



Dŵr Cymru
Welsh Water

Welsh Water Supplier Code of Conduct

Introduction

Welsh Water is committed to being open, honest, transparent and upholding the highest ethical and professional standards. We conduct our business with integrity, not only to comply with legal and regulatory requirements, but to do things right and to do the right thing for our customers, colleagues, suppliers, the environment and our local communities

Our suppliers play an essential part in enabling us to deliver services to our customers and we expect all of our suppliers to have a similar commitment and to operate to the highest standards of openness, honesty, integrity and business ethics as set out in our Supplier Code of Conduct (our "Supplier Code").

Who the Supplier Code applies to

The Supplier Code applies to all suppliers of goods and services. Where we refer to "suppliers", this includes suppliers, contractors, subcontractors, service providers, professional service providers, consultants, intermediaries and agents.

The Supplier Code is intended to apply through our supply chain and suppliers are expected to cascade these principles to their own supply chain.

The Supplier Code is not intended to conflict with or modify any existing terms and contracts between Welsh Water (or any subsidiary company) and its suppliers. Should any conflict arise, the terms of any specific agreed contract will take precedence.

Act with Integrity

We expect suppliers to behave ethically and comply with legal and industry requirements.

Bribery and Corruption

Welsh Water has a zero tolerance policy towards bribery and corruption and is committed to implementing and enforcing effective systems to counter them. We require everyone who works with us, to act honestly and with integrity at all times.

We require all suppliers to:

- Conduct their business honestly, fairly and free from any bribery or corruption.
- Not engage in any illegal or improper act.
- Not receive, offer, promise, improperly influence payment, authorise payments or awards in return for personal gain, financial or otherwise.
- Maintain appropriate anti-bribery policies.
- Speak up and tell us if anyone suspects that bribery or corruption is taking place.

Hospitality, Gifts and Entertainment

Welsh Water employees are not allowed to accept hospitality, gifts or entertainment or offer hospitality, gifts or entertainment in any circumstances. Our guiding principle is "just say NO". Welsh Water requires its staff to record all offers of hospitality, gifts and entertainment.

We require all suppliers to:

- At all times be, and be seen to be, fair, impartial and unbiased.
- Not offer hospitality, gifts or entertainment to Welsh Water employees in any circumstances.
- Not receive hospitality, gifts or entertainment from Welsh Water employees in any circumstances.
- Speak up and tell us if anyone suspects that hospitality, gifts or entertainment are being offered or received.

Conflicts of Interest

A conflict of interest may arise when an individual has a private or personal interest which could be considered to influence what should be an objective business decision.

We require all suppliers to:

- Not try to gain improper advantage or preferential treatment through any relationships they may have with Welsh Water.
- Avoid all conflicts of interest or situations giving the appearance of a conflict of interest when doing business with Welsh Water.
- Promptly report to Welsh Water any instances involving actual or apparent conflicts of interest between suppliers' interest and those of Welsh Water, such as a direct personal or financial interest in a business decision or vendor selection.
- Not without prior written notification to Welsh Water, enter into any business relationship with any director, employee, or representative of Welsh Water that may create a conflict with their obligations to, or the interests of Welsh Water.
- Speak up and tell us if anyone suspects that actual or apparent conflicts of interest are not being declared.

Fraud and Theft

Welsh Water has a zero-tolerance policy towards fraud and theft and is committed to implementing and enforcing effective systems to counter them. We will take appropriate action should an incident occur.

Fraud is defined as an 'abuse of position, or false representation, or prejudicing someone's rights for personal gain'. Theft is defined as 'to dishonestly appropriate property belonging to another with the intention of permanently depriving the other of it'.

We require all suppliers to:

- Safeguard all assets belonging to Welsh Water.
- Ensure that their processes and procedures for identifying and managing fraud are robust.
- Maintain accurate and complete records of all business transactions with Welsh Water.
- Speak up and tell us if you suspect that theft or fraudulent activity is or has taken place.

Business Ethics

Vendor Selection & Relationships

We comply with applicable procurement legislation and take compliance with competition law seriously. Welsh Water is committed to conducting its business activities in a fair and open manner at all times and in compliance with all applicable laws.

We require all suppliers to:

- Comply with applicable public procurement and competition laws, rules and regulations.
- Not engage with its competitors or its own suppliers in a way that improperly restricts competition.
- Implement appropriate monitoring and assurance processes to prevent anti-competitive behaviour.
- Conduct training to raise awareness and prevent anti-competitive behaviour.
- Speak up and tell us if you suspect that anti-competitive behaviour has taken place.

Protecting Information & Data

In order for suppliers to carry out their work, Welsh Water may have to share confidential or personal information about its customers, colleagues or related third parties with its suppliers. Similarly, suppliers may have access to confidential or personal information about Welsh Water during the course of their work.

We require all suppliers to:

- Process any sensitive or personal information that is shared to fulfil any contractual requirements in accordance with the Data Protection Act 2018.
- Use information obtained through their relationship with us only for the purpose defined to them.
- Process and store information as agreed with Welsh Water.
- Have appropriate information security policies and procedures in place to ensure our information is kept safe and secure at all times. This may require the maintenance of certifications such as ISO 27001 and the encryption of data for processing purposes.
- Notify us promptly of actual or suspected privacy breaches, security breaches, or losses of our information and assist us in managing any consequences arising from such events.
- Speak up and tell us if you believe that any confidential or personal data has been misused or is not held securely.

Cyber Security

Failing to protect sensitive and classified information can have a significant business impact. We actively manage external cyber security threats, including maintaining our Cyber Essentials accreditation and expect our suppliers to have systems with appropriate protections.

We require all suppliers to:

- Protect Welsh Water's sensitive and classified information, acting in compliance with all EU and UK data security laws and guidance from the likes of the Centre for the Protection of National Infrastructure and the National Cyber Security Centre.
- Limit access to sensitive and classified information on a need to know basis.
- Notify Welsh Water in the event of a cyber security breach.

Outsourcing and Subcontracting

We recognise that outsourcing is a practice that suppliers may use to promote innovation, fill resource gaps, and/or create operational efficiencies. We also recognise that suppliers may need to use subcontractors in the performance of services.

We require all suppliers to:

- Not subcontract services they perform for us or outsource activities that directly impact the delivery of goods and services to us, without our prior written approval. In situations where approval is given, it is important for us to know the locations of where the work will be performed and the parties involved in the provision of the services.
- Monitor the outsourcing or subcontracting arrangement to ensure it complies with the suppliers' contractual obligations and with this Supplier Code, and provide evidence of such monitoring upon request.

Treat People Responsibly

Equality, Diversity & Inclusivity

At Welsh Water we are committed to recognising and promoting equality, diversity and inclusivity and treating others with dignity and respect at all times. We are bound by the Equality Act 2010 to ensure that we do not discriminate in any capacity on the grounds of race, religion/belief, gender, sexual orientation, age, disability, pregnancy/maternity or gender reassignment.

We require all suppliers to:

- Maintain workplaces characterised by professionalism, and respect for the dignity of every individual with whom their employees interact.
- Respect the diversity of their employees, customers and others with whom they interact and have established programmes to promote diversity across their network.
- Not engage in discrimination based on the grounds of race, religion/belief, gender, sexual orientation, age, disability, pregnancy/maternity or gender reassignment.
- Not tolerate any inappropriate behaviour within their work force, such as harassment, discrimination, violence or retaliation.
- Speak up and tell us if you see bullying, harassment or unlawful discrimination in your relationship with Welsh Water.

The safety of children and adults at risk

Welsh Water takes the safety of children and adults at risk seriously and as such strives to ensure that these values are embedded in our processes. Safeguarding is about protecting children and adults at risk from abuse or neglect. We all have a responsibility to ensure that we are doing all we can to protect the most vulnerable members in our society. Suppliers engaged in activities that involve or may involve contact with, impact on, or work with children/adults at risk are expected to adopt this same commitment.

In such cases we require suppliers to:

- Have robust, well managed safeguarding arrangements in place which are compliant with regulations and legislation to ensure all staff and volunteers are safely recruited, trained and managed.
- Ensure that all relevant staff are DBS checked.
- Speak up and tell us about any issue or suspicion affecting the safety of children or adults at risk

Anti-Slavery

Welsh Water is committed to meeting the aims of the Modern Slavery Act 2015. We strongly oppose slavery, human trafficking and child labour and we work to raise awareness across the business and in our supply chains. Therefore, we will not tolerate slavery and human trafficking in our supply chains or any part of our business. To be trusted to do the right thing is one of our core values. We would never knowingly engage with suppliers or contractors involved in slavery or human trafficking, and reserve the right to terminate our agreements with any third party found to have engaged in these practices.

We require suppliers to:

- Confirm that they comply with the Modern Slavery Act 2015.
- Not exploit their workforces or suppliers.
- Implement measures to ensure that modern slavery, child labour and human trafficking are not taking place in their supply chain, or in any part of their business. Compliance audit trails must be retained.
- Speak up and tell us about any issue or suspicion of modern slavery in any parts of Welsh Water or its supply chain.

Living Wage

Ensuring everyone who works for Welsh Water is paid fairly for what they do is something we care passionately about. We are recognised as a company that ensures fair pay for a hard day's work – with accreditation as a Living Wage Employer by the Living Wage Foundation. We encourage all our supply chain partners to pay the Living Wage.

Prompt Payment

We encourage all our suppliers to adopt prompt payment for its subcontractors, in line with the Prompt Payment Code principles.

Health and Safety

We want to ensure that everyone remains healthy and safe in the work environment. We are striving to achieve an injury-free environment and have a long-term health, safety and wellbeing improvement strategy, our "Journey to Zero". The safety of our employees, customers, business partners, suppliers, and communities comes first. Welsh Water implements robust occupational health and safety management systems, adopting best practices and engaging in continuous performance improvement.

We require all suppliers to:

- Comply with all relevant health and safety legislation, regulations, codes of practice, and other requirements.

- Demonstrate a strong commitment to provide a safe workplace, where the health and wellbeing of all employees comes first.
- Identify and provide adequate training to ensure workers are competent to do their work.
- Ensure all workers understand their responsibilities for their own Health and Safety as well as their colleagues and anyone else affected by their activities.
- Identify and control the risks arising from activities.
- Implement robust processes for the investigation of incidents and the capture and communication of lessons learned to prevent re-occurrence.
- Speak up and tell us if you see, or are asked to do, anything that you think is unsafe.

Use of Drugs or Alcohol

We have a zero tolerance policy to drug and alcohol use at any of our sites or offices. While on Welsh Water premises, working on behalf of Welsh Water or otherwise representing or being seen as representing Welsh Water, suppliers are not allowed to be impaired by alcohol or drugs or be in possession of alcohol or illegal drugs.

It is expected that individuals working for our suppliers will NOT:

- Report or endeavour to report to work being under the influence of drugs or alcohol. This also applies to any time that individuals are called out, either unexpectedly or when working on a standby rota.
- Report for work in an unfit state due to the use of drugs or alcohol.
- Be in possession of, or consume, drugs or alcohol in the workplace including during breaks, whether paid or unpaid.
- Undertake any journey for Welsh Water business, under the influence of drugs or alcohol whether or not consumed outside working hours.
- Consume alcohol on Welsh Water premises or whilst at work for Welsh Water.
- Take or be in possession of drugs whilst working for Welsh Water.
- Supply others with illegal drugs in the workplace.

It is expected that individuals working for our suppliers will:

- Speak up and tell us if they suspect that another individual engaged in work on behalf of Welsh Water is under the influence of drugs or alcohol whilst at work.

Protect the Environment

Our purpose is to provide high-quality and better value drinking water and environmental services, so as to enhance the wellbeing of our customers and the communities we serve, both now and for generations to come.

Managing environmental matters is an integral part of our activities. We are committed to ensuring that we are compliant not only with environmental laws, regulations and standards, but our own environmental quality standards to protect the environment. We can only carry this out with the active engagement and support of our supply chain.

We require all suppliers to:

- Be aware of, and comply with, all relevant environmental laws and regulations.
- Implement appropriate management, operational and process controls to minimise the release of harmful emissions to the environment.
- Consider the environmental impact of their operations and reduce energy, water and waste wherever possible.
- Ensure that their operations maintain all the appropriate environmental permits and approvals, and that their operations are conducted in an environmentally responsible manner.

Supplier Code Compliance and Monitoring

We take pride in our supply chain and in selecting suppliers take steps to ensure we are contracting with reputable organisations. All checks are carried out in accordance with procurement law and best practice guidance. We expect our suppliers to act in a responsible and ethical way. Accordingly, as our supplier you must ensure that all your workers, agents, and permitted subcontractors are aware of the requirements of the Supplier Code. Please ask us if you have any questions about the Supplier Code.

We reserve the right to monitor and audit each supplier's compliance with the Supplier Code. In the event that the expectations of the Supplier Code are not met, the business relationship may be reviewed and corrective actions pursued subject to the terms of the particular contract and Welsh Water's policy on the suspension of suppliers.

Speak Up

We are committed to doing the right thing and encourage suppliers to speak up about anything that is not in line with the principles set out in this Supplier Code without fear of retaliation. Retaliation against anyone who speaks up is not acceptable.

In the first instance, suppliers can raise questions or concerns by speaking to your Welsh Water designated contact.

If suppliers feel uncomfortable about raising concerns via this route or via their own whistleblowing procedures, you can contact our Internal Audit Team, who are an independent team reporting directly to the Group's Audit Committee, by contacting business.assurance@dwrcymru.com.