

## MODERN SLAVERY ACT 2015

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Scottish Water's anti-slavery and human trafficking statement for the 2020/21 financial year which ended on 31 March 2021.

### About us

Scottish Water is a public sector body, classified as a public corporation of a trading nature, and is answerable to the Scottish Parliament through Scottish Ministers.

Scottish Water provides water and waste water services to 2.57 million households and 152,916 business premises across Scotland. We have an annual turnover in excess of £1bn, over 4,000 employees and invest over £600m per annum in improvements to water and waste water infrastructure.

We have an extensive framework supply chain of up to 450 suppliers regularly providing goods and services to our operations and infrastructure across the whole of Scotland. Our water and wastewater infrastructure can be technically complex. There can be up to 5 levels of suppliers between Scottish Water and the source of raw materials used in the supply chain, which can span many countries.

Details of our business structure can be found on this website and on our financial position, in respect of our 2020/21 financial year, in our Annual Report here: [\[hyperlink to Annual Report\]](#)

The main trading businesses of the Scottish Water group are:

- Scottish Water, which supplies households and wholesale licensed providers with regulated water and waste water services;
- Scottish Water Horizons Limited, which provides non-regulated services to customers both within Scotland and internationally;
- Aberdeen Environmental Services Limited ("AES") and Scottish Water Services (Grampian) Limited ("Grampian"), which operate four wastewater treatment works in the North East of Scotland under a PFI contract; and
- Scottish Water Business Stream Limited, our licensed retail subsidiary which supplies water and waste water services to business customers.

AES and Grampian were acquired by the Scottish Water group in December 2018. Their supply chain will be integrated with the Scottish Water supply chain by late 2022 and Scottish Water group supply chain policies, including those in relation to anti-slavery, will be adopted.

Scottish Water Business Stream Limited has a turnover in excess of £36m and is required to prepare its own statement. The position in relation to other trading subsidiaries is included in this statement.

## **Our policy and values**

Scottish Water is committed to working in a responsible and sustainable way that serves the long-term interests of our customers, employees, suppliers, the communities we serve and society more widely. We undertake to engage with our people and procure goods and services in a sustainable and ethical manner in compliance with our values, public sector policy and procurement law.

Scottish Water adopts a zero tolerance approach to modern slavery and human trafficking, as set out in our Anti-Slavery Policy. We are committed to respecting human rights, including the rights of children. We expect all those who work for and with us to adhere to our zero tolerance approach to slavery and human trafficking. These principles are embedded in our People Policies and our Procurement and Supply Chain Policies and explicit reference has been included to the Anti-Slavery Policy where relevant.

## **Our People**

We continue to undertake appropriate pre-employment checks to ensure a right to work in the UK, with further identity checks as required. All contracts of employment, and pay, are directly with the individual. We pay a minimum of the Scottish Living Wage and are accredited by the Living Wage Foundation. Our People Policies include “Whistleblowing”, a “Code of Ethical Conduct” and an “Anti-Slavery Policy” and each policy is reviewed at least every two years, or more frequently in response to external factors.

Our online “Modern Slavery” training module is available to targeted groups, with over 380 key employees completing this to date.

## **Our supply chain**

The breadth, depth and interconnectedness of our supply chain make it challenging to manage business and sustainability issues. Whilst respecting human rights in the supply chain is ultimately our suppliers’ responsibility, as the customer, we expect those in our supply chain to respect our values and to adopt suitable anti-slavery and human trafficking policies and practices.

In 2020/21, approximately 99% of our primary supply chain were UK-based and over 77% of our spend was with UK companies that have an annual turnover of over £36m and are therefore required to publish an annual statement under the Modern Slavery Act. As such, we have assessed the risk of slavery and human trafficking in our direct suppliers as low.

Our policy is set out in Procurement Policy Manual Version 40. We make our values clear and, to ensure that suppliers are similarly committed, our policy includes the following:

- Businesses invited to supply goods and services to Scottish Water are required to demonstrate how they ensure that slavery and human trafficking is not taking place in their own business and how they are addressing their obligations under the Modern Slavery Act. The response is evaluated as part of the procurement process.
- Scottish Water is entitled to terminate contracts where an offence has been committed under the Modern Slavery Act.
- Framework suppliers with a turnover of less than £36m and who do not publish their own statements have been asked to sign statements supporting the aims of the Modern Slavery Act and will be asked to reconfirm their commitment annually. In 2020/21, 100% of these smaller suppliers signed the statement we supplied to them.

- We conduct audits on our supply chain to ensure that our suppliers are complying with the Modern Slavery Act. In 2020/21 we conducted three audits on our supply chain, with 100% of the suppliers audited being reported as compliant with the Modern Slavery Act.
- In 2021/22 where there may be a perceived risk of breaches of the MSA at different tier levels in the supply chain Scottish Water are engaging SEDEX affiliate audit companies to provide Sedex Members Ethical Trade Audit (SMETA) audits.
- In 2021/22 Scottish Water will use Sedex for higher risk sectors / categories to increase transparency of SW's 2<sup>nd</sup> / 3<sup>rd</sup> 4<sup>th</sup> tier of the supply chain risks using self-assessment, access to audits and increasing access to inherent risk information by sectors and geography.

## Reporting

We encourage the reporting of concerns by employees to their line managers. If they do not feel comfortable doing this, they can contact our whistleblowing line, which is managed for us by Safecall to ensure independence. They can call the whistleblowing line 24 hours a day.

Signed on behalf of the Board of Directors of Scottish Water



Director

Date: Jul 21, 2021

# Modern Slavery Human Trafficking Statement

Final Audit Report

2021-07-21

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