



Ethical Purchasing Policy

1. Introduction

South East Water Ltd's ("SEW") policy is to seek to employ staff and to purchase goods and services which:

- a) are produced and delivered under conditions that do not involve the abuse or exploitation of any persons, for example by modern slavery; and
- b) have the least negative impact on the environment.

Such considerations will form part of the evaluation and selection criteria for all goods and services purchased by South East Water Ltd.

In addition, South East Water Ltd will seek alternative sources where the conduct of suppliers demonstrably violates the basic rights of individuals and there is no willingness to address the situation within a reasonable time period.

2. Scope

The purpose of the policy is to:

- a) promote good labour standards for SEW and its supply chain, and also to promote zero tolerance of modern slavery;
- b) promote good environmental standards for SEW and its supply chains; and
- c) to protect South East Water Ltd's reputation.

This Policy applies to all persons working for us or on our behalf in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third party representatives and business partners.

SEW expects that compliance with this Policy will not result in uncontrolled cost increases nor drops in quality. SEW will work with suppliers to achieve required ethical standards as far as possible at no increase in cost or decrease in quality.

3. Modern Slavery

Modern Slavery, as defined in the Modern Slavery Act 2015, is a crime and a violation of fundamental human rights. It takes various forms such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

SEW has a zero tolerance of modern slavery and are committed to acting ethically and with integrity in all our business dealings and relationships and to enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains.

We are also committed to ensuring there is transparency in our own business and our approach to tackling modern slavery throughout our supply chains, consistent with our disclosure obligations under the Modern Slavery Act 2015. We expect the same high standards from all our suppliers, contractors and other business partners and we expect our suppliers will hold their own suppliers to the same high standards.

SEW commits to continuous improvement towards compliance with the labour and environmental standards specified, both in their own companies and those of their suppliers and all those subject to this Policy must comply with this Policy.

4. Labour Standards

The labour standards in this Policy are based on the conventions of the International Labour Organisation (ILO). All those working for or on behalf of SEW shall ensure that:

- **Employment is freely chosen:** - There is no forced, bonded or involuntary prison labour. Workers are not required to lodge deposits or their identity papers with the employer and are free to leave their employer after reasonable notice.
- **Freedom of association and the right to collective bargaining are respected:** - Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively. The employer adopts an open attitude towards the legitimate activities of trade unions. Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace. Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.
- **Working conditions are safe and hygienic:** - A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment. Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers. Access to clean toilet facilities and potable water, and, if appropriate, sanitary facilities for food storage shall be provided. Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers. The company observing the standards shall assign responsibility for health and safety to a senior management representative.
- **Child Labour shall not be used:** - There shall be no recruitment of child labour. Companies shall develop or participate in and contribute to policies and programmes, which provide for the transition of any child found to be performing child labour to enable her/him to attend and remain in quality education until no longer a child. Children and young people under 18 years of age shall not be employed at night or in hazardous conditions. These policies and procedures shall conform to the provisions of the relevant International Labour Organisation (ILO) standards.
- **Living wages are paid:** - Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmarks, whichever is higher. In any event wages should always be high enough to meet basic needs and to provide some discretionary income. All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment, and about the particulars of their wages for the pay

period concerned each time that they are paid. Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the express and informed permission of the worker concerned. All disciplinary measures should be recorded.

- **Working hours are not excessive:** - Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.
- **No discrimination is practised:** - There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation. Please see the Respect and Fairness at Work Policy for more details on no discrimination.
- **Regular employment is provided:** - To every extent possible work performed must be on the basis of a recognised employment relationship established through national law and practice. Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.
- **No harsh or inhumane treatment is allowed:** - Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

5. Environmental Standards

Whenever SEW or its suppliers are purchasing goods or services they must ensure that they comply with (as a minimum) all legal requirements relating to the environmental impacts of their business. Detailed performance standards are a matter for suppliers, but should address at least the following:

- **Waste Management:** - Waste is minimised and items recycled whenever this is practicable. Effective controls of waste in respect of ground, air, and water pollution are adopted. In the case of hazardous materials, emergency response plans are in place.
- **Packaging and Paper:** - Undue and unnecessary use of materials is avoided, and recycled materials used whenever appropriate.
- **Conservation:** - Processes and activities are monitored and modified as necessary to ensure conservation of scarce resources, including water, flora and fauna and productive land in certain situations.
- **Energy Use:** - All production and delivery processes, including the use of heating, ventilation, lighting, IT systems and transportation, are based on the need to maximise efficient energy use and to minimise harmful emissions.

6. Business Behaviour

SEW expects honest behaviour from its staff and suppliers. Any such instances of dishonesty should be reported immediately and will be treated seriously. This expectation of honesty also

includes expecting staff and contractors to disclose any conflicts of interest. Please see our Conflict of Interest Policy for further advice.

SEW also reminds all staff and contractors that they must comply with the Bribery Act 2010 and the SEW related policy for Gifts and Hospitality.

SEW or its suppliers shall not be engaged:

- in the manufacture of arms;
- in the sale of arms to governments which systematically violate the human rights of their citizens; or where there is internal armed conflict or major tensions; or where the sale of arms may jeopardise regional peace and security.

7. Compliance with this Policy

Breach of this Policy may result in a number of actions depending on who has breached it and the severity of the breach. For example, for a SEW staff member this could result in disciplinary action; for contractors this could result in termination of their contract and for all there is potential for criminal offences to be committed for non-compliance.

8. Implementation and review

This Policy was last reviewed and updated in September 2016 and updates are effective immediately.