

NORTHUMBRIAN WATER GROUP LIMITED (AND CERTAIN SUBSIDIARIES) SLAVERY AND HUMAN TRAFFICKING STATEMENT 2019

1. STATEMENT FROM CEO

At Northumbrian Water Group Limited (NWGL), we are proud of our reputation as an ethical company and we are committed to making ethical behaviour a standard business practice across the entire Northumbrian Water Group (comprising NWGL and all of its subsidiaries), (NWG). In line with that commitment, we aim to ensure that our policies and practices embed our values and enable us to carry out our businesses ethically.

As part of our ethical approach, we are committed to doing all we can to combat slavery and human trafficking in our various businesses and supply chains, and to take a consistent approach throughout our group, where relevant, to raise awareness and understanding of the many forms slavery and human trafficking can take, and in the steps we take and measures we adopt in response to this.

This statement is made pursuant to section 54(6) of the Modern Slavery Act 2015 (MSA) and constitutes our slavery and human trafficking statement for the financial year ending 31 March 2019. It sets out the steps that have been taken across NWG to ensure that no offence under the MSA is occurring in our businesses or in our supply chains.

H Mottram CBE
Chief Executive Officer

2. OUR GROUP STRUCTURE AND SCOPE OF THIS STATEMENT

NWGL is the UK holding company of a number of directly and indirectly owned UK and non-UK trading and dormant subsidiaries.

A simplified ownership structure chart of NWG can be found on NWGL's website, www.nwg.co.uk.

This statement covers NWGL and those of its direct and indirect UK subsidiaries of which, given the nature of their respective businesses, we consider to be relevant for the purposes of Section 54(6) of MSA, namely:

- Northumbrian Water Limited (NWL);
- NWG Commercial Solutions Limited (NWGCSL);
- Northumbrian Water Projects Limited (NWPL);
- Caledonian Environmental Levenmouth Treatment Services Limited (CELTS);
- Ayr Environmental Services Operations Limited (AESOps); and
- NWG Bioenergy Limited (NWGBL).

We explain the nature of the businesses and supply chains of each of these companies in sections 3. and 4. below.

3. OUR BUSINESS

NWGL

NWGL provides intra-group services to certain of its subsidiaries, immediate parent companies and associated companies. It delivers these services using resources and personnel from elsewhere within NWG.

NWL

NWL is the main trading company in NWG and has over 3,000 employees. It is one of ten regulated Water and Sewerage Companies in England and Wales and operates in the north east of England, trading as 'Northumbrian Water', and in the south east of England, trading as 'Essex & Suffolk Water'.

In the north east, NWL's business comprises the supply of both potable and raw water and the collection, treatment and disposal of sewage and sewage sludge, serving 2.7 million people in the major population centres of Tyneside, Wearside and Teesside as well as the large rural areas of Northumberland and County Durham. NWL provides only wastewater services in Hartlepool.

In the south, NWL supplies water services to 1.5 million people in Essex and 0.3 million in Suffolk. The Essex area is part rural and part urban and includes the main population centres of Chelmsford, Southend and the London Boroughs of Barking and Dagenham and Havering and Redbridge. The Suffolk area is mainly rural and includes the large towns of Great Yarmouth and Lowestoft.

NWL is the immediate parent company of three direct and indirect subsidiary companies which solely carry out financing activities on behalf of NWL, but none of which has a supply chain. These companies are: Reiver Holdings Limited, Reiver Finance Limited and Northumbrian Water Finance plc.

Given the nature of its business and its extensive supply chain, NWL has prepared and published a specific MSA statement. This can be found on NWL's website, www.nwl.co.uk.

NWGCSL

NWGCSL is the immediate holding company for several directly and indirectly owned UK and non-UK subsidiaries.

NWGCSL provides management consultancy services and a head office function to its subsidiaries and certain associated companies, namely:

- NWPL;
- CELTS;
- AESOps;
- NWGBL;
- Caledonian Environmental Services plc (CES); and
- Ayr Environmental Services Limited (AyrES).

NWPL

NWPL operates and maintains a wastewater treatment plant and outfall at Carrigrenan, Cork, under a contract with Irish Water. It also carries out the operation and maintenance of wastewater treatment plants at Fermoy and Mallow, County Cork, also under a contract with Irish Water.

CELTS

CELTS operates and maintains a wastewater treatment plant in Levenmouth, Scotland, in accordance with a contract with its associated company, CES (an NWG company).

AESOps

AESOps operates and maintains three wastewater treatment plants in Meadowhead, Stevenston and Inverclyde (Ayrshire, Scotland) and a sludge treatment centre in Meadowhead; all in accordance with a contract with an associated company, AyrES (an NWG company).

NWGBL

NWGBL operates an Anaerobic Digestion (AD) plant near Garforth, North Yorkshire from which it injects biomethane into the gas grid. NWGBL annually processes 52,000 tonnes of farm waste, converting its organic content into over 6,000,000m³ of biomethane. NWGBL is focussed on the AD of various types of wastes, including farm waste, food waste, sewage and food processing waste.

4. OUR SUPPLY CHAINS

NWGL

NWGL provides intra-group services and therefore does not itself have a supply chain.

NWL

NWL has a supply chain of around 3,500 suppliers, with approximately 500 live contracts in place at any one time. There can be several tiers in the supply chain between NWL and the source of raw materials, spanning several countries.

Given the nature of its business and its extensive supply chain, NWL has prepared and published a specific MSA statement. This can be found on NWL's website, www.nwl.co.uk.

NWGCSL

NWGCSL has a small supply chain consisting of less than 20 suppliers, all of which are based in the UK.

NWPL

NWPL has approximately 160 suppliers, which are mainly based in the Republic of Ireland where NWPL conducts its wastewater treatment business.

CELTS

CELTS has approximately 140 suppliers, which are mainly based in the UK.

AESOps

AESOps has approximately 200 suppliers, which are mainly based in the UK.

NWGBL

NWGBL has approximately 60 suppliers, which are mainly based in the UK.

All the companies mentioned in this paragraph take a zero-tolerance approach to slavery, servitude, forced or compulsory labour and human trafficking, in relation to their respective supply chains.

5. OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING

Across NWG, we are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business.

We expect our suppliers to comply with all applicable local laws and regulations and respect internationally recognised human and labour rights.

The NWG Code of Conduct (Code of Conduct) includes general principles to guide the relationship of our employees with contractors and suppliers and to demonstrate NWG's interest in basing this relationship on the principles of responsible procurement. This document can be found at www.nwl.co.uk.

6. OUR DUE DILIGENCE PROCESSES FOR SLAVERY AND HUMAN TRAFFICKING

Every year, each NWL employee is asked to confirm they have read the Code of Conduct and NWL also requires any supplier working with NWL or on NWL's behalf to read the Code of Conduct and to agree to work ethically, lawfully and with integrity.

All of NWL's contracted suppliers are subject to an approval process as part of which they commit to complying with the Code of Conduct.

When recruiting new members of staff, NWL issues a written contract of employment, which includes information of our employees' statutory rights, including in relation to sick pay, holiday entitlement, holiday pay and all other applicable benefits.

NWG is committed to adopting fair, legal and consistent recruitment and selection practices.

7. OUR RISK ASSESSMENT

NWG recognises the importance of understanding its current position, where it needs to improve, and where the greatest supply chain risks manifest. Given the nature of the NWG operations and supply chains, we consider that there is a very low risk of slavery or human trafficking in any of our businesses and a low risk at all levels within our various supply chains.

8. OUR EFFECTIVENESS IN ENSURING NO SLAVERY AND HUMAN TRAFFICKING IS TAKING PLACE IN OUR BUSINESS OR SUPPLY CHAINS

We have an NWG-wide confidential independent whistleblowing hotline and employees, contractors and suppliers are encouraged to raise concerns about anything which they believe may be unlawful or unethical. Concerns raised through this hotline, or any other available route, will help measure our effectiveness in ensuring that no slavery and human trafficking is taking place in our business or supply chains.

As above, we are confident that there is no slavery or human trafficking in our own operations, and we consider there is a low risk of slavery or human trafficking being present at any level in our supply chains.

9. OUR NEXT STEPS

We will continue to review the risk of slavery and human trafficking occurring in our business, operations and at all levels within our supply chains as we develop our NWG-wide risk assessment process.

As a business, we are committed to taking responsibility for safeguarding and to ensuring that we work with a supply chain that upholds our social, economic and environmental standards and shares our vision of continuous improvement.

We will continue to work in partnership with suppliers to identify and improve areas of concern and we will ask our best performing suppliers to share experiences and best practice within our supply chain.

Actions we propose to take on an NWG-wide level include, but are not limited to:-

- ensuring that all of our terms and conditions, contracts and agreements include provisions addressing slavery and human trafficking;
- undertaking periodic risk analysis of our supply chains;
- delivering and, where appropriate, refreshing training and awareness around modern slavery and human trafficking; and
- reviewing and, where required, improving our relevant policies and procedures.

This statement was approved by the Board of Northumbrian Water Group Limited on 24 September 2019.



H Mottram CBE
Chief Executive Officer