

Cadent

Your Gas Network

Modern Slavery Statement

2021/22



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Introduction

Message from the Chief Executive Officer

“Modern slavery is a serious global issue and Cadent recognises the important role we can play in tackling it. I am committed to supporting those who work directly for Cadent, and those who work on our behalf, in their working rights, including having the appropriate working conditions, being treated with respect and being paid fairly.”

Our modern slavery statement sets out the steps that we have taken to prevent slavery and human trafficking from taking place in any part of our business, including our supply chain.

Our policy framework, training and awareness programmes incorporate the commitment we make towards the respect for human rights at every level in the business.

In 2021/22, we embedded a new procurement standard covering how we manage the risk of modern slavery in our supply chain and continued to work with the Supply Chain Sustainability School to improve our awareness and controls more broadly.

We have taken positive steps forward, improving our policies, processes, and training so we can mitigate the possibility of exploitation within our supply chain.

For several years, we have been partnered with the Supply Chain Sustainability School who co-ordinate organisations in the Utilities Sector in combatting modern slavery. All our suppliers are strongly encouraged to join the School and take advantage of the numerous resources offered.

We continue to build on our relationships within the industry; keeping abreast of developments and highlighting emerging risk areas, all with the shared goal of preventing human trafficking and slavery whilst upholding core values of equality, diversity, and inclusion.



Steve Fraser
Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Steve Fraser'.

Overview of our business and our values

Keeping people warm, while protecting the planet.

As the UK's largest gas distribution network, it is our responsibility to look after the gas pipes so they can continue to deliver safe, reliable and low carbon energy for years to come. It's our job to fix leaks, make sure everything is running as it should and connect new homes and businesses to the network. As part of this work, we are replacing the old gas pipes that have been in the ground for decades, so that they last long into the future and continue to provide a safe, efficient, gas supply. We have partners in our supply chain, internationally, who provide goods and services to our business.

We provide extra care for those who might need it in a gas emergency. We manage the National Gas Emergency Service for all gas customers in the UK. If something goes wrong, we are the first point of call to make sure it's dealt with calmly, quickly and safely.

Our networks

We look after over 131,000 kilometres of pipeline and almost 50% of Great Britain's gas customers are served by our pipelines. Each area has its own geographical and social requirements, and we are committed to improving our levels of service with a localised customer operating model that can respond to the specific needs of the communities we serve.



Our values and behaviours



We work together

- I collaborate to deliver the best solutions
- I engage with others to identify root causes and generate better outcomes
- I embrace inclusivity and diversity
- I communicate clearly
- I treat everyone with respect



We drive performance

- I strive for excellence
- I take ownership of everything I do
- I put the customer at the heart of everything I do
- I think things through before acting
- I move things forward at pace



We take responsibility

- I stop and make things safe
- I speak up when things aren't right
- I consider the financial impact of my decisions
- I do the right thing
- I look after my own and support others' health and wellbeing



We shape the future

- I challenge the status quo
- I welcome new ideas and different ways of thinking
- I embrace change and am open to learning and adapt
- I take action to make a difference
- I act in a sustainable way

Our people

Recruiting, developing, and rewarding our people

We have further embedded the changes we made to our operating model last year, in, taking decision making and accountability much closer to our customers to ensure we continue to deliver for our diverse range of customers and communities. We as a responsible business, pride ourselves on treating all employees fairly. Across our employee lifecycle, we ensure that employees are provided with equality of opportunity, and a safe, secure and respectful environment.

The way we recruit is designed to ensure equal opportunities are available to all aspiring applicants and that our process complies with legislation and our core values. We are proud that we go beyond legal requirements and pay all our employees the real Living Wage. We carefully monitor compliance with our recruitment policies and processes, meaning the risk of forced or trafficked labour being employed directly by us and our employment agency is very low.

We know that our industry is traditionally male dominated, but we are working to make positive change in this area. Our mean gender pay gap in 2021/22 is 13%.

Equality, diversity, and inclusion

Our Employee Communities

- **Women in Cadent**
Creating a network of colleagues from across our business, who are all committed to creating equality and supporting women's professional and personal development.
- **Embrace**
Raising awareness of the different faiths, discuss issues that affect colleagues from an ethnic minority background, and to help develop a workforce that reflects the communities we serve.
- **Cadent Military Community**
Actively supporting service leavers entering the business, our current reservists and those that have previously served. We are proud signatories to the Armed Forces Covenant, and it is important that we demonstrate that we are an Armed Forces friendly employer.
- **Pride at Work**
Allowing current and future generations of LGBTQ+ colleagues to feel comfortable, safe and included at work. Our employee-led community, Pride at Work, is a welcoming and safe space where our Lesbian, Gay, Bisexual, Transgender, Queer (LGBTQ+) and allied members can thrive.
- **Thrive!**
Raising awareness of and supporting disabilities in the workplace. Our community is made up of both disabled and non-disabled employees who share a common vision of focusing on ability and making our workplace accessible and supportive to all. We raise awareness on the spectrum of disabilities, what this means to our people and how we can support the business to become a leading employer for those with disabilities.

6,020
employees

39
years is the average age of our employees

9%
of our workforce are from BME backgrounds

21%
of our workforce are female

We work to promote diversity across the workforce. We recognise that working together involves embracing diversity and inclusivity in the workplace and so we have embedded equality, diversity, and inclusion within our values.

Cadent has many positive programmes in place to ensure we are attracting diverse talent, such as family friendly policies, partnerships with specialised organisations (i.e., Social Mobility Foundation, Women's Engineering Society and Stonewall), a diverse range of career fairs and more. We took part in a very successful Pride event in 2021/22 and plan to attend more events in 2022/23.

All our employees are supported by an internal health and wellbeing programme and have access to a confidential employee assistance helpline. Whilst our five employee-led Employee Communities which play an important role in promoting and championing inclusiveness and integrating a diverse workforce.

'Women in Cadent' have four sub-groups on adoption, maternity, infertility, and the menopause. We are a Menopause Friendly Accredited Employer due to the measures introduced to support women, including training and policies which promote a supportive and open culture.

In 2021/22, Cadent became a Disability Confident Employer to make Cadent a more inclusive and accessible company for disabled employees. Cadent hosted a neurodiversity awareness session and celebrated 'Neurodiversity Awareness Month'.

The communities have worked collaboratively to support each other on a variety of different initiatives; hosting 'lunch and learn' sessions on topics including Transgender Day of Remembrance, Islamophobia Awareness and Neurodiversity, networking events, 'role model' series, celebrated National Inclusion Week, Black History Month, Pride Month, LGBTQ+ History Month, Race Equality Week, International Women's Day, International Men's Day and more.

Promoting a 'Speaking Up' culture

Speaking Up

We continually promote a culture of 'speaking up', which is supported by the numerous channels available to all employees, those working on our behalf, and the wider population, to raise concerns. We have confidential helplines available both internally and externally, operating 24/7. Details of these helplines are available on our website, in our ethical code of conduct 'Always Doing the Right Thing', Supplier Code of Conduct, on our intranet and on noticeboards in our offices and depots.

We take all allegations of any type of potential ethical misconduct very seriously. We have a dedicated Ethics and Business Conduct team supported by a network of ethic champions across all functions of the business. The team is trained to deal with all reported concerns sensitively and thoroughly by carrying out independent investigations and taking relevant action. Our Board members and Executive Committee are committed to supporting and promoting a positive 'tone from top' particularly with regards to 'speaking up'. They also receive regular reports in relation to ethics and business conduct and oversee the ethical standards of the company, with the Executive leading on monitor compliance with our policies, procedures and ethical code of conduct, 'Always Doing the Right Thing'. Cadent's ethical standards are embodied within our values, which have been positively communicated to all employees.

Training and awareness

We make sure all our employees are aware of and trained in our ethical code of conduct 'Always Doing the Right Thing'. This ethical code of conduct applies to everyone working for us and on our behalf, setting out our values, behaviours and expectations. It raises awareness of the risk of slavery and human trafficking, and our commitment to preventing slavery and human trafficking in our business and supply chains.

As one of the Supply Chain Sustainability School (SCSS) partners, we benefit from workshops, masterclasses, resources and training materials, which we provide to our relevant supply chain professionals and contract managers to raise awareness of the risks of slavery and human trafficking in the supply chains.

All procurement professionals promote the School's training to our suppliers and contractors. Progress and uptake of our suppliers and contractors using the School's resources is monitored and reported on to identify any future improvements that will form the basis of driving inclusion in this critical resource. In 2021, we worked with the SCSS to further develop targeted training for procurement professionals within Cadent to raise greater awareness of the indicators and risks associated with modern slavery. As a responsible business, we help support our employees and suppliers to have the knowledge to recognise and report any concerns that they may witness.



Our policies

Our policies and processes to prevent modern slavery and promote fairness, diversity and inclusivity

We know that setting clear expectations is very important. Our policies, which collectively set the standards we require, encompassing the prevention of modern slavery in the workplace and in our supply chains are summarised below. We regularly monitor compliance with our policies and report on how we're doing to both our Executive and Audit and Risk Committees.

Our policies relevant to modern slavery

| Policy | Relevance to modern slavery |
|--|---|
| Always Doing the Right Thing (our ethical code of conduct) | Outlines the values and guidance on all business interactions. It includes guidance relating to modern slavery identification and reporting. This is linked to Cadent's value of 'We Take Responsibility', which encourages employees to 'Speak Up' if they have concerns that things may not be right. |
| Equality, Inclusion and Diversity | Recognises and respects the importance of an inclusive and diverse workforce. We are fully committed to complying with all relevant legislation, specifically that which is outlined in the Equality Act 2010. |
| Supplier Code of Conduct | Provides our expectations of how our suppliers, and their supply chain partners, act when providing us with goods or services, ensuring the way our suppliers do business aligns to our values and aspirations. We expect all our suppliers, and their supply chain partners, to act in accordance with our ethical standards, including those in relation to modern slavery, and to comply with all relevant laws, regulations and licences. |
| Procurement | Sets out the responsibilities of our employees, and those working on Cadent's behalf. The principles set out in the policy aim to ensure that our code of conduct and standards on ethical procurement are maintained as well as ensuring compliance with relevant legislation and regulatory standards. |
| Anti-Bribery and Corruption | Outlines the responsibilities of our employees, and those working for us, in observing and holding our high ethical standards in relation to bribery and corruption. We take a zero-tolerance approach and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. |
| Speaking Up (whistleblowing) | Encourages reporting on slavery and human trafficking, as well as all other ethical matters through our specific 'Speaking Up' policy. This includes the provision of both internal and external reporting telephone lines with the option to remain anonymous, as well as an email address for written reporting. |
| Recruitment | Our employment policies and processes make sure that all direct employees have the appropriate rights to work and are employed in accordance with relevant legislation. Those who are contracted to work on our behalf are required to adopt a similar position in respect of those they engage. |
| Disciplinary | All employees know what is expected of them and the consequences for misconduct. |

Our supply chains

We work with around 1,000 suppliers and spend approximately of £1bn with them annually. We are committed to promoting equal opportunities to all our employees and suppliers. The standards we expect are mandated into our contracts through our Supplier Code of Conduct. This relates to working conditions, pay and workers' rights for those working in our supply chain.

Due diligence processes in relation to modern slavery and human trafficking

As part of our tendering process, we typically use an industry-wide external vendor qualification system, called the Utilities Vendor Database (UVDB). The UVDB includes questions on slavery and human trafficking as part of the registration process and answers are reviewed as part of our procurement and contract management processes. For certain high-risk categories, an external company perform on-site supplier audits on which they report. Cadent works closely with the UVDB to share best practice and to improve future processes. We also use the due diligence services provided by Dow Jones for managing regulatory and reputational risks, especially for companies we have identified as a higher risk.

We have made progress on improving our process for onboarding suppliers by requesting Modern Slavery Statements at pre-qualification question (PQQ) stage for high-risk suppliers, which includes any labour contracts. We also undertake an impact assessment when considering working with a new supplier. This assessment considers the impact of working with a new supplier in several areas, including the risk of modern slavery. New suppliers are asked to confirm they will abide by the expectations and values in our code of conduct.

Suppliers considered to be at a higher risk of modern slavery will be asked to provide a copy of their modern slavery statement to us. In 2022/23, they will be asked to confirm whether they provide a whistleblowing service to their employees to allow them to raise ethical concerns. If a supplier does not provide a whistleblowing service for their employees, this would impact their score in the tendering process. The supplier is also asked why they do not provide a whistleblowing service and, should the answer not be satisfactory, they are removed from the tender process. Our standard contract terms allow us to reserve the right to terminate our contract with a supplier if they are found to be non-compliant with the standards as set out in the Supplier Code of Conduct, including in respect of modern slavery. Any supplier malpractice relating to modern slavery would be raised with government and in industry forums.

We have developed supply chain assurance frameworks, which include active assurance of compliance through

supplier audits in both our procurement and contract management processes. Auditees are selected using a bespoke tool designed to assess the risks they pose and the potential for Modern Slavery. These audits will look beyond the compliance statements and policies of those suppliers that are identified as high risk to ensure that any commitments made these statements and policies are being enacted and driving positive outcomes.

We recognise the importance of having responsible and sustainable procurement processes in place and as part of our RIIO-2 regulatory plans for 2021–26. In September 2021, we launched a Sustainable Procurement Standard that covers the management of modern slavery in our supply chain. We continue to collaborate across the industry and work with our suppliers to mitigate risks associated with modern slavery. We're members of a number of working groups that are designed to share best practice and drive change on a broader scale.

Supply Chain Sustainability School (SCSS)

We are one of the School's key partners and have been awarded Gold Level Membership in recognition of our Supply Chain Sustainability maturity. The School provides a sector-relevant platform for organisations to manage, drive and develop a sustainable supply chain by addressing all aspects of Environmental, Social and Economic sustainability, including modern slavery.

In February 2022, Cadent presented a 'lunch and learn' training session for procurement professionals about how to evaluate the risks of modern slavery, as part of a series of talks hosted by the school. The training was rated as either being 'good' or 'excellent' by all attendees and 95 percent stated they were likely to implement the training.

Our Social Impact

'Our Social Impact' describes Cadent's overarching social and sustainability ambitions. Our commitments capture the work we do to support customers in vulnerable situations, protect the environment, reduce our carbon footprint, promote diversity and inclusion, and support our local communities.

Slave Free Alliance

We are a member of the Utilities Modern Slavery Working Group which collaborates with the Slave Free Alliance. As part of this working group, we continually review our procurement processes to keep them in line with best practice in the Utilities Sector.

Risk assessment and management

Modern slavery risk assessment

The risk of modern slavery is recorded within our company risk management system and regularly reviewed. This includes the risk of modern slavery in our supply chain. A control framework is in place detailing how we mitigate these risks from materialising. These controls are similarly reviewed and assessed on a regular basis in line with our risk procedure.

We use our risk assessment process, designed to identify high-risk suppliers and assess whether further controls or assurances need to be put in place.

Identification of high-risk suppliers

In terms of suppliers, all organisations providing labour would be considered as a risk area for modern slavery. However, we procure materials mainly from industries that do not use high-risk sources in this context. Therefore, we deem the risk of modern slavery in our supply chain as low.

We have reviewed our process for identifying potential high-risk suppliers through the use of an impact assessment tool. The process is now informed by a number of key risks such as the criticality of the product the supplier provides, the continuity of supply, quality performance, previous audit scores, and their approach to preventing modern slavery. The processes by which any potential new suppliers are assessed for compliance with modern slavery are through impact assessments and PQQ questions contained within our procurement process.

We continue to work closely with our Contract Management Organisations (CMOs), who support mains replacement activity, to support them through assessing their supply chains and identifying where any potential risks may arise using resources provided by the Supply Chain Sustainability School. We have regular contact with CMOs and the Local Delivery Partners (LDPs) they manage for us.

Monitoring of suppliers

To inform our ongoing risk assessment we have a number of monitoring processes to provide us with the up-to-date position in respect of our suppliers and the wider market.

These include:

- Monitoring of suppliers' financials by Dun and Bradstreet.



- 'Verify' audits over our product suppliers registered with Achilles (UVDB). For certain key products, our internal team will carry out independent audits.
- Monitoring programme covering our suppliers, using the Dow Jones risk database, which we use alongside our ongoing contract management. This is designed to alert us to any specific issues within our supply chain to enable us to take appropriate action. This will be expanded to companies in the broader industry to help us understand emerging risks that may require further mitigation.
- Monitor the media and other sources and receive alerts from ARIBA in respect of companies suggested to be engaging in modern slavery practices. ARIBA is Cadent's end-to-end Enterprise Resourcing Plan system, which covers all aspects of procurement.

Control Framework

Through our RIIO-2 framework contracts, any risks identified at the sourcing stage are reviewed and managed through the contract management processes as part of range of health checks. In an instance where a supplier is either unwilling to or unable to provide the relevant evidence, this would result in a formal process to review the contract and influence the allocation of any future project work over the framework period.

Measure of effectiveness

To date, no modern slavery concerns have been raised to our Ethics and Business Conduct team, nor our Procurement teams who work closely with our suppliers.

We continually review the measures we have in place to check our progress and ensure our programmes are effective at identifying compliance with the Modern Slavery Act.

Our ongoing commitment

Looking ahead

We continue to review our processes to make sure we operate free from enforced labour, human trafficking, and slavery. We also continue to provide regular guidance and training to our employees to embed our ethical code of conduct, 'Always Doing the Right Thing'. We are fully committed to work on the following focus areas during 2022/23.

Achievements in 2021/22

1

We have developed a supply chain assurance framework to include active assurance of compliance through supplier audits in both our procurement and contract management processes.

2

We encouraged suppliers to take advantage of targeted SCSS training to increase awareness of the risks of modern in supply chains. Over 80 percent of our suppliers by spend value have signed-up so far.

3

We have utilised scorecard metrics from the Supply Chain Sustainability School to monitor supplier engagement and capability on social sustainability, which encompasses modern slavery. We have had very strong engagement from our suppliers.

4

We have embedded a Sustainable Procurement Standard that covers the management of modern slavery in our supply chain.

5

We have engaged our suppliers to share good practice and associated materials that relate to the well-being of employees.

6

We have utilised the Government Modern Slavery Register as an additional compliance measure.

Focus areas for 2022/23

1

We will incorporate modern slavery checks into our supplier audits. We will also pilot a project involving Achilles, conducting an independent modern slavery audit at a supplier worksite. This will include Achilles having confidential conversations with most of the on-site workers.

2

We will ask all relevant suppliers whether they are a National Living Wage employer as an additional question within the Request for Proposal (RFP) stage of the tender process. The answer to this question will affect the supplier's score in the tender process.

3

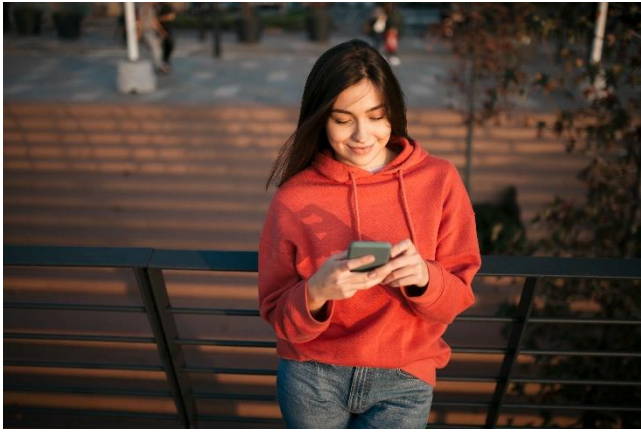
We will utilise our impact assessments to categorise the sectors that make up our supply chain by in terms of modern slavery risk to enable us to continue to focus our efforts in the higher risk areas.

4

We will update and refresh our 'Always Doing the Right Thing' training package.

5

We will monitor the take-up of SCSS training and resources by our suppliers on a quarterly basis.



Governance

Our Executive Committee is responsible for identifying, assessing and managing the risks associated with modern slavery. Our Audit and Risk Committee assesses our approach to modern slavery and oversees progress against targets and objectives set by our Board, driving our future strategy.

Contact us

To find out more, or to give us feedback on our statement contact us at:

businessconduct@cadentgas.com

Statement on the prevention of slavery and human trafficking for the Cadent Gas Group. The Cadent Gas Group consists of the following companies:

Quadgas Holdings Topco Limited
Quadgas Investments Bidco Limited
Quadgas Holdco Limited
Quadgas Pledgeco
Limited Quadgas Midco
Limited Cadent Services
Limited Cadent Finance
plc Quadgas Finance plc
Cadent Gas Limited
Cadent Gas Pension Services Limited
Cadent Gas Pension Trustee Limited
Cadent Gas Pension Property 1 Limited
Cadent Gas Pension Property 2 Limited



Steve Fraser

Chief Executive Officer

Cadent Gas Limited

Date: 26 July 2022



Mark Braithwaite

Director

Quadgas Holdings Topco Limited

Date: 26 July 2022

This statement is made according to the requirements of section 54 part 6 of the Modern Slavery Act 2015, legislation introduced to address slavery and human trafficking in the UK. Quadgas Holdings Topco Limited is the parent company of the Group and has approved this statement on behalf of the Group. This statement applies to all companies within the Group which are required to publish a statement.