



ANTI-SLAVERY AND HUMAN TRAFFICKING STATEMENT



This statement is the Wates Group's anti-slavery and human trafficking statement. It sets out the steps the Wates Group has taken during the financial year ending 31 December 2019 to combat slavery and human trafficking in our business and supply chains.



OUR COMMITMENT TO COMBATTING SLAVERY AND HUMAN TRAFFICKING IN OUR BUSINESS AND SUPPLY CHAINS – A STATEMENT FROM OUR CHIEF EXECUTIVE

Our Guiding Framework defines the purpose that motivates us, the goals we are working to achieve and the behaviours we expect of ourselves and each other. It guides everything we do.



Wates is proud of the ethical standards that we have embedded in our business over many years and we are committed to upholding the highest standards of conduct in line with our Guiding Framework.

We recognise that modern slavery exists in the construction sector and we are dedicated to developing, implementing and enforcing effective systems and controls to ensure that we address the threat of modern slavery within our business and in our supply chains.

Wates' message is clear – we have zero-tolerance for slavery and human trafficking, and we expect our supply chains to take the same stance.

David Allen, Chief Executive

OUR BUSINESS, SUPPLY CHAINS AND MODERN SLAVERY WORKING GROUP

Our Business

The Wates Group was established in 1897 and is one of the leading privately-owned, construction, development and property services companies in the UK.

Our businesses are UK-based.¹ Our Head Office is in Leatherhead, and we employ almost 4,000 people, working with a range of clients and partners from across the public and private sectors:

- **Wates Construction** undertakes programmes and projects for government, local authorities and the private sector across the education, residential, commercial, leisure and justice sectors;
- **SES** is a design-led mechanical and electrical engineering provider, operating in a wide range of environments across the construction sector;
- **Wates Smartspace** delivers fit-out, refurbishment and maintenance services nationally. Key sectors include commercial offices, broadcasters, retail, airports, developers, banks, distribution centres and public sector premises;

¹ Save for limited historic operations in Abu Dhabi.

- **Wates Residential Developments Group** is the Group's investment arm focused on all aspects of the residential development market – from land, planning and development to construction and delivery. It works with a wide range of partners across both public and private sectors of residential development;
- **Wates Property Services** provides planned and responsive maintenance and facilities management services for both the public and private sectors; and
- **Needspace?** provides managed, flexible workspace to a growing number of small businesses in London and the South East.

You may find out more information on the services we offer to our clients and partners in our latest [Annual Review](#).

Our Supply Chains

Wates directly and indirectly purchases materials, services and labour from numerous suppliers including sub-contractors, consultants, materials suppliers, distributors, labour agencies and professional services suppliers. Our tier 1 suppliers are predominantly UK-based. However, our supply chain is complex, with multiple tiers stretching across multiple continents and jurisdictions. Our supply chain members are split into categories as follows:

- strategic (business critical across the Group);
- preferred (business and business unit regional suppliers who are core providers of goods to those businesses); and
- approved (supply to the business and have met our due diligence requirements).

Our Modern Slavery Working Group

Wates has established a working group tasked with evaluating the risks of modern slavery occurring in our supply chains and implementing proportionate and effective systems and controls.

A key strategic focus of the working group is collaborating and partnering with other stakeholders to address issues in all parts of our supply chain.

The working group reports to members of the Executive Committee and Group Board and is made up of senior leaders from the operational, procurement, legal, sustainability and quality functions.

OUR POLICIES IN RELATION TO SLAVERY AND HUMAN TRAFFICKING

Wates has made a number of commitments in our policies to help us to address the risk of slavery and human trafficking occurring in our operations or supply chains.

The purpose, goals and behaviours set out in our Guiding Framework are underpinned by our [Code of Conduct](#). Our Code of Conduct applies to all members of the Wates Group, including temporary staff. We also expect our suppliers to uphold similar values to our own.

Code 17 of our Code of Conduct (Ethical Sourcing) obliges us to conduct our business to the highest possible ethical standards, and

influence our suppliers, clients and partners to operate to the same high standards as ours. This means that we must:

- ensure that any products bought by us or used on our sites are not subject to illegal practices in respect of safety, labour standards, child labour, or human rights offences; and
- not appoint a supply chain member who is known to trade unethically, or who is known to use child labour, or operate standards of safety, labour and human rights that are not in compliance with local laws.

The Wates Group [Anti-Slavery and Human Trafficking Policy](#) reflects our zero-tolerance approach to modern slavery in our business and our supply chains and our long-standing commitment to:

- acting ethically and with integrity in all our business dealings and relationships;
- implementing and enforcing effective systems and controls to ensure that modern slavery is not taking place anywhere in either our own business, or in any of the businesses of our supply chains;
- ensuring that there is transparency in our business and in our approach to tackling modern slavery that is consistent with our disclosure obligations under the Modern Slavery Act 2015; and
- encouraging openness and providing support to anyone who raises concerns relating to modern slavery, even if they turn out to be mistaken.

Appropriate action is taken to investigate any breach of our policies or our Code of Conduct. Our Anti-Slavery and Human Trafficking Policy confirms that our employees have a personal responsibility to report any actual or suspected instances of modern slavery within our business or in our supply chain. Suspected instances of modern slavery can be reported to an individual's Line Manager (in the case of employees), the Group Legal Compliance Team or anonymously via our Safecall service (our confidential and impartial whistleblowing line). In line with the UN Guiding Principles on Business and Human Rights, our Safecall service is accessible to our employees and supply chain members, with interpreters being on hand to provide support in more than 170 languages. All reports to our Safecall service are fully investigated, with the investigation being overseen by our Group Head of Internal Audit, who is accountable for ensuring that all disclosures are investigated thoroughly, fairly and with discretion. Investigations are supported by HR, the Group Legal Compliance Team and other functions (as appropriate).

Our policies are communicated internally via our Operating Framework (which is updated twice per year), and externally via our [website](#).

Wates' policies are reviewed annually and signed off by the Chief Executive on behalf of the Executive Committee.

DUE DILIGENCE AND RISK ASSESSMENT

Due Diligence

We have mandated, where appropriate, that our suppliers be registered with the Constructionline validation system. This includes validating all sub-contractors and recruitment agencies we engage with. The validation process requires our suppliers to complete the Build UK Common Assessment Standard (CAS) questionnaire. The

CAS includes questions to assess modern slavery risks. All adverse responses to these questions are required to be escalated to Group Legal for review prior to approval.

Separately, manufacturers and distributors are required to complete our bespoke pre-qualification questionnaire (PQQ) in order to be accepted onto our approved supplier list. The PQQ includes specific questions relating to slavery and human trafficking. Responses to the questionnaires are reviewed by the Group Procurement team and adverse responses are required to be escalated to Group Legal for review prior to approval.

We also conduct enhanced due diligence, targeted at our specific supply chain risks identified as part of our annual risk assessment process (see below) including:

- where we identify instances where we are procuring materials directly from high risk countries, we will engage with one of our internal or external auditors to review; and
- conducting modern slavery workshops and compliance audits with our key labour agencies.

Our Standard Form Contracts

Our standard form contracts include an obligation to comply with our Code of Conduct, obligations relating to modern slavery and audit rights in favour of Wates.

Our Supply Chain Mapping Programme

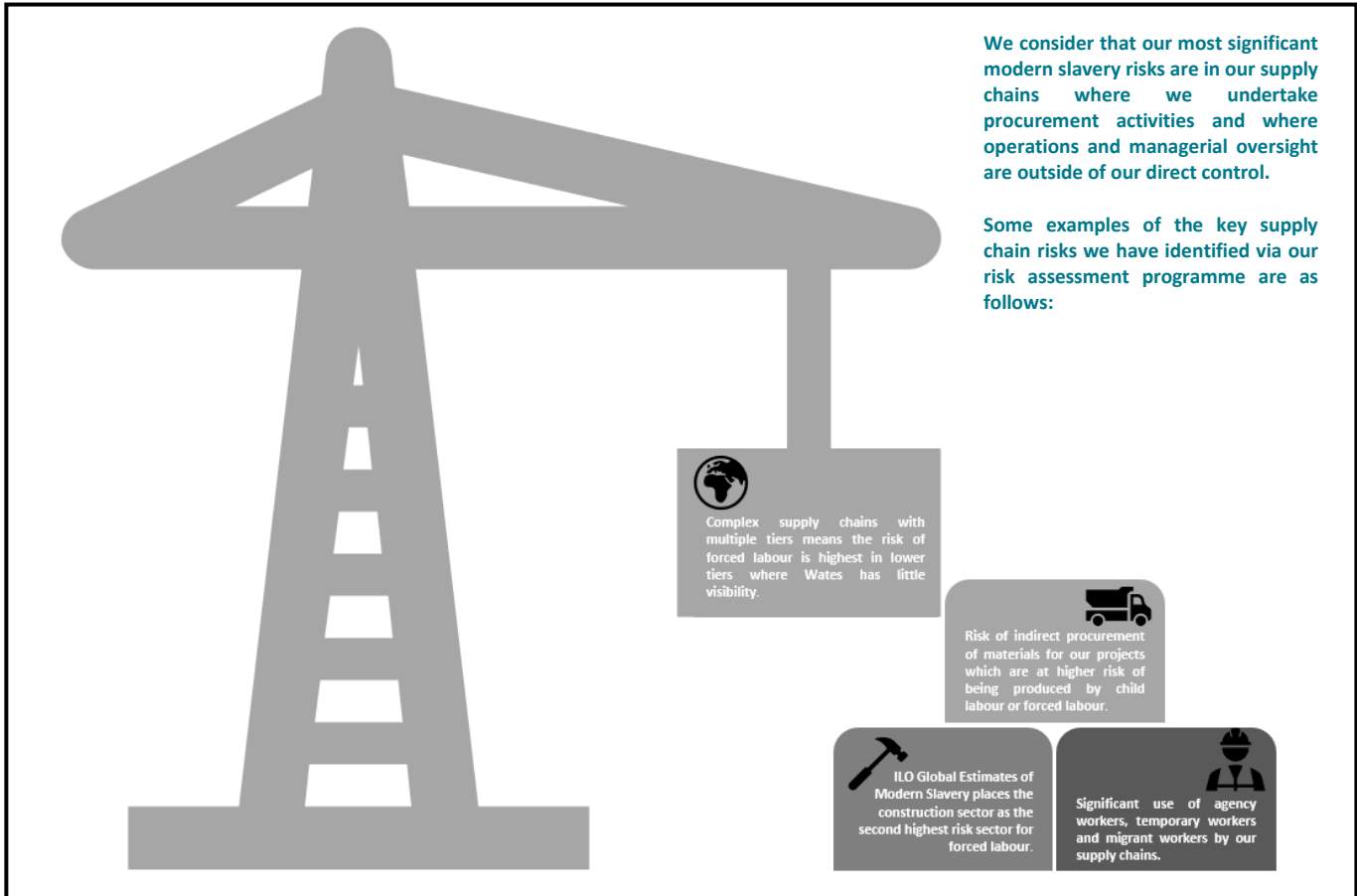
It is a challenge for all organisations to ensure that its modern slavery standards are adopted by all tiers of its supply chain, for example in the indirect procurement of goods and materials from other jurisdictions. To help understand and address this risk we have developed our own supply chain mapping protocol utilising the resources and guidance of the Supply Chain Sustainability School. The protocol provides a seven-step methodology for mapping our supply chain which will enable us to identify and address key areas of modern slavery risk. In 2019 we engaged with a selection of our strategic tier 1 distributors and suppliers to map selected goods purchased by Wates, down to tiers 1-5. These goods were selected according to the value of the spend with the relevant distributor or supplier. In 2020 we will continue to progress our supply chain mapping programme and will share the results with key internal and external stakeholders.

Our Annual Risk Assessment

In addition to our supply chain mapping, Wates regularly evaluates the nature and extent of our exposure to the risk of modern slavery occurring in our supply chain by conducting an annual slavery and human trafficking risk assessment. The risk assessment utilises published data from sources including *The Global Slavery Index*, the *International Labour Organization* and the *US Department of Labor*.

Responsibility for completion of the modern slavery risk assessment resides with the modern slavery working group, with the results being signed-off by the Group Procurement Director.

The results of the risk assessment are reported to Group Board on an annual basis and are used to shape our three-year anti-slavery and human trafficking programme, ensuring that it is continually revised and refined so that our policies, governance and controls (including audit plans) remain targeted, proportionate and risk-based.



EFFECTIVENESS IN ENSURING THAT SLAVERY AND HUMAN TRAFFICKING IS NOT TAKING PLACE IN OUR BUSINESS OR SUPPLY CHAINS, MEASURED AGAINST APPROPRIATE KPIS

In 2020, our strategic focus will be on increasing our activities relating to training and capacity building to effectively mitigate the risk of supply chain operatives on our sites becoming victims of modern slavery. We have identified that this is an area where our individual actions can have the most impact.

We will measure our performance in this area using KPI's designed to ensure the following outcomes:

- increasing awareness among our direct employees to ensure they can identify the signs of modern slavery and understand how to report it;
- increasing awareness among our site operatives to ensure they can identify the signs of modern slavery, understand their rights and understand how to report it;
- increasing awareness among our sub-contractors to ensure they are aware of Wates' expectations regarding modern slavery, employment rights and the ethical procurement of labour and that they know how to spot the signs of modern slavery and understand how to report it; and
- assessing the effectiveness of our training and guidance measures in combatting modern slavery on our sites.

2020 KPI's

- 95% completion rate for our e-learning programme.**


- Updating our modern slavery site induction guidance and rolling out to 100% of our construction sites for on-site inductions.**


- Issuing supply chain specific guidance on modern slavery to 100% of our sub-contractors on their appointment on a project (to be included as part of our sub-contract documents).**


- Holding four modern slavery workshops over the year with sub-contractors in high risk trades.**


- Issuing an employee engagement survey relating to modern slavery issues to Wates staff.**



We will review our performance against these objectives and outcomes (including assessing how the outcomes have fed into our three-year anti-slavery and human trafficking programme) as part of our modern slavery statement for the year ending 31 December 2020.

TRAINING AND CAPACITY BUILDING ABOUT SLAVERY AND HUMAN TRAFFICKING

We invest in educating our staff to recognise the risks of modern slavery and human trafficking in our business and supply chains. To ensure a high level of understanding of the risks we launched a dedicated modern slavery e-learning programme in 2019. The module covers topics including identifying the warning signs of modern slavery and what to do if you are concerned.

The module includes an assessment and forms one of the compulsory compliance modules to be undertaken by a new starter and must be completed every two years thereafter. The e-learning module is further reinforced by face-to-face training, where appropriate, and a high-profile modern slavery communications programme which is launched each year to coincide with Anti-Slavery Day.

SIGN-OFF

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the slavery and human trafficking statement for the Wates Group and its Group Companies, including the following Group companies which have a turnover in excess of £36 million:

- Wates Construction Limited;
- Wates Group Services Limited;
- Wates Property Services Limited (formerly Wates Living Space (Maintenance) Limited); and
- SES (Engineering Services) Limited.

This statement has the support of the Board of Directors of Wates Group Limited and was approved on 6 May 2020 for the financial year ending 31 December 2019.

A handwritten signature in black ink that reads "D. O. Allen".

David Allen, *Chief Executive*

For and on behalf of Wates Group Limited and its Group companies

Date: 6 May 2020