

Slavery and Human Trafficking Statement – 2017

1. Introduction

This annual statement is made by Sellafield Limited. It is a statement made in accordance with section 54 of the Modern Slavery Act 2015 (**the MSA**) and covers the financial year from 1 April 2016 to 31 March 2017 (**the Financial Year**).

Sellafield Ltd as a business continues to recognise the importance of its clear accountabilities and responsibility covering modern slavery not just within its own organisation, but of its extended supply chain.

To underpin our obligations, Sellafield Ltd proposes to continue to work with Eversheds LLP as commissioned lawyers and consultants in order that the MSA can be fully implemented with any potential risk minimised in line with the principals of the Act.

As reported in the previous financial year statement, Sellafield has embedded key requirements of the MSA within a number of organisational and supplier facing policies, ensuring stricter adherence to ethical working, under a One Sellafield philosophy of aligned obligations. This statement provides organisational clarity on how we are complying with the MSA 2015 legislation.

Sellafield Ltd continues, through its procurement overarching acquisition strategy to utilise a vast number of direct supply chain companies, who in turn have a high ratio of sub-contractors. Across the range these suppliers can generally be categorised into 12 types being: materials (raw and commodity), plant and equipment, information technology services, labour, hire, business costs, professional services, construction, R&D activities, sub-contracting and decommissioning. These vendors are spread over a vast number of countries.

As a subsidiary of the Nuclear Decommissioning Authority (NDA), Sellafield Ltd is committed to delivering safe, secure stewardship of the Sellafield nuclear licenced site whilst demonstrating value for money and urgency in the reduction of risks and hazards posed by our historic facilities and wastes. Safety and security is a prime focus of our standards and expectations which is instilled as part of the organisational culture, whilst the ethics and professionalism aligned to MSA flows through to all procurement practices and policies in order to ensure that there shall be no modern slavery anywhere in our own operations or our supply chains.

2. Modern Slavery Champion

Robert Astall, Sellafield Head of Procurement Profession and Head of Functional Management for the Commercial Directorate continues to be our Modern Slavery Champion in order to ensure that we are doing all that we can to avoid modern slavery occurring within our organisation and supply chain. Robert is a Fellow of the Chartered Institute of Procurement and Supply and in his role as modern slavery champion he will continue to

report directly to the Sellafield Ltd.'s board of directors (**the Board**) working closely with Andrew Carr (Sellafield Ltd.'s General Counsel and Company Secretary) and being supported by Stuart Wilson (Sellafield Ltd Supply Chain Ombudsman).

3. Background

Sellafield Ltd is responsible for safely delivering decommissioning, reprocessing and nuclear waste management activities on behalf of the Nuclear Decommissioning Authority (**NDA**), and as such Sellafield Ltd is the nuclear site licence holder. Our primary site is Sellafield covering an area of 262 hectares and since 2008, includes the facilities within the Windscale site. Our activities on this nuclear licensed site in West Cumbria encompass hazard and risk reduction, decommissioning and clean-up, reprocessing and nuclear waste management. There are further major satellite offices located in Cumbria and in Cheshire.

During the Financial Year, Sellafield Ltd being a wholly owned subsidiary of the NDA incurred costs under management (excluding fees) of £2,001 million (2016; £1,972 million). This expenditure was recoverable from the NDA under the contract, and represents the operational costs of Sellafield Ltd including expenditure on:

- Risk and hazard reduction, including decommissioning legacy ponds and silos buildings;
- Commercial operations, including spent fuel management and associated operations with UK and foreign customers;
- The safe treatment of low level, intermediate and high level waste;
- Asset care and maintenance – some of the facilities at Sellafield are over 50 years old so significant investment is required to ensure that they remain operational and in a safe state prior to decommissioning.

To find out more about us please go to:

Company Information: <http://www.sellafieldsites.com/company/>

Annual Report: <http://www.sellafieldsites.com/company/corporate-documents/>

4. Slavery and trafficking policies

Sellafield Ltd is committed to strengthening its processes and policies in line with the MSA through the adoption of a number of initiatives, thereby furthering a zero tolerance approach from within our own organisational operations and those of our supply chain:

- Anti-Slavery and Human Trafficking Policy (a copy of our policy can be found here <http://www.sellafieldsites.com/company/corporate-documents/document/anti-slavery-and-human-trafficking-policy>)
- Supplier Code of Conduct (a copy of this code can be found here <http://suppliers.sellafieldsites.com/files/2012/12/Supplier-Code-of-Conduct.docx>)

As a priority Sellafield has also amended the following pre-existing documents to ensure prevention and enforcement of the MSA:

- Code of Responsible Business Conduct
- Supply Chain Management Policy
- Fraud Prevention and Anti-Bribery and Corruption Policy
- Reporting of Concerns (Whistleblowing) Policy
- How do I report concerns? (Whistleblowing)

- Conduct and Compliance Policy
- Sellafield Ltd Human Resource Policy
- Contract Quality Requirement Manual
- 2016-2017 Procurement Plan and Contracting Strategy

Robert Astall, as our modern slavery champion, continues to work with key internal stakeholders within the business to ensure that these policies are appropriate, used and understood by employees and that we operate in accordance with them.

Our Code of Responsible Business Conduct and Whistleblowing Policy is published on our intranet/company website and if there are any concerns relating to modern slavery they can be raised in confidence without fear as part of our procedures. All reports of modern slavery will be fully investigated and appropriate remedial actions taken.

5. Risk assessment processes

Sellafield Ltd continues to observe the United Nations Guiding Principles on Business and Human Rights, (UNGPs) through our due diligence activities recognising a risk based approach to combating slavery and trafficking.

We continually consider the risk of modern slavery in our own operations and we have this year again concluded that, on the basis that we are a UK employer subject to UK employment protections and practices, we have a low risk of modern slavery occurring in our own operations.

As a company we have carried out further desk top risk assessments of our supply chain using a range of risk criteria (including vendor types, categorisation of spend profile, geographies, documentation, financial risk level and associated risk levels) that has provided a risk ranking. This allows us as a business to focus ongoing efforts on our immediate supply chain partners and their extended suppliers.

We continue to incorporate assessment of the risk of modern slavery occurring in our use of external labour and contractors (including agency workers) in our supply chain risk assessment, as referenced below. Given ongoing checks and balances that we apply in these areas we have concluded that the risks of modern slavery are low in this area and that our continued focus will be on higher risk areas in our extended supply chain.

6. Due diligence processes

In order to provide Sellafield with a strong level of assurance and to prevent slavery and trafficking in our business and supply chains, we have completed the first stage process of supplier assessments in order to underline and embed a zero tolerance approach, under a One Sellafield Philosophy.

- Appointment of subject matter experts (Modern Slavery Champion, Ombudsman)
- Ensuring that assessing modern slavery risks and taking steps to combat modern slavery is a regular item for discussion by the Board and that findings from the ongoing risk assessment and due diligence processes are communicated to the Board and then acted upon

- The embedding of the MSA as part of the routine Supplier Relationship Management reviews that are carried out at both executive level and those of pre and post contract management
- Issuing amended contractual provisions within our procurement processes
- Using the risk based approach referenced, the Supply Chain Ombudsman has worked with a number of suppliers taking the following steps:
 - wrote to their executive teams to set out our zero tolerance approach to modern slavery
 - requested and received written evidence, policies and conformation of their assurance against the MSA
 - requested and received completed supplier due diligence questionnaires

The responses received have been logged and identify a clear observance of our supply chain against the MSA, thus allowing Sellafield Ltd to judge any further necessary actions, which may include:

- making further improvements to organisation/management/procurement or other systems and procedures
- making further improvements to supplier vetting/screening processes
- carrying out in person supplier audits or inspections
- carrying out worker interviews
- mandating training programmes with our suppliers
- amending the contractual provisions that we have in place with suppliers
- supporting and implementing supplier corrective action plans
- imposing sanctions on suppliers

The risk assessments will continue to be carried out as normal through pre and post contract management.

7. Training

The mandatory training of Sellafield Ltd commercial staff has been completed against a computer based training programme covering ethical procurement and supply. This was provided by the Chartered Institute of Procurement and Supply and developed in conjunction with the Walk Free foundation. This tested training for staff members highlights the importance of countering fraud, bribery and corruption which can coexist to allow modern slavery to take place as well as all other forms of slavery and human trafficking. All new commercial members of staff and those requiring refresher training will be programme scheduled as part of our routine process of annual training.

A further targeted MSA specialist training programme is to be scheduled during 2017 for key lead individuals from across the Sellafield Ltd organisation.

8. Measuring effectiveness – performance indicators

In order to monitor the effectiveness of the steps we have taken to stop slavery and trafficking taking place in our business and supply chains, we are using the following performance indicators to monitor the effectiveness of the steps we are taking:

- continued commercial directorate staff training via CIPS Ethical Procurement and Supply

- continued communication to our workforce on our Anti-Slavery and Human Trafficking Policy and Slavery and Human Trafficking statement
- using our supplier relationship management programme to continue executive dialogue and monitoring in order to counter modern slavery in our supply chain
- continued risk based supplier assessments and interaction
- as referenced above, we shall monitor and consider responses of those suppliers with whom we correspond on MSA issues. We will assess and consider the appropriateness of developing further measures, as referenced in section 6, where we assess that there may be a heightened risk of slavery and trafficking within those organisations. We will take appropriate measures to encourage and persuade them to adopt their own measures to minimise the risks of slavery and trafficking within their own organisations and the supply chain beyond
- we shall review the effectiveness of our Supplier Code of Conduct
- if a specific modern slavery risk is identified we shall aim to have taken action to resolve the issue within a period of 90 days

Sellafield Ltd recognises the importance of setting an example in line with the MSA 2015 through the One Sellafield philosophy. As an organisation our explicit expectation is total adherence to the Act and to ensure that we and our supply chain remain fully committed in a joint approach towards zero slavery and human trafficking.

This statement has been approved by the organisation's board of directors who will review and update it annually.

Sellafield Ltd Chief Executive Officer
signature:



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Sellafield Ltd Chief Executive Officer
name:

PAUL FOSTER

Date: 31 JULY 2017

