

Anti-Slavery and Human Trafficking Statement 2023

United Utilities Group PLC
United Utilities Water Limited

Executive summary

We are committed to tackling modern slavery, both in terms of our own business operations and within our supply chain. Our ambition is to raise awareness of the issue throughout our direct and indirect employee base, in order that we can be vigilant in the communities we serve.

The most recent global slavery estimates of modern slavery from the International Labour Organisation and Walk Free highlight that 50 million people are trapped in conditions of slavery, 27.6 million of which are in forced labour. We will continue to engage closely with our supply chain, and anti-slavery groups, in relation to identification of increased modern slavery risk.

Last year we said we would:

Target 50% of our colleagues who operate within communities completing the modern slavery awareness e-learning course

Complete 30 site audits of our construction partners to include a focus on modern slavery

Aim to retain the CIPS Corporate Ethics Mark as well as gaining 100% of targeted suppliers signed up to United Supply Chain by 2025

This year we have:

Achieved 54.5% of our colleagues who operate within communities completing the modern slavery awareness e-learning course

Completed 34 site audits with modern slavery due diligence checks on construction partner sites

Retained CIPS Corporate Ethics Mark and have 89% suppliers signed up to United Supply Chain

Insight and commitment:

These include roles that visit customer houses to read meters or take samples and need to schedule time to complete training – we will achieve 100% completion of the e-learning in 2023/24

We will review the methodology and question set for social due diligence audits on our sites in 2023/24

We aim to retain the CIPS Corporate Ethics Mark again in 2024 to ensure our commercial colleagues are equipped to meet the challenges of modern slavery



Executive summary

We have a comprehensive set of policies and procedures which are continually monitored and updated. These aim to ensure that our employment and commercial practices prevent forced, compulsory or child labour, as well as any form of human trafficking. We are committed to building on our actions and improving our processes, training and policies with a view to both prevent the possibility of exploitation within our supply chain and build our capability to respond to the risks.

We have continued with targeted modern slavery awareness training for colleagues in key roles. Our focus has been on customer and community-facing roles with over 54% completing our modern slavery awareness e-learning course, achieving the target we set ourselves. These include roles that visit customer houses to read meters or take samples and need to schedule time to complete training. We will target the remaining 50% of these roles over the coming 12 month period.

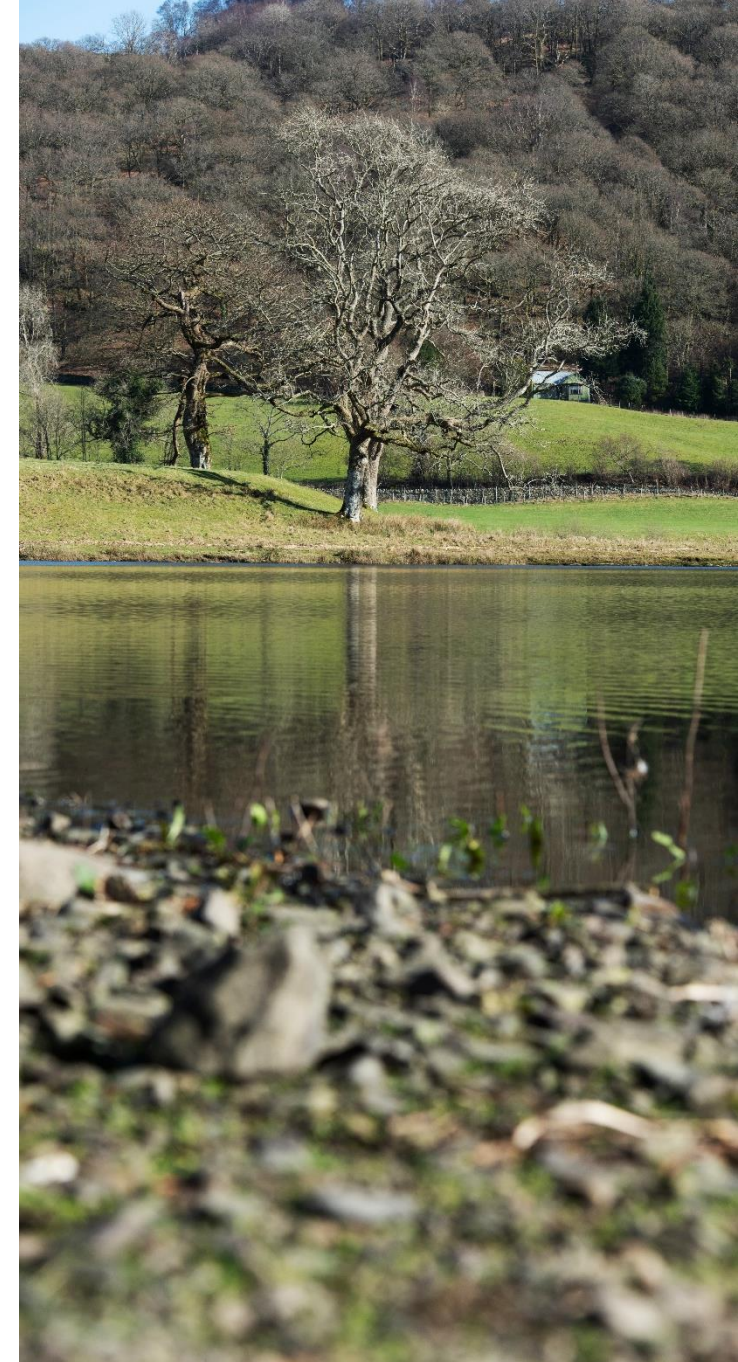
We have continued to address areas where we have identified a higher risk of modern slavery potentially occurring within our supply chain and have kept abreast of industry developments to highlight emerging risk areas. This year we have completed more modern slavery due diligence checks on our construction sites than ever before with 34 sites receiving social audits.

We have retained our Corporate Ethics Mark (from the Chartered Institute of Procurement and Supply) for the fourth year as a result of targeted training for our commercial colleagues. We aim to retain the CIPS Corporate Ethics Mark again in 2024 to ensure our commercial colleagues are equipped to meet the challenges of modern slavery and human trafficking.

During the past year we have undertaken a gap analysis of our approach to modern slavery and human trafficking with the help of independent social enterprise Slave-Free Alliance. The objective of the analysis was to assess our modern slavery initiatives, identify good practice and main risk areas, and develop a set of recommendations for continuous improvement. The report identified several areas of best practice and highlighted areas for focus in our policies, due diligence and risk mitigation approach. We are using the recommendations to build upon our approach over the coming year.

While we reflect on some positive progress this year, we are committed to addressing the global issue of modern slavery, and ensuring that internally, in the communities we serve and within our supply chains we do the utmost to protect those that need it most. In the next 12 months we will update our policy framework, continue site audits on our construction sites across the North West, complete our awareness training for colleagues operating within communities and strengthen our social due diligence approach.

This statement is prepared in accordance with the Modern Slavery Act 2015 and its definition of modern slavery including human trafficking.



Overview of our business

United Utilities provides water and wastewater services to around seven million people and 200,000 businesses in the North West of England. The group's principal subsidiary, United Utilities Water Limited (UUW), operates solely in the UK.

We directly employ over 6,000 people to deliver these services – from engineers to customer service specialists; scientists to financial experts. United Utilities has an Employee Relations Framework in place and colleagues can join one of four Trade Union bodies that we recognise and with whom we have regular and constructive engagement through a number of forums. We also rely on over 490 agency workers, engaged through a recruitment agency, as part of our people strategy.

Our financial year, and the period covered in the statement, was from 1 April 2022 to 31 March 2023, during which our revenue was £1.824 billion.

Oversight of human rights and modern slavery

As Chief Executive Officer, Louise Beardmore has overall responsibility for compliance with human rights and modern slavery laws and best practice, with oversight from the board Corporate Responsibility Committee.

Our Human Rights and Modern Slavery Act Compliance Group meets monthly to assess our approach and address any issues. Comprising representatives from Legal, Human Resources, Commercial, Corporate Affairs, Customer and Health and Safety to ensure we are tackling issues holistically, our approach is aligned to our purpose, values and corporate policies. This year the group has continued to review and assess any potential risk areas impacting colleagues, customers, suppliers and communities.

Over the coming year, the group will be working on completing the roll out of our modern slavery awareness e-learning to customer and community facing roles to raise awareness of potential modern slavery scenarios and will focus on implementing the recommendations from the Slave-Free Alliance (SFA) Gap Analysis.



Our supply chain

As well as our colleagues, we rely on suppliers to deliver our services. Every year we spend over £1.3 billion with up to 1,700 suppliers, from major international corporations to sole traders. Whilst the majority of our suppliers are from the UK, we also source goods and materials from at least 33 countries around the world. In the UK alone, our research indicates that there are over 15,500 indirect jobs associated with our supply chain.

We procure works, goods and services ranging from infrastructure capital investments, through to operational spend on chemicals and energy, to the use of professional IT services.

Our approach to engaging with our supply chain is to conduct all dealings with integrity, fairness and to ensure compliance with all legal and ethical requirements in conducting our business.

Creating value for suppliers

We measure progress on delivering value for all our stakeholders and make the information available in our integrated annual report and accounts. Our main performance indicator for suppliers is 'invoices paid within 60 days' with a target of at least 95% for the period up to 2025. Other performance indicators include:

- Percentage of partner and strategic suppliers that have a sustainability risk assessment in place (2025 target 75%)
- Supplier Relationship Management score (2025 target 90%)
- Percentage of targeted suppliers signed up to United Supply Chain (2025 target 100%)



Our policies to address human rights and modern slavery

We are committed to protecting the human rights of our colleagues, and those working on our behalf in our supply chain.

Our **human rights policy** recognises our support for all the rights and freedoms set out in the articles of the Universal Declaration of Human Rights, and the four commitments set out in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. We will be updating our human rights and modern slavery policies during the coming year to ensure they meet best practice.

We have a comprehensive suite of internal employment policies that support the prevention of modern slavery among all people in our employment, including:

- Agency worker
- Equality and diversity
- Esteem in the workplace
- Family friendly and special leave
- Grievance
- Health, safety and wellbeing
- Hybrid working
- Maternity, paternity and adoptive leave
- Mental wellbeing
- Safeguarding and prevent
- Social media, internet, email and IT
- Whistleblowing
- Working time

We have an established governance process through our Health and Safety and Human Resources Policy Forum to consult on and implement employment policies. This includes consultation with our joint trade union forum (JTUF) which meets monthly. These policies are published on our intranet which is accessible to colleagues and agency workers.

This year, a number of policies have been reviewed to reflect the changing business and social environment. Existing policies that have been reviewed and updated are:

- Menopause policy
- Mobile devices
- Safeguarding and prevent
- Smoke-free workplaces
- Travel, accommodation and expenses

We will continue to review and update internal employment policies to ensure they meet all legislative and business requirements.

Following a review, an agency worker tender was issued in 2023, containing tailored questions around modern slavery at both 'Pre-Qualification Question' and 'Invitation To Negotiate' stage. The questions seek the bidder's understanding, awareness and evidence of taking steps to tackle human rights issues in their activity.

Trade union relations

We develop effective partnerships with four main trade unions: UNISON; GMB; Unite; and Prospect. This enables effective consultation with our people on issues that affect them. There are three full-time representatives, and a number of local workplace representatives, who are available within the company to provide colleagues with help and advice.

The unions also negotiate with the company collectively on behalf of colleagues on key issues such as pay, terms and conditions and working practices. This is done through four-monthly local forums covering the main areas of the business. Joint statements are published internally following each meeting.

Risk assessment

Modern slavery is one of the salient risks identified in our human rights risk assessment. Our policies and procedures seeking to prevent modern slavery fall under our broader approach towards protecting human rights and upholding labour standards. We have identified three key areas of our business where there is the greatest risk of modern slavery and a likelihood that it can occur:

Direct employment

Through our recruitment and management of colleagues and engagement of agency workers.

By association

As a result of our operations, or as a secondary consequence of our actions.

Indirect employment

Within our supply chain or through the use of products, or materials, which have been produced by people under conditions of forced labour.

Direct employment

United Utilities is an accredited Real Living Wage (RLW) employer since 2021, and is aware of our commitment to ensuring all eligible colleagues, working directly or indirectly, will continue to be paid at least the RLW rate and ensuring our colleagues earn a wage that goes above and beyond the government minimum, supported by regular reviews by the Living Wage Foundation. We are committed to implementing the RLW for all our in-scope contracted services within our supply chain, contingent workers and contractors. Our objective is that everyone working on a United Utilities site is paid in accordance with the RLW. Further details on RLW and current levels can be found [here](#).

All new colleagues who join us directly, or who work on our behalf as agency workers, are subject to pre-employment checks to confirm their identity, right to work in the UK, and to verify employment history and qualifications. They are also subject to basic criminal record checks. In addition, for certain roles such as directorships and those with financial responsibilities, we carry out additional checks.

By association

As a UK utility company operating with a principal footprint in the North West, our use of stringent employment checks means it is highly unlikely that modern slavery or human trafficking has occurred within the local area as a result of our operations, or as a secondary consequence of our actions.

Indirect employment

This is the area where we have the least control and where we have concentrated our efforts in ensuring our suppliers recognise their obligations under the legislation and are raising awareness and mitigating modern slavery risk throughout the supply chain.

Managing our supply chain

We rely on suppliers to deliver our services and to help identify ways to make them better. All United Utilities Group procurement activity is carried out by our commercial department. Our approach is based on category management which takes a long-term view of our demand, specifications and the external supplier market to deliver the appropriate contract strategy. We build relationships with our key partners and suppliers based on common values to achieve our goals which are monitored through our Supplier Relationship Management (SRM) process.

United Supply Chain (USC) is our approach to working with our suppliers in a collaborative, proactive manner focusing on being better together. As part of this approach we intend to provide suppliers with resources and forums to share best practice to develop their own capability, continuing our collaboration with the Supply Chain Sustainability School. We have retained our gold level membership to the Supply Chain Sustainability School, building a culture of best practice and will continue to leverage this relationship going forward.

Activities to address modern slavery and human trafficking are incorporated into our **USC approach**.

Our policy and governance structures ensure USC is incorporated into contract pre-assessment, award process and ongoing relationship management. At a procurement category level we undertake heat mapping exercises against all areas of the responsible sourcing principles as part of the sustainability risk assessment including modern slavery and human rights across our supply chain.

This enables assessment of the issues through several tiers of the supply chain allowing us to identify the key areas of impact and the control we may have. Currently over 73% of our partner and strategic suppliers have a sustainability risk assessment in place.

Where there are issues of concern the process dictates that risk analysis is incorporated in the contract assessment and award process. Once we have a contract with a supplier the issues of concern form the basis of action and improvement through ongoing supplier relationship management. For contracts where a high risk is identified we undertake enhanced due diligence checks to provide assurance and mitigate risk. Our aim is to undertake enhanced due diligence on 5% of high risk categories by 2025.

Our benchmark remains to ensure that all suppliers are able to demonstrate their employment and labour standards compliance, detailing their factories, people and ethical charters in each country where they operate. We also seek and encourage the promotion of the United Nations Global Compact Principles covering human rights, labour standards, environment and anti-corruption.

Responsible sourcing principles

Our responsible sourcing principles are structured around environmental, social and governance issues that are important to us as a business and in our approach to responsible sourcing.

Considerations on modern slavery are incorporated into the wider issues of human rights and fair treatment, specifically: 'Treat people with dignity and respect, whilst working to eradicate modern slavery in all its forms'.

The principles are available to all on our [website](#) and we have committed that 100% of targeted suppliers will be signed up to the principles by 2025.

Supply chain modern slavery risk assessment

Through our internal risk mapping process across our entire supply chain, we have identified six key category areas of our supply chain where we believe the greatest potential risk of modern slavery non-compliance lies.

The following table shows our six sensitive areas are and the action we have taken in the last year.

Sensitive area	Annual spend £ / % of overall spend	Number of suppliers	Activity undertaken in financial year 2022/23
<p>Construction and maintenance Most of our construction work is undertaken by two delivery partners with whom we work on a partner basis. Many of these construction partners employ sub-contractors and as the supply chain reaches further from our business there is less visibility and control over employment practices.</p>	£590m / 43%	Two construction delivery partners and a number of suppliers across site and network maintenance. All working on sites across the North West.	This year we have completed 34 audits of active construction sites across the North West to assess the awareness and communication on modern slavery. The audits include checking for site awareness and communication of modern slavery during induction and operation of the site. Auditors look for signs of modern slavery throughout the audit. Modern slavery considerations have also been incorporated within existing health and safety audits on our network partners. In the coming year we will review the methodology and question set for social due diligence audits on our managed sites.
<p>Chemicals Our chemical category is ever emerging as a risk area, not only on the issue of modern slavery. Due to the nature of this category there are common sector supply chains across the water industry.</p>	£63m / 5%	52 suppliers sourcing products and raw materials from 13 countries.	<p>We have conducted enhanced due diligence on two of our chemical framework suppliers, which included site visits to review working practices and conditions at suppliers' premises, to ensure expected standards are being met. More site visits are planned.</p> <p>Through existing collaborative water industry forums in the chemicals area we have continued to investigate opportunities to work holistically to tackle supply chain issues including modern slavery.</p>
<p>Workwear and Personal Protective Equipment (PPE) In order to provide great water and more for the North West we need the right tools and equipment to do our jobs, but we also need to keep ourselves and our people safe. This is where our uniform, workwear and personal protective equipment (PPE) comes in.</p>	£1.2m / less than 1%	1 supplier in the North West.	<p>We have two framework agreements, one to provide all of our PPE and Workwear requirements and the second framework to provide us with all of our branded uniform needs.</p> <p>During monthly supplier meetings, a supplier risk matrix is reviewed and changes are discussed between us and the supplier. This consists of ensuring the suppliers in their supply chain have submitted an ethical and slavery statement. If there is a risk, it is categorised as either high or low and then evaluated how the risk is to be addressed and then managed.</p> <p>Our supplier was very supportive of our Modern Slavery Awareness week and helped to create a case study on their recent contract award for the week.</p>

Supply chain modern slavery risk assessment

Sensitive area	Annual spend £ / % of overall spend	Number of suppliers	Activity undertaken in financial year 2022/23
<p>Waste management We work with a number of suppliers for waste management across our operational sites and all are UK based and we continue to engage with them concerning their procedures and governance throughout the contract term.</p>	<p>£2.4m / less than 1%</p>	<p>5 suppliers.</p>	<p>A tender for Hazardous Waste Management and Chemical Cleaning Services has been completed with the PQQ and ITN including questions on modern slavery utilising lessons learnt in the PPE tender.</p> <p>A tender for General Waste is due for launch this year and work is underway to ensure that this includes adequate questions that relate to Modern Slavery in this area where modern slavery is becoming more prevalent.</p>
<p>Information Technology (IT) hardware and equipment and offshore labour IT equipment remains a focus due to the large proportion of manufacture which takes place in South East Asia, where we continue to work with our established framework partners to ensure appropriate relationships and controls are in place with the wider supply chains in this region.</p>	<p>£55m / 4%</p>	<p>We work with 277 suppliers located in 26 countries relating to IT hardware and equipment.</p>	<p>Prior to COVID and travel restrictions we were regularly visiting India with Digital Services colleagues as part of the management and assurance of the teams that provide these services.</p> <p>Members of the Digital Services team visited supplier offices in India in February 2023. Many of the resources continue to operate remotely with staff travelling occasionally to the office. There doesn't appear to be a push towards returning to the office which in some locations are shared with other suppliers.</p> <p>As part of the SFA Gap Analysis actions, we will look to develop how we best equip our colleagues who are undertaking these visits, to ensure that they are aware of any signs of modern slavery in or around the offices we may visit.</p>
<p>Network materials, mechanical, electrical and Operational Technology kit (mainly metal and plastics)</p>	<p>£36m / less than 3%</p>	<p>200+ suppliers located in 28 countries.</p>	<p>Following the outbreak of war in the Ukraine, we undertook a comprehensive risk assessment of our supplier base to establish the countries involved in our supply chain. This review has helped us to identify and understand more about the location of our suppliers and consider whether we would utilise suppliers with close links to Russia. This was particularly prevalent in the network materials space – alongside chemicals, fuels and energy.</p> <p>Any risks are managed as part of our supplier relationship management approach with annual health checks carried out to ensure that the provisions are up to date, maintained and any improvements are captured and included.</p>

Training

Our training programme on issues related to modern slavery is focused on colleagues who are operating within communities or are directly involved in commercial activities. We have a modern slavery awareness e-learning course which covers what modern slavery is, the Modern Slavery Act, how to spot the signs and what to do if you have concerns. The course is available to all our colleagues on our online education platform, EdUcate.

Over the last 12 months we set a target for 50% of our colleagues who operate within communities to have completed the modern slavery awareness e-learning course. We are pleased to report that over 300 colleagues accounting for 54.5% of roles operating within communities have completed the training. Over the next 12 months we aim for 100% of our colleagues who are operating within communities to have completed the training.

To address the risk of modern slavery within our supply chain and those of our suppliers, each year we aim to retain the Chartered Institute for Procurement and Supply (CIPS) Corporate Ethics Mark. This requires all relevant commercial colleagues to undertake additional online training covering human rights and forced labour in supply chains; the implications, the risks and how to respond. To complete the training participants must reach the required pass mark.



We have retained the CIPS Corporate Ethics Mark and are undertaking the process to obtain it for the fifth consecutive year. This accreditation recognises the work we have done and the level of training we have provided to our staff in support of our aim of eliminating modern slavery and human trafficking.

Our people are operating within the communities of the North West on a daily basis. To play our part in addressing modern slavery we want to support them so they know what to look for, and how to respond, if they encounter situations where modern slavery may be occurring in the community.

To ensure we continue to provide our colleagues across the business with the knowledge and support to address modern slavery and labour exploitation, over the next year we will conduct a training needs analysis to create a strategic long-term training programme to upskill key roles in the business.

We are continuing our engagement and collaboration with the **Utilities Against Slavery** (UAS) group to ensure consistent practice across the water and wider utilities sector. The group has over 25 members from across the utilities sector and is facilitated by Slave-Free Alliance. In 2022 the UAS group was shortlisted for the Thomson Reuters' Stop Slavery Collaboration Award 2022.



Raising awareness

Every year during October we participate in a Modern Slavery Awareness Week to coincide with UK Anti-Slavery Day on 18 October, and 2022 was no different.

During the week we published materials daily to engage and remind our colleagues about modern slavery. We opened the week by sharing the latest statistics on modern slavery and what we've been doing since we published our last modern slavery statement.

On UK Anti-Slavery Day, members of our Human Rights and Modern Slavery Act Compliance Group talked to colleagues about modern slavery and the resources available to them.

Colleagues were also provided with further information on:

- Available webinars to attend during the week
- A reminder on how to spot the signs
- Modern slavery and the ESG agenda
- Fast fashion and modern slavery, including the launch of our latest USC case study with our PPE supplier J&K Ross
- Climate change and modern slavery

Members of our commercial team also completed more than 40 miles by walking, cycling and running in aid of Hope for Justice, raising over £200 for the charity and including a walk around our head office business park on UK Anti-Slavery Day.



CAN YOU SPOT
THE SIGNS OF
MODERN DAY
SLAVERY?

from



HOPE FOR JUSTICE



SLAVE-FREE
ALLIANCE



Reporting concerns

We take very seriously our responsibility to remain alert to the potential for modern slavery issues both internally and within our supply chain. In order to maintain our vigilance we promote our whistleblowing policy and independent hotline to our colleagues, so that concerns may be reported safely and that appropriate action can be taken to deal with any identified issues.

The whistleblowing service is available 24 hours a day, 365 days a year to United Utilities colleagues, contractors and suppliers. No issues related to modern slavery or human trafficking have been reported to the whistleblowing hotline during the last 12 months, nor previously.

If someone is in immediate danger, dial [999](tel:999)

If you see something within UU, please call the whistleblowing hotline [0800 915 1571](tel:08009151571) (Safecall)

If you need help or advice, call the Modern Slavery Helpline [0800 0121 700](tel:08000121700)

If you see something suspicious, download and anonymously report through the [STOP app](#), to build the global picture of human trafficking

This year we have communicated further information to our colleagues on the steps to take if they are concerned about modern slavery. We have encouraged colleagues to be vigilant in spotting the signs of modern slavery within the community and whilst at work. We believe that knowing how to spot the signs and report them is a key tool in addressing modern slavery.

All issues reported to the hotline are handled in the strictest confidence by an independent operator Safecall. When a concern is raised via the above means, the basis of that concern will be recorded, a decision made on what further actions are required and the relevant senior personnel informed so that a full investigation can be carried out. An update on the outcome of the investigation will be provided confidentially to anyone who reports a concern.

To ensure a consistent and effective response to a potential concern raised about modern slavery, including safeguarding of victims during potential incidents, over the next year we will develop our escalation process for potential incidents.



Continuous improvement

We are proud of both our progress and achievements in relation to addressing the potential risk of modern slavery, however we recognise that further work will always be required and we will not reduce our efforts. We recognise that there is further we can go within our organisation, within our supply chain and in collaboration with other organisations to raise awareness of, and mitigate against modern slavery risk.

SFA Gap Analysis

As part of our commitment to tackling modern slavery, this year we have undertaken a gap analysis of our current modern slavery response. As a member of Slave-Free Alliance the objective was to assess our modern slavery initiatives, identify good practice and main risk areas, and develop a set of recommendations for continuous improvement.

The gap analysis consisted of five stages:

1. Company document review
2. On-site discussions with key colleagues
3. Report and recommendations
4. Multi-stakeholder debrief
5. Tailored action plan

Overall, the gap analysis identified 18 recommendations to improve our approach to tackling modern slavery across issues such as policies, due diligence and risk management.

We plan to address these recommendations over the next 12 months, with a specific focus on:

- Updating our human rights and modern slavery policies to align to evolving best practice standards
- Reviewing auditors' methodology and question set for social due diligence audits on our managed sites
- Developing an effective escalation process for potential modern slavery incidents
- Conducting a training needs analysis to create a strategic long-term training programme to upskill key roles in the organisation

In addition to the SFA recommendations, we aim for 100% of our colleagues who are operating within communities to have completed our modern slavery e-learning training.

We acknowledge that our current strategy is focussed on our tier one supply chain with whom we have contracts for common goods and services, however in many cases our influence and visibility is reduced beyond the first tier and into the rest of supply chain. We also recognise the limitations that arise from global supply chains, and differences in legislation and culture across the globe. By understanding and being transparent about these challenges we have the opportunity to begin to tackle them.

We understand that the risks associated with modern slavery are constantly changing. The changes in the labour market as a result of the COVID pandemic and the war in Ukraine are putting people at risk of exploitation. We will continue to engage closely with our supply chain, and anti-slavery groups, in relation to identification of increased modern slavery risk.

This statement sets out the steps taken by United Utilities Group PLC and United Utilities Water Limited, both companies falling within the scope of section 54(2) of the Modern Slavery Act 2015 and the Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations 2015.

It was approved by the boards of United Utilities Group PLC and United Utilities Water Limited on 25 April 2023 and signed by



Louise Beardmore
Chief Executive Officer
United Utilities Group PLC