



**Scottish
Water**

Trusted to serve Scotland

2025/26 MODERN SLAVERY STATEMENT



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This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Scottish Water’s anti-slavery and human trafficking statement for the 2025/26 financial year which ended on 31 March 2026.



INTRODUCTION FROM OUR CHIEF EXECUTIVE

Scottish Water supplies vital water and wastewater services across Scotland, supporting public health, protecting the environment and enabling communities and businesses to thrive, and that responsibility extends to how we operate and how we work with others. As a publicly owned organisation, we are committed to ensuring the highest ethical standards across our operations and throughout our supply chain.

Modern slavery and human exploitation have no place in a civilised society. We are committed to identifying, preventing and addressing any risks within our business activities and purchasing decisions, and to working with our suppliers and partners to ensure the goods and services we rely on are sourced responsibly and with respect for human rights and dignity.

Alex Plant
August 2026



OUR ORGANISATION STRUCTURE AND SUPPLY CHAINS

Scottish Water is a public sector body, classified as a public corporation of a trading nature, and is answerable to the Scottish Parliament through Scottish Ministers.

Scottish Water provides water and wastewater services to more than 2.68 million households and more than 160,000 business premises across Scotland. We have an annual turnover in excess of £1.7 billion and during the Strategic Review period of 2021-2027 (SR21) we will invest more than £4.45 billion in water and wastewater infrastructure.

We have over 4,700 staff including directly engaged employees and agency staff. Scottish Water recognises three trade unions, and negotiations are held with representatives from these unions to negotiate changes to contractual policies and employee terms and conditions, including pay.

We have an extensive supply chain of up to 1,437 suppliers including 440 framework suppliers and 997 non-framework suppliers who regularly provide goods and services to our operations and infrastructure across the whole of Scotland. Our water and wastewater infrastructure can be technically complex. Whilst c.90% of our direct framework supply chain spend is with companies based in Scotland, there can be multiple levels of suppliers between Scottish Water and the source of raw materials used in the supply chain, which can span many countries.

Details of our business structure and details regarding our financial position in respect of the 2025/26 financial year can be found in our Annual Report & Accounts 2025/26: Performance and Prospects, which is available on our [website](#).

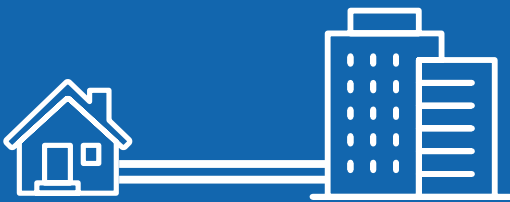
The main trading businesses of the Scottish Water group are:

- Scottish Water, which supplies households and wholesale licensed providers with regulated water and wastewater services;
- Scottish Water Horizons Limited, which provides non-regulated services to customers both within Scotland and internationally; and
- Scottish Water Business Stream Limited, our licensed retail subsidiary which supplies water and wastewater services to business customers.

Scottish Water Business Stream Limited is required to prepare its own statement and is therefore not covered by this statement. The position in relation to the other listed trading subsidiaries is included in this statement.

The Compliance Officer for modern slavery within Scottish Water is the General Manager for Procurement and Supply Chain (PSC), and they hold the responsibility for preparing this statement.

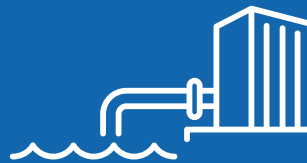
In 2025/26 Scottish Water provided water and wastewater services to



over
2.68m
households

more than
160,000
business premises

Scottish Water invested



£4.45bn
in water and wastewater
infrastructure

Scottish Water has



over
4,700
employees

OUR POLICIES IN RELATION TO SLAVERY AND HUMAN TRAFFICKING

Scottish Water is committed to working in a responsible, sustainable and ethical way that serves the long-term interests of our customers, employees, suppliers, the communities we serve and society more widely. We undertake to engage with our people and procure goods and services in a sustainable and ethical manner in compliance with our values, public sector policy and procurement law.

Scottish Water strongly opposes modern slavery and child labour, and we are committed to eradicating these within any element of our business and supply chain. We expect all those who work for us and with us to adopt the same stance and we have a zero-tolerance approach to inaction and cover up of these issues. Any suppliers engaging with Scottish Water are expected to be transparent and honest if any issues of modern slavery or child labour are discovered, and to commit to taking meaningful action to address such instances or concerns within their businesses and supply chains.

Our internal employee policies include a Recruitment Policy, a Grievance Policy and a Code of Ethical Conduct which both form part of our conditions of employment. We also have a Whistleblowing Policy, and an external independent Whistleblowing Helpline run by Safecall which is also available for our supply chain partners and members of the public. Our policies are available to all staff on our intranet and are reviewed at least every two years, or more frequently if required.

Scottish Water's standard terms and conditions require all suppliers to comply with the Scottish Water Supplier Code of Conduct which references our approach to modern slavery and includes a clause permitting Scottish Water to terminate for breaches of modern slavery legislation including the Modern Slavery Act 2015 and the Human Trafficking and Exploitation (Scotland) Act 2015.

Scottish Water also has an Anti-Slavery Policy which is applicable to all employees, suppliers and contractors. This policy outlines our approach, the roles and responsibilities of relevant parties and also identifies potential indicators of slavery in victims and within our supply chain.



DUE DILIGENCE PROCESSES

We consider the risks of modern slavery within our employee base to be low. Within our own business we undertake appropriate pre-employment checks to ensure a right to work in the UK, with further identity checks as required. All contracts of employment, and pay, are directly with the individual and checks are run monthly which highlight the use of joint bank accounts for salary payments. We pay a minimum of the Real Living Wage and are accredited by the Living Wage Foundation.

When employing temporary staff via employment agencies, Scottish Water maintains the requirement that the agencies adhere to the Conduct of Employment Agencies and Employment of Business Regulations 2003, which prevents agencies charging work seekers a fee for finding employment.

The breadth, depth and interconnectedness of our supply chain make it challenging to manage business and sustainability issues. In 2025/26, approximately 99% of our direct framework supply chain was UK-based and c.75% of our framework spend was with UK companies which have an annual turnover of over £36 million and are therefore required to publish an annual statement under the Modern Slavery Act. We carry out due diligence checks to ensure these statements have been updated and are available on supplier websites. Many suppliers with a turnover of below £36 million voluntarily produce their own modern slavery statement; those that don't are required to sign a Scottish Water declaration annually confirming their adherence to modern slavery legislation. Within our onboarding process, suppliers are required to confirm their compliance with modern slavery legislation. Furthermore, within supplier selection processes, including onboarding, all suppliers are required to confirm compliance with anti-slavery legislation and declare any convictions for breaches of anti-slavery laws.

Scottish Water is a member of Utilities Against Slavery which is facilitated by Slave-Free Alliance and is a forum for energy, water, and gas providers to collaborate to prevent and address modern slavery. The group signifies the importance of cooperation across the industry to drive up standards, identify risks, and create opportunities in relation to the human rights of persons employed in or impacted by business operations and their wider supply chains.

We are also a member of Scotland Against Modern Slavery and continue to collaborate and support its mission to help eradicate human trafficking and raise awareness across Scotland.



APPROX.

99%

OF OUR DIRECT FRAMEWORK
SUPPLY CHAIN WAS UK-BASED



75%

OF OUR FRAMEWORK
SPEND IN UK COMPANIES
WITH ANNUAL TURNOVER
OVER £36 MILLION



RISK ASSESSMENT AND MANAGEMENT

Scottish Water undertakes an analysis on the ethical risks within our supply chain on an annual basis, and these risks feed into an ethical risk matrix. This considers the source location of the raw materials, the length of the supply chain, the commodity type and the ease with which we could re-source the requirement. In 2025/26, manhole covers, penstocks, media and flowmeters were deemed to be areas of high ethical risk. Mapping exercises were carried out on all these areas; and the results of the completed exercises will feed into sourcing decisions and future procurement strategies.

In 2025/26, Scottish Water also conducted 10 ethical audits on our direct supply chain. These were undertaken by the Procurement and Supply Chain function and cover supply chain due diligence, modern slavery training provided to employees and the supplier's modern slavery statement amongst other topics including diversity and Fair Work First. The audit is a 2-stage process which results in the creation of an audit report and action plan for each supplier. The organisations selected for audit included a precast concrete supplier, a pump & telemetry supplier, a civil materials supplier, a hire supplier, a capital delivery partner, one of our regional contractor services contractors, a supplier of manhole covers and pipe, a supplier of signs,

cones and barriers, a ground maintenance contractor and a cleaning & hygiene contractor.

No evidence of any modern slavery was uncovered during these audits and all the suppliers audited were open and receptive to the sharing of best practice. Corresponding action plans have been developed following these audits and will be tracked over the coming months to ensure the agreed actions have been embedded.

Scottish Water remains vigilant and continues to work with our supply chain and wider organisations to ensure ethical practices are embedded within our business and supply chain to ensure ethical risks are mitigated and minimised. We continue to make positive progress regarding ethical risks relating to solar panels, assessing potential supply chains and establishing tracing for the materials used to manufacture the solar panels used on projects and services for Scotland.



CASE STUDY



Ethical standards for suppliers



KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATORS TO MEASURE THE EFFECTIVENESS OF STEPS BEING TAKEN:



100%

OF OUR DIRECT SUPPLIERS WITH A TURNOVER BELOW £36 MILLION HAVE SIGNED THE SCOTTISH WATER MODERN SLAVERY DECLARATION WITHIN THE PAST 12 MONTHS.



100%

OF OUR DIRECT SUPPLIERS WITH A TURNOVER ABOVE £36 MILLION PUBLISH ANNUAL MODERN SLAVERY STATEMENTS FOLLOWING THE END OF THEIR MOST RECENT FINANCIAL YEAR.



100%

OF PLANNED SUPPLIER AUDITS WERE CARRIED OUT WITH CORRESPONDING ACTION PLANS ISSUED.



98%

OF ASSIGNED EMPLOYEES HAVE UNDERTAKEN MODERN SLAVERY TRAINING E-MODULE.



IMPROVEMENTS MADE IN THE LAST YEAR

During 2025/26 we made several improvements to our approach to reduce the risk of modern slavery within our business and supply chain. These include the following activities:

THESE INCLUDE THE FOLLOWING ACTIVITIES:



PROCUREMENT INTEGRATION

We have embedded anti-modern slavery approaches into our procurements ahead of the next regulatory period.



WORKFORCE UPSKILLING

We have continued to upskill our workforce regarding risk and ethics.



AUDIT ENHANCEMENT

We have revised our approach to ethical audits to improve supplier engagement.



DYNAMIC PURCHASING SYSTEM

We have reviewed our Dynamic Purchasing System (DPS) for solar panels, considering the ethical sourcing of the goods to reduce barriers to entry while retaining the requirements for success.



TRAINING ON MODERN SLAVERY AND TRAFFICKING

Our online Modern Slavery training e-module provides employees with an overview of what modern slavery is, indicators of modern slavery and the roles and responsibilities of employees and line leaders. This course is mandatory for all employees in our leadership group alongside colleagues in Procurement and Supply Chain, Finance, Legal, and our People functions. It is also available to any other employee who wishes to undertake it.

All employees undertaking the training are tested on their understanding and are required to reach a minimum score to successfully pass the course.

Our intranet has a page dedicated to raising awareness of modern slavery, including common indicators and how to report concerns. All employees have access to this.



REPORTING

We encourage the reporting of concerns by employees to their line managers. If they do not feel comfortable doing this, they can contact our whistleblowing line which is available 24/7.



ZERO

WE RECEIVED NO CONCERNS
REGARDING MODERN
SLAVERY THROUGH OUR
WHISTLEBLOWING HELPLINE.



NEXT STEPS IN 2026/27

In 2026/27, Scottish Water commits to undertaking the following activities:

- As we prepare for the next investment period, Scottish Water will ensure our major partners are familiar with our approach to ethical supply chains, as well as Scottish Water's expectations, and investigate how best to better integrate these partners into our ongoing and future activities.
- Following the release of the updated guidelines on the reporting obligations set out in the Modern Slavery Act, we will continue to review our current approach to writing our Modern Slavery Statement to continuously improve our annual statement and maintain transparency.
- We recognise that there may be areas of our supply chain where we find instances of modern slavery and our initial focus will be to work with our supply chain to resolve issues. If we are unable to reach an appropriate solution, we will only continue to work with those suppliers as a last resort where no global alternative is available. We will be transparent whilst we take the lead to explore alternative options and seek out other like-minded organisations to use our combined leverage to try and drive change.
- We will carry out ethical audits on areas of our supply chain to check whether existing controls are adequate. 10 suppliers have been selected for audit in 2026/27 covering a broad range of spend categories.

Scottish Water's Supply Chain Steering Group and the Audit and Risk Committee reviewed and approved this statement prior to its approval by the Board of Scottish Water. The Board approved this statement on 24 June 2026.

Signed on behalf of the Board of Directors of Scottish Water:

Rob Mustard
Director of Capital Investment
August 2026



Scottish Water

Trusted to serve Scotland