

Modern Slavery Statement

For 12-months ending 31 March 2020



This statement sets out the steps that have continued to be taken by the Electricity North West Group of Companies to seek to mitigate the risk of modern slavery occurring within our supply chain and in doing so to conform to the requirements of the Modern Slavery Act 2015. It covers the 12-month period from 1 April 2019 to 31 March 2020. Please refer to Appendix 1 for the entities within the Electricity North West Group of Companies.

Modern slavery is a broad term covering instances where victims may be subject to conditions of slavery, servitude and forced or compulsory labour.

We continue to review our policies and processes in this area, with a view to improving our understanding of the risks within our supply chain and the mitigation we need to put in place.

During the year, we have further built on the training that we offer within the business, utilising our relationship with a specialist third party charity, Hope for Justice, in order to target areas of perceived higher risk.

We continue to monitor and develop our procurement processes. Our focus has been to further enhance our supplier due diligence processes to aid compliance with our commitment to prevent slavery or human trafficking being present in any part of our business.

As a customer-facing organisation, we recognise the importance of the part we play in helping to protect our communities and beyond from these abhorrent practices. To that end, our efforts to tackle modern slavery form a key element of the company's Purpose led Responsibility Framework which supports colleague led community engagement. Our aspirations in addressing modern slavery go beyond legal compliance considerations. In line with our corporate purpose and principles, it is simply the right thing to do.

1. Our organisational structure and supply chain

Electricity North West serves 5 million customers at 2.4 million domestic and industrial locations. It has approximately 2,000 employees, supports hundreds of contractors, and provides a safe and reliable electricity supply, 24 hours a day, seven days a week.

We own, invest in, operate and maintain the network of poles, wires, transformers and cables which carry electricity to and from homes and businesses across the North West. The company operates exclusively in the United Kingdom.

Our employees focus on delivering our core service of managing and maintaining the network and we use our contracted partners to deliver project work such as civil construction. We use framework contractors for the delivery of works such as excavation and cable laying, overhead lines and plant installation.

In order to support these work activities, we have a broad range of suppliers on our vendor database. Whilst the majority of these suppliers are UK based, we have suppliers from countries deemed as 'high' risk. Our current and developing due diligence measures are outlined below in section 3.

2. Policies in place

We are subject to a high level of regulation (e.g. Ofgem) given our public facing role and have a comprehensive set of policies and procedures that emphasise our commitment to the identification and prevention of unethical activities within our organisation, including the prevention of modern slavery. Key policies in relation to this area are as follows:

Modern Slavery Policy - We have a zero-tolerance approach to modern slavery and we are committed to acting ethically and with integrity in all our business dealings and relationships. We are also committed to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place in our own business or in any part of our supply chain.

If we were to become aware that any of our suppliers had an issue relating to modern slavery, we would look to work with that supplier in order to address the issue. We would review our rights to terminate the relevant contract(s) only as a last resort if, for example, the supplier did not seem to be taking the issue seriously. Our primary aim would be to try and address the issue head on, not simply walk away.

The Disclosure (“Whistleblowing”) Policy - Electricity North West seeks to ensure that any employee may voice concerns about particular incidents of wrongdoing, or other suspected malpractice, without fear of criticism or future discrimination. At Electricity North West we are proud of our strong commitment to high ethical standards in the way that we work. We support our employees to speak up when they see or believe there is wrong-doing in our workplace and our Whistleblowing Policy is in place to outline the procedure employees can use to raise their concerns. Although the aim of this policy is to provide an internal mechanism for reporting, we have in place a confidential, independent, external reporting line (including email) where employees can raise their concerns, should this be their preferred choice of communication.

Ethics in our Business Policy – We understand the importance of operating with honesty and integrity in our business. We have captured this in a single ethics statement which applies to everyone who works for or on behalf of the business. We are providing a supportive environment for colleagues to voice any concerns. Specific highlights of the policy include:

- Complying with relevant laws and regulations.
- Following procedures and policies.
- Zero tolerance for bribery and corruption.
- Acceptance of gifts and hospitality by exception only.

This policy is subject to Board review to ensure that it remains fit for purpose. The policy contains specific reference to our commitment that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Training is provided to everyone in the organisation with refresher sessions being run periodically.

Employment Screening Policy – It is important that we also minimise the risk of modern slavery among the colleagues we employ directly. Although perceived as low risk, we carry out pre-employment checks across the business during recruitment, before or as employment starts.

Real Living Wage Employer - Electricity North West values all of our employees and we believe fair pay for a day's work creates a positive working environment for all our people. We became a Real Living Wage Employer in 2019/20.

As part of our accreditation we've also made the commitment only to work with key framework contractors who are either accredited, recognised service providers or working towards accreditation in the future.

3. Due diligence measures in place

Our due diligence procedures to assess our supply chain are proportionate to the risks of modern slavery. Our procedures can be summarised as follows:

- For suppliers who are registered on the Achilles Utilities Vendor Data Base (UVDB), a portal for suppliers to the utilities industry, an audit service (Achilles Verify) is available that enables Electricity North West (and other utilities) to assess the procedures a supplier has in place to prevent slavery and human trafficking in its own organisation and supply chain. For the procurement of those contracts that are considered to be high risk, we are committed to using the Achilles Verify Audit service where possible.
- We are developing our Supply Chain Charter to outline the key principles of our policies on Modern Slavery, Business Ethics and Anti-Bribery and Corruption to those organisations that we contract with to make our stance on these matters clear. The Supply Chain Charter will be issued with all procurement engagement with suppliers who will be required to confirm their acceptance of and compliance with the Charter.
- We aim to launch a specific section for existing and potential suppliers on our external website which will provide information regarding our procurement procedures. In addition, our Supply Chain Charter will feature predominantly so that expectations of our suppliers are clearly communicated, including Modern Slavery.
- We continue to review our suppliers in terms of the level of business we do with them, whether they are based in 'high' risk areas of the world where slavery might be more prevalent and the product types they supply us with. See section 4. 'Risk Assessment' below.
- We have built in enhanced coverage of the Modern Slavery Act to our tendering processes and now require more evidence of compliance from suppliers before awarding any contracts. In addition, a further set of questions has been developed specifically for those suppliers considered to be providing high risk goods, services or works.
- For the past two years we have made clear our position on modern slavery and expectations from our suppliers by writing to our supplier base. We will continue to do this, and our last communication was issued in April 2020.
- We hold regular briefing sessions with our key suppliers in order to raise the visibility and awareness of modern slavery risks.
- We ask our key suppliers to demonstrate to us the measures they have in place in order to prevent modern slavery arising in their own supply chains and we will continue to monitor this through regular meetings and visits to our suppliers' premises.
- Our standard contractual terms require suppliers to comply strictly with the Modern Slavery Act and the UN Convention on the Rights of the Child.

4. Risk Assessment

Our supply chain is risk assessed using the following criteria to assess and manage risks to workers:

- Country risks: Exposure may be greater in global supply chains in countries where protection against breaches of human rights is more limited than in the UK. We have a broad range of suppliers, many of whom procure their materials or components from such countries. We continually work with suppliers to gain a

more detailed understanding of the impact on our supply chain.

- Product risks: there are various risks in different product sectors. Certain industries, such as clothing manufacturing, are classified as 'high' risk and we risk assess across product categories.
- Business partnership risk: our key contractual partners tend to be longer term and therefore involve less risk as we build up an in-depth knowledge of our partner's operation and policies. However, we are not complacent with these partners and continue to work with them to understand how modern slavery risks are being managed.

Progress has been made within our procurement team to map out clearly the risks that exist across our supply chain, and to document the mitigation that is in place to address these risks. We continue to develop a contract management system which will provide increased visibility of risk in our supply chain. The new system will be operational in 2020 thereby helping us to minimise further our risk.

Additionally, through our relationship with Hope for Justice, periodic threat assessments are conducted in order to identify areas where enhancements can be made to our approach to addressing modern slavery. The first assessment was undertaken at the end of November 2018. A further assessment review will be conducted in 2020/21.

5. Performance indicators

We have several KPI measures to help demonstrate that we are making progress in our efforts to prevent modern slavery from existing in our supply chain. These indicators largely focus around our communication plan, training targets for different groups of our employees and supplier visits.

6. Training

The company undertakes a number of measures in order to help raise awareness of modern slavery amongst our colleagues and suppliers and embed policy requirements which can be summarised as:

- Issuing our Modern Slavery policy and our Business Ethics policy to our employees.
- Periodic, targeted sessions with those areas of the company more likely to come into contact with activities associated with slavery.
- Educating our employees via periodic articles in our company bulletins, newsletters and eLearning training.
- Holding briefing sessions with our key suppliers in order to raise the visibility and awareness of modern slavery risks, and the need for mitigation to be put in place.

As founding members of the Slave Free Alliance, we look to encourage key supply chain partners to join this group, so that we can collaboratively help to address the risk of modern slavery existing in our supply chains.

We have recently supported the formation of a utilities group from the members of the Slave Free Alliance. This is in addition to membership of the Utilities Sector Group which is chaired by the Institute of Business Ethics. We will look to use our role in both groups to promote awareness accordingly.

7. Continuous improvement

We have made considerable progress in the year. We understand that we have a responsibility to our stakeholders to continue to assess and mitigate the risk of modern slavery. We will continue to remain vigilant and review our approach to

ensure that we have appropriate mitigation in place for this risk. We will not tolerate modern slavery in any form within our business, including our wider supply chain.

A handwritten signature in black ink, appearing to read 'Peter Emery', written in a cursive style.

Peter Emery, CEO and Statutory Board Director for Electricity North West Limited

This statement has been approved by the Electricity North West Limited Board on behalf of the Electricity North West Group of Companies listed in Appendix 1.

Signed 28 May 2020

Appendix 1

Electricity North West Group of Companies

Company Number	Registered Name
06428372	North West Electricity Networks (UK) Limited
06428374	North West Electricity Networks (Finance) Limited
06428534	North West Electricity Networks (Holdings) Limited
10445236	Electricity North West Services Limited
07382637	Electricity North West (Construction and Maintenance) Limited
08374655	NWEN Finance plc
06872880	NWEN Group Limited
06428375	North West Electricity Networks plc
06873051	ENW Capital Finance plc
06845434	ENW Finance plc
02366949	Electricity North West Limited
06027314	Electricity North West Number 1 Company Limited
10929718	Electricity North West Property Limited