions that oversee risk and controls, supporting the business on, and providing oversight of, the identification, assessment, monitoring and reporting of risk and mitigation strategies
- **Third line of defence:** Our business functions that provide independent and objective assurance on the risk management framework and the effectiveness of the system of internal controls

Our first and second line defences have operated and tested our documented controls during the year.

Our effectiveness in combating slavery and human trafficking

We have key performance indicators ('KPIs') in place 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. Investigations into any potential breaches, and where appropriate, reports on any potential breaches within the defined timescale

This document constitutes our Group statement as well as Thames Water's Slavery and Human Trafficking Statement for the financial year ending 31 March 2020.



Perry Noble

Chairman, Kemble Water Holdings Limited

27 June 2020



Ian Marchant

Interim Executive Chairman, Thames Water

27 June 2020