

Modern Slavery Statement

For 12-months ending 31 March 2021



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 its 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 2020 to 31 March 2021. 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.

Electricity North West is a founding member of Slave-Free Alliance, a social enterprise that works with organisations to eradicate modern slavery. Slave-Free Alliance is part of the charity Hope for Justice, which aims to end slavery by preventing exploitation, rescuing victims, restoring lives and reforming society.

As part of our ongoing commitment to improve our approach to addressing the risks of modern slavery, Slave-Free Alliance conducted a gap analysis in December 2020. Key areas that we will be prioritising in 2021/22 can be summarised as:

- Ensure that the modern slavery statement going forward incorporates any newly mandated structure/content and is included within the government-run modern slavery statement registry. Our statement covering 2020/21 has been uploaded to the registry.
- Update appropriate company policies/documents to provide better reference to modern slavery.
- Increase scrutiny around suppliers and enhance awareness/knowledge amongst supplier base (e.g. via contractor management meetings).
- Promote awareness of modern slavery alongside other areas of customer vulnerability.
- Produce a training needs assessment and review the approach in place to training our people.
- Report periodically to the Board on modern slavery as part of the regular review of the corporate risk register.

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, with contractors being used where it is a service that is widely available in the market place (e.g. excavation & backfill), providing a more efficient cost option for our customers.

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 in relation to slavery and human trafficking

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. A policy review will be conducted in 2021 to ensure that modern slavery is appropriately covered.

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.

Once in employment, we also conduct robust checks on HR records.

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 to encourage our key suppliers to pay the real living wage and to seek accreditation for their own organisations.

As part of the gap analysis work conducted by our charity partner, Slave Free Alliance, we will look to incorporate recommendations into strengthening our policies going forward, ensuring that they provide appropriate coverage and reference to modern slavery. As part of this, we will also include specific reference in our policies to prohibiting the use of worker paid recruitment fees, forced overtime, and confiscation of workers' original identification documents.

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 issued a revised Supply Chain Charter in 2021 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 is now issued as part of all procurement engagement with suppliers who are 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 prominently 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. Working with fellow utilities as part of Utilities Modern Slavery Working Group which is led by the Slave Free Alliance, we have improved our Pre-Qualification Questionnaire rigour in the period.
- In the year 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 2021.
- We hold periodic briefing sessions with 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 periodic 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 and management

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 provides increased visibility of risk in our supply chain. The new system came into place in 2020 thereby helping us to minimise further our risk.

Additionally, through our relationship with Hope for Justice and Slave Free Alliance, periodic threat assessments are conducted in order to identify areas where enhancements can be made to our approach to addressing modern slavery. The most recent gap analysis was undertaken in December 2020, where a number of improvement initiatives were identified which will form a key part of our improvement activity in 2021/22.

5. Key performance indicators

We have several KPI measures in place to help measure the effectiveness of the steps that we have put in place and 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.

A key performance indicator relating to modern slavery is included in the contracts with our two key network contractors. Performance is subject to a formal annual review.

6. Training on modern slavery and trafficking

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:

- A key development in the year is that specific training on modern slavery has been incorporated within the company's induction programme covering all new starters.
- Our Modern Slavery policy and our Business Ethics policy are promoted to our employees.
- Periodic, targeted sessions with those areas of the company more likely to come into contact with activities associated with modern slavery. In 2020, the Commercial and Procurement teams have participated in training sessions provided by Slave Free Alliance, and wider training information has been briefed to our operational front-line colleagues via line manager briefings.
- Our employees are educated via periodic articles in our company bulletins (e.g. promoting Anti-Slavery day, newsletter updates and eLearning training).
- We hold 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.
- We are promoting awareness of modern slavery alongside other areas of customer vulnerability within a designated section of our external website.

As founding members of the Slave Free Alliance, we look to promote learnings to our key supply chain partners, so that we can work collaboratively to address the risk of modern slavery existing in our supply chains. We will also encourage key suppliers to join the Slave Free Alliance or similar charity partner.

This is in addition to membership of the Utilities Sector Group which is chaired by the Institute of Business Ethics. In the course of 2021, we will look to join the Supply Chain Sustainability School and use our role in both groups to understand best practice and 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 'P. Emery', with a stylized, cursive script.

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 3 June 2021

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

*These companies are legally required under the Modern Slavery Act 2015 to produce an annual modern slavery statement.