

UNITED NATIONS GLOBAL COMPACT

*Severn Trent Plc
Communication on Progress 2017*

SEVERN
TRENT

CEO STATEMENT OF CONTINUED SUPPORT

The UN Global Compact provides a universal language for corporate responsibility and provides a framework to guide all businesses regardless of size, complexity or location.

“At Severn Trent our vision is to be the most trusted water company by 2020. Being trusted means that, as well as delivering an outstanding customer experience, the best value service and environmental leadership, we live by our values, set out in our code of conduct ‘[Doing the Right Thing – The Severn Trent Way](#)’ every moment of every single day. Our values are completely aligned with the 10 principles of the United Nations Global Compact, which form part of our culture.

We believe good businesses are socially responsible at their core. Acting in a responsible way is embedded in everything we do and how we do it, and we see this as an integral way to build our customers’ trust.

Our approach to corporate responsibility incorporates the Global Compact and its principles, covering human rights, labour, environment and anti-corruption. We have committed to supporting the 10 principles of the United Nations Global Compact since 2004, and we are pleased to reaffirm our continued support.

In this Communication on Progress (COP) we describe our on-going commitments and the policies and procedures we have in place to ensure that the Global Compact and its principles are integral to our business and the values we live by.”



A handwritten signature in black ink that reads "Liv Garfield".

Liv Garfield
Chief Executive

July 2017

INTRODUCTION

Our Communication on Progress to the Global Compact (COP)

In this communication on progress, we describe each of the Global Compact principles, our specific commitments, how the principle is embedded within our policies and procedures, and highlight any specific actions or projects in the past year that further demonstrate our commitment.

Since our last COP in July 2016, our key developments to further embed the Global Compact principles are:

- Rolling out an e-learning module for all employees on our code of conduct '[Doing the Right Thing – The Severn Trent Way](#)', which clearly sets out the values we expect all our employees to live by.
- Engaging with our key suppliers around our vision and approach to corporate responsibility, launching our Sustainable Supply Chain Charter in September 2016 and running our first dedicated supply chain engagement event in May 2017 asking suppliers to make a pledge to support our vision.
- Taking actions to further reduce the risk of modern slavery within our business and supply chain, including updating our Group “speak up” policy, risk assessing our supply chain and working collaboratively with Hope For Justice, an independent organisation, to gain advice on best practice.

Supporting documentation

The supporting information also evidences our commitment to the Global Compact principles:

- [Our Annual Report and Accounts 2016/17](#), specifically our dedicated Corporate Responsibility report (pg 56-69), details performance and progress against each of our responsible commitments
- Our code of conduct– '[Doing the Right Thing- The Severn Trent Way](#)' details our values and reflects the Global Compact principles.
- Our [Sustainable Supply Chain Charter](#), clearly sets out our expectations of our suppliers to support our vision and approach to corporate responsibility
- Our most recent [Charting a Sustainable Course](#) publication sets out our thought leadership on how to deliver the best service for customers



WE SUPPORT

OUR VALUES INCORPORATE THE GLOBAL COMPACT PRINCIPLES

At Severn Trent our vision is to be the most trusted water company by 2020. We aim to live by our values, set out in our code of conduct '[Doing the Right Thing – The Severn Trent way](#)' every moment of every single day.

Our values are completely aligned with the 10 principles of the United Nations Global Compact, and they form part of our culture.



HUMAN RIGHTS

1. *Business should support and respect the protection of internationally proclaimed human rights; and*
2. *make sure they are not complicit in human rights abuses.*

Human Rights at Severn Trent

- We have a responsibility to understand our potential impact on human rights and to work hard to mitigate any risk of breaching human rights. All our operations continue to be managed and operated to high ethical standards.
- We also expect our suppliers to support our values and as such, ask all suppliers to adhere to our code of conduct as part of standard terms and conditions. We encourage our suppliers to sign up to our Sustainable Supply Chain Charter to demonstrate their commitment to achieving our vision and supporting our approach to corporate responsibility.
- Our Corporate Responsibility Committee regularly review our group policies to ensure they remain appropriate.

Our Supporting Policies

Whilst we do not have a specific human rights policy, we have policies on Human Resources, Anti Bribery and Anti Fraud, Whistleblowing (Speak Up) and Procurement (Group Commercial), all of which incorporate the protection of human rights.

- [Doing the Right Thing - The Severn Trent Way](#)
- [Group Human resources policy](#)
- [Group Speak Up Policy](#)
- [Group Commercial Policy](#)

Our Actions Since last COP July 2016

- This year we have taken actions to further reduce the risk of Modern Slavery within our business and supply chain – see our [Anti-trafficking and Modern Slavery statement](#) for further details.

3. *Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;*
4. *the elimination of all forms of forced compulsory labour;*
5. *the effective abolition of child labour; and*
6. *the elimination of discrimination in respect of employment and occupation.*

Labour at Severn Trent

- We recognise the right of all employees to freedom of association and collective bargaining and seek to promote cooperation between employees, our management team and recognised trade unions.
- We have a zero tolerance approach to all forms of forced compulsory labour and child labour, which we make clear to our supply chain through our code of conduct 'Doing the right thing – The Severn Trent Way' and our Sustainable Supply Chain Charter
- We seek to ensure that every employee, without exception, is treated equally and fairly. We want to create and maintain a diverse and open culture, and will not tolerate any discrimination of any employees.

Our Supporting Policies

- [Doing the Right Thing - The Severn Trent Way](#)
- [Group human resources policy](#)
- [Diversity and Equal opportunities policy](#)
- [Sustainable supply chain charter](#)

Our Actions Since last COP July 2016

- [Annual report and Accounts 2016/17](#) (pg 31, 69, 93)
- We were pleased to have our efforts to improve diversity recognised by the [Hampton-Alexander review](#) 2016, and to be rated as 38/50 in the first social mobility index, a joint initiative between the social mobility foundation and social mobility commission
- This year we have taken actions to further reduce the risk of Modern Slavery within our business and supply chain – see our [Anti-trafficking and Modern Slavery statement](#) for further details.

7. *Businesses should support a precautionary approach to environmental challenges;*
8. *undertake initiatives to promote greater environmental responsibility; and*
9. *encourage the development and diffusion of environmentally friendly technologies.*

Environment at Severn Trent

- In order to achieve our vision of being the most trusted water company by 2020, we seek to promote environmental leadership wherever we operate.
- Within our current business plan (2015-2020). We have set ourselves challenges to deliver important environmental improvements, such as promoting water efficiency and improving the quality of our rivers. We also work in partnership with landowners to influence their behaviours in order to prevent pollution to the water course. Performance is reported within our annual report and accounts.
- We currently self generate the equivalent of 34% of our power needs through renewable energy generation, and are on track to achieve our target of 50% by 2020. We will continue to invest in renewable energy generation technologies such as anaerobic digestion.
- We participate in voluntary accreditation schemes including the Carbon Trust standard and the Carbon Disclosure project.

Our Supporting Policies

- [Group Environment Policy](#)
- [STW Water Resources Management Plan](#)

Our Actions Since last COP July 2016

- Our environmental performance is highlighted throughout our [Annual Report and Accounts 2016/17](#) (specifically pages: 22, 56-67).

ANTI-CORRUPTION

10. *Businesses should work against corruption in all its forms, including extortion and bribery.*

Anti-corruption at Severn Trent

- We strictly prohibit bribery, fraud and other corrupt business practices at Severn Trent. We are committed to operating fairly and with integrity. Everyone in our business has a responsibility to play a part in maintaining our values and principles.
- All Severn Trent employees are encouraged to raise concerns at work in the first instance through their line manager, or senior management. However, we recognise that employees may feel inhibited in certain circumstances. If so, employees are encouraged to use our confidential whistleblowing helpline or email service, operated by Safecall, an independent company which specialises in handling concerns at work. The service is available internationally and Safecall provides a translation service, allowing any employee, wherever they are in the world, to access it. All cases are thoroughly investigated and the results of investigations are regularly reported to both our Audit and Corporate Responsibility Committees.
- All employees must use good judgment and moderation in acceptance of gifts or hospitality. All offers of gifts and hospitality, whether accepted or rejected, must be declared and recorded on the Gifts and Hospitality register, which is an integral part of our Group financial crime policy.

Our Supporting Policies

- [Doing the Right Thing - The Severn Trent Way](#)
- [Group Speak Up Policy](#)
- [Group Financial Crime Policy](#)

Our Actions Since last COP July 2016

- 6 monthly review of our gifts and hospitality register by our executive committee and Board
- Audit Committee and Corporate Responsibility Committee review all incidents of fraud or bribery and whistleblowing ([Annual Report and Accounts 2017](#) pp 85-93).