

MODERN SLAVERY STATEMENT

For the year ending 31 December 2021



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 that we are working to achieve and the behaviours that we expect of ourselves and each other. It guides everything that 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 all parties in our supply chains to take the same stance.

David Allen, Chief Executive



This statement is the Wates Group's modern slavery statement. It sets out the steps that the Wates Group has taken during the financial year ending 31 December 2021 to combat slavery and human trafficking in our business and supply chains.



OUR BUSINESS, SUPPLY CHAINS AND THE GOVERNANCE OF OUR MODERN SLAVERY PROGRAMME

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 approximately 3,800 people, working with a range of customers and partners from across the public and private sectors.

- **Wates Construction Group** undertakes programmes and projects for government, local authorities and the private sector across the education, residential, commercial, leisure and justice sectors. The Construction Group comprises two operating businesses, Wates Construction and Wates Integrated Construction Services (WICS). **SES Engineering Services** is part of WICS. SES is a design-led mechanical and electrical engineering provider, operating in a wide range of environments across the construction sector.
- **Wates Developments Group** specialises in land, planning and residential development, and managed workspace throughout the South of England. It comprises Wates Developments, Wates Partnerships, Wates Development Agency Services (DAS) and the Group's flexible workspace business, Needspace?
- **Wates Residential** is one of the leading developers and contractors in London, the South of England and Wales, delivering mixed tenure housing schemes in partnership with the public sector.
- **Wates Property Services** provides planned and responsive maintenance and facilities management services for both the public and private sector, as well as in the fit-out, refurbishment and management of commercial and business properties across the UK, and has three specialist divisions: Wates Living Space, Wates FM and Wates Smartspace.

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

Our Supply Chain

Wates directly and indirectly purchases materials, services and labour from a number of suppliers including sub-contractors, consultants, materials suppliers, distributors, labour agencies and professional

services suppliers. Our supply chain is complex, with multiple tiers stretching across multiple continents and jurisdictions.

For supplier management and relationship building purposes, we split our supply chain members into each of the following three categories:



Strategic | business-critical across the Group and predominately located within the UK. Wates' top 10 spend Strategic material suppliers and wholesalers are all located within the UK;

Preferred | business and business unit regional suppliers who are core providers of goods to those businesses; and

Approved | those who supply to the Group, but with whom we work less than the two categories above.

Wates fosters long-term working relationships with its supply chain members. Our procurement and commercial teams regularly engage with their supply chain partners by means of regional briefings, market analysis updates and general weekly updates about pipeline opportunities.

Wates is a signatory to the Prompt Payment Code, which aims to transform the payment landscape, especially for complex supply chains involving small businesses, by promoting a culture of best practice and prompt payment.

¹ Save for limited historic operations in Abu Dhabi.

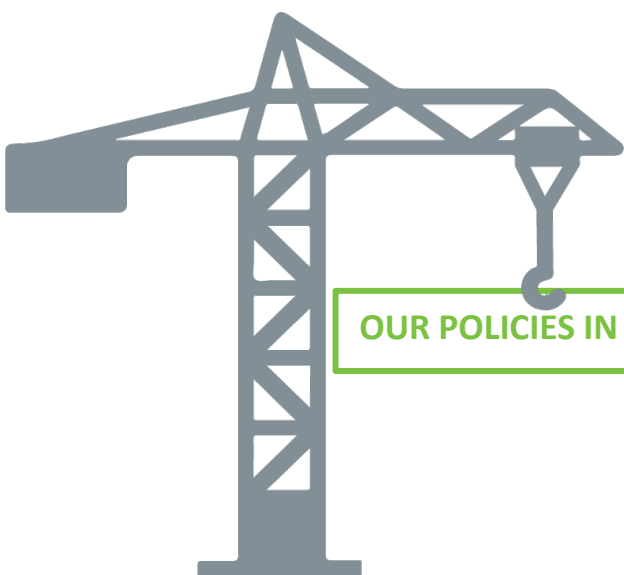


The Modern Slavery Working Group

Our Modern Slavery Working Group is tasked with the day-to-day management and mitigation of modern slavery risks, including evaluating the risks of modern slavery occurring in our supply chains and implementing proportionate and effective systems and controls.

The working group is made up of senior leaders from the operational, procurement, legal, sustainability and quality functions of our organisation.

A key strategic focus of the working group is to collaborate and partner with other stakeholders and external parties, including the Gangmasters and Labour Abuse Authority ("GLAA"), its industry peers, the Government, law enforcement agencies and NGOs. Wates is a signatory to the GLAA Construction Protocol, which shares best practice in eradicating slavery and labour exploitation in the construction sector.



OUR POLICIES IN RELATION TO SLAVERY AND HUMAN TRAFFICKING

We have made a number of commitments in our policies to help us to address the risk of modern slavery and human trafficking occurring in our operations or supply chains. Our key modern slavery policies are the following:

- Our [Code of Conduct](#)
- Our [Anti-Slavery and Human Trafficking Policy](#)
- Our [Anti-Slavery and Human Trafficking Standard](#)
- Our [People Policy](#)
- Our [Safeguarding Policy](#)

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.

Consistent with Code 17 of our Code of Conduct (Ethical Sourcing), we endeavour to conduct our business to the highest possible ethical standards, and to influence our suppliers, clients and partners to operate to the same high standards. 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 that is known to: trade unethically, use child labour, or operate standards of safety, labour and human rights that are not in compliance with local laws.

Anti-Slavery and Human Trafficking Policy

The Wates Group **Anti-Slavery and Human Trafficking Policy** sets out 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.

Anti-Slavery and Human Trafficking Standard

In conjunction with our Code of Conduct, we have implemented an **Anti-Slavery and Human Trafficking Standard** setting out the minimum labour standards that we require from all members of our supply chain. The standard includes obligations to:

- comply with the Modern Slavery Act 2015;
- ensure that all workers are treated fairly and equally;
- ensure that all workers have freedom of movement, including the freedom to terminate their employment at any time without penalty, given reasonable notice;
- ensure that their employees have written employment contracts in place specifying their employment conditions, rights and responsibilities, including wages and hours;
- ensure that their workers are not charged any fees or costs for their recruitment; and
- report any suspected Modern Slavery Act breaches.

Reporting Suspicions of Modern Slavery

Appropriate action is taken to investigate any breaches of our policies, **Code of Conduct** or our **Anti-Slavery and Human Trafficking Standard**. Our **Anti-Slavery and Human Trafficking Policy** confirms that our employees and supply chain partners 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 may be reported to an individual’s Line Manager (in the case of employees), the Group Legal Compliance Team, a member of Wates’ HR Team or anonymously via our Safecall service (our confidential and impartial whistleblowing line). If a suspected instance of modern slavery is reported to Wates, Wates has implemented an internal Slavery and Human Trafficking Response Plan that must be followed.

Safecall: 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 and externally via our **website**.

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





RISK ASSESSMENT AND DUE DILIGENCE

We consider that our most significant modern slavery risks are in our supply chains where we undertake procurement activities and where operations and managerial oversight are outside of our direct control.

Some examples of the key supply chain risks that we have identified via our risk assessment programme are as follows:



Complex supply chains with multiple tiers: the risk of forced labour is highest in lower tiers where Wates has little visibility



Risk of indirect procurement of materials for our projects which are at higher risk of being produced by child labour or forced labour



ILO Global Estimates Modern Slavery places the construction sector as the second highest risk for forced labour



Significant use of agency workers, temporary workers and migrant workers by our supply chains

Due Diligence

We adopt a risk-based due diligence approach when assessing risks relating to our suppliers and supply chain. We have mandated, where appropriate, that our suppliers be registered with the Constructionline validation system. For lower risk suppliers, this involves targeted enquiries relating to modern slavery risks; for higher risk suppliers, this involves more detailed enquiries as set out in the Build UK Common Assessment Standard (CAS) questionnaire. All adverse responses to our enquiries relating to modern slavery risks 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 on to 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 carry out an Ethical Audit review prior to placing an order. If issues are identified, appropriate investigative and remedial action is taken; and
- conducting modern slavery workshops and compliance audits with our key labour agencies.

Our Standard Form Contracts

Our standard form contracts include a contractual obligation to comply with our Code of Conduct relating to modern slavery and to comply with our Anti-Slavery and Human Trafficking Standard. They also contain audit rights in favour of Wates.

Our Supply Chain Mapping Programme

It is a challenge for all organisations to ensure that their modern slavery standards are adopted by all tiers of their supply chain, for example in the indirect procurement of goods and materials from other jurisdictions where entities further down the chain may be reluctant to carry out additional due diligence for a remote customer.

To help to understand and address such risks, we have developed our own supply chain mapping protocol using the resources of and guidance from the Supply Chain Sustainability School. This protocol provides a seven-step methodology for mapping our supply chain which will enable us to identify and address the key areas of modern slavery risk.

Our supply chain mapping programme initially focused on our tier one labour agencies, distributors and material suppliers. We have more recently expanded this exercise to cover supply chains in Turkey, Ukraine, Cambodia and Pakistan. A timeline of our mapping activities is set out below. In 2022, we will continue to progress our supply chain mapping programme as we progress further down our supply chain.

TIMELINE

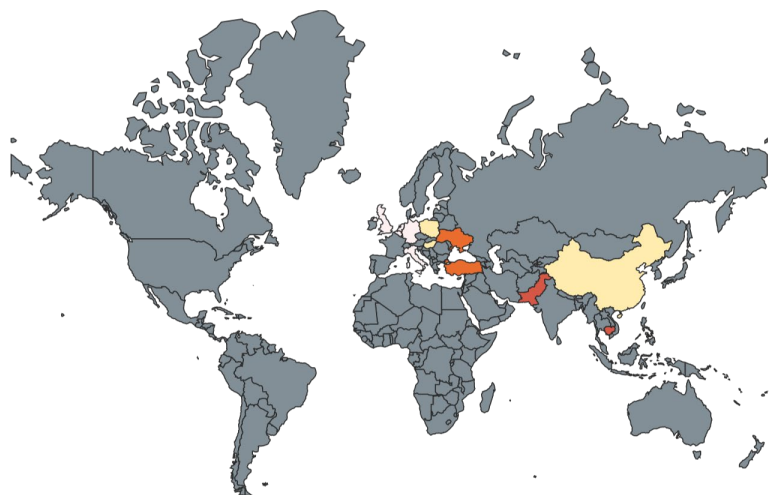


Following engagement since 2019 with our top 10 spend strategic suppliers and distributors, we have identified that those suppliers are generally based in the UK, with most of the suppliers sourcing their product materials from either within the UK or Europe, as set out in Diagram 1.0.

Top 10 spend Strategic suppliers and distributor products that are supplied directly to Wates: bricks, safety gear (helmets, gloves, overshoes, eyewear), stone tiles and flooring, floor heat panelling, steel and copper pipes and fittings.

High-risk lower tier sourcing countries identified: Turkey, Ukraine, Cambodia and Pakistan. We are working with our supply chains to ensure that appropriate investigations of these higher risk areas are carried out.

Diagram 1.0 - Top 10 Strategic Material Suppliers and Distributors by Spend

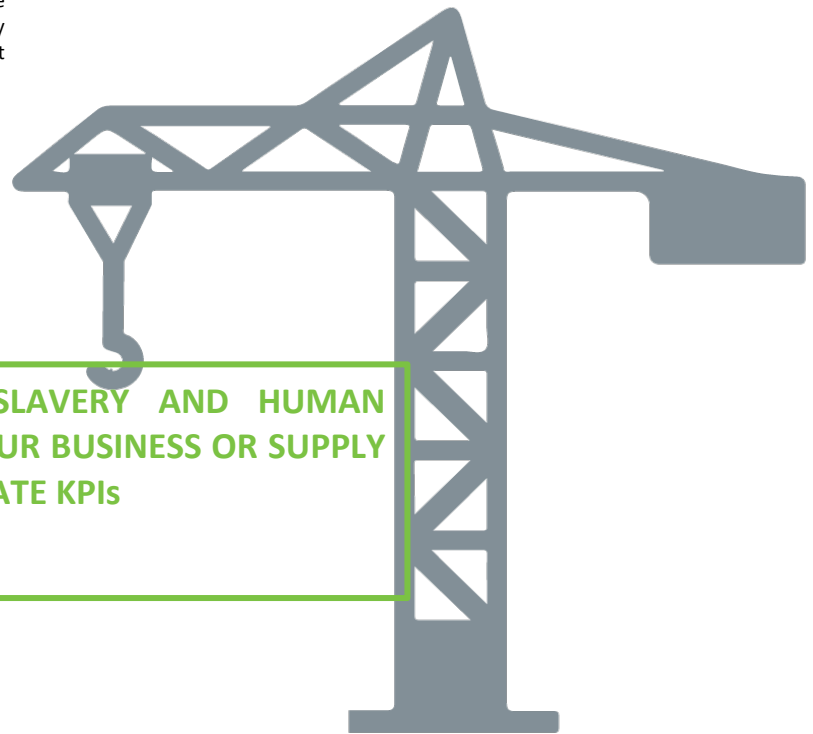


In addition to our supply chain mapping, we regularly evaluate the nature and extent of our exposure to the risk of modern slavery occurring in our supply chain by conducting an annual slavery and human trafficking risk assessment. The risk assessment uses published data from sources including *The Global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

Wates recently became aware of certain red flags at a lower tier of its supply chains in connection with the procurement of solar panels and commenced a review to identify, assess and mitigate any identified modern slavery and related risks. We have reflected this specific risk in our risk assessment and taken the opportunity to reinforce our modern slavery risk management programme. Among other things, we have engaged with our Tier 1 suppliers to reinforce our policies and expectations relating to modern slavery and with key internal stakeholders (including senior management) to seek support for further reinforcement of our modern slavery programme.

In 2022, we will continue our review into the particular supply chain concerns identified and incorporate the lessons learned from this exercise into the further development and reinforcement of our third party due diligence procedures.

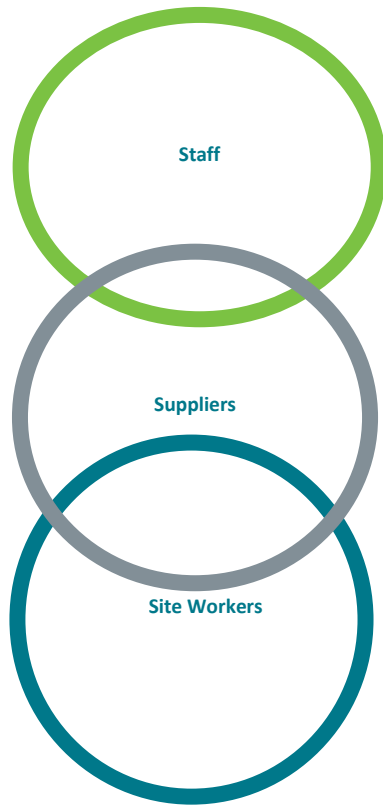
Responsibility for the completion of the modern slavery risk assessment resides with the modern slavery working group, with the results being signed-off by the Group Procurement Director. The results of the risk assessment are reported to Group Board on an annual basis and are used to shape our three-year 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

| 2021 KPIs | | | |
|---|--|---|---|
| Completion of two on-site labour practice audits at selected worksites. | Development and launch of “toolbox talks” series to raise awareness of modern slavery risks. | An excellent 94% completion rate for our e-learning programme across our training population. | Development of an employee engagement survey relating to modern slavery. We will report on the findings from this survey in our statement for year ending 31 December 2022. |
| ✓ | ✓ | ONGOING | ONGOING |

OUR STRATEGIC FOCUS FOR 2022



- Increasing awareness among our staff to continue to ensure that they may identify the signs of modern slavery, understand their rights and understand how to report them.
- Assessing the effectiveness of our training and guidance measures in combatting modern slavery in our business.

- Increasing awareness among our sub-contractors to ensure that 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 them.
- In 2022, we will continue to look for alternative ways to engage with our supply chain and to increase their awareness of the risks of modern slavery both in their operations and their own supply chains.

- Increasing awareness among our site operatives to ensure that they can identify the signs of modern slavery, understand their rights and understand how to report concerns.
- Assessing the effectiveness of our training and guidance measures in combatting modern slavery on our sites.

| 2022 KPIs | | |
|--|---|--|
| To conduct four sub-contractor modern slavery workshops. | To explore further participation in collective action initiatives combating modern slavery. | To conduct two unannounced on-site labour practice audits at selected worksites. |

We will review our performance against these objectives and outcomes (including 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 2022.



TRAINING AND CAPACITY BUILDING IN RELATION TO SLAVERY AND HUMAN TRAFFICKING

Training and raising awareness remain a key area of focus in 2022. To date our modern slavery training and capacity activities have included:

E-learning: We invest in educating our staff to recognise the risks of modern slavery and human trafficking in our business and supply chains. Our modern slavery e-learning module, which is reinforced by face-to-face training where appropriate, covers topics such as how to spot the signs of modern slavery and who to contact in the event of a potential instance of modern slavery, and is required to be repeated by our staff every two years. In 2021, we achieved an excellent 94% e-learning completion rate across our training population.

Anti-Slavery Day Awareness Campaigns: Each year we launch a high-profile modern slavery communications campaign to coincide with Anti-Slavery Day. In 2021, as part of this campaign we launched our Toolbox Talks programme to further raise awareness of modern slavery risks.

Supply Chain Training: Our site induction training packs include information about modern slavery and how to spot the signs of a potential victim. We also include information about modern slavery in our supplier Anti-Slavery and Human Trafficking Standard that is issued to our Supply Chain members as part of their contracts.

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 that have a turnover in excess of £36 million:

- Wates Construction Limited;
- Wates Group Services Limited;
- Wates Property Services Limited (formerly 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 5 May 2022 for the financial year ending 31 December 2021.

David Allen, Chief Executive

To read our previous Modern Slavery statements, please click [here](#)