

2021 OVO Group Ltd statement on modern slavery and human trafficking

June 2022

Introduction

This statement has been published in accordance with the UK Modern Slavery Act 2015 (the “Act”). It sets out the steps taken by OVO Group Ltd (“OVO”) to manage the risk of modern slavery and human trafficking in its operations and supply chains during the financial year ending 31 December 2021.

OVO fully supports the aims of the Act and recognises that slavery and human trafficking is a global issue that needs to be addressed by all companies within all industries. OVO is committed to protecting human rights and eradicating the risk of modern slavery in its own operations and supply chain.

OVO’s structure and business

OVO was founded in 2009 as an energy retailer. It has since grown rapidly to become a group of energy technology companies whose purpose is to drive progress towards zero carbon living.

OVO has two main business units: OVO Retail and Kaluza.

OVO Retail

OVO Retail is the largest of the group's business units (in terms of both revenue and number of employees). OVO Retail comprises energy retail brands that sell gas, electricity, and home energy technology solutions to nearly five million domestic customers. As of 31 December 2021, we had three energy retail brands serving UK customers: OVO Energy, SSE Energy Services and Boost.

Kaluza

Kaluza is a software platform that enables energy suppliers to empower their customers with unique digital experiences and smart home technologies that not only reduce energy bills, but lay the foundations for a more flexible energy system.

This statement covers all OVO subsidiaries required to provide a statement under the Act and includes:

- OVO Energy Ltd
- OVO Electricity Ltd
- OVO Gas Ltd
- Spark Energy Limited

- OVO (S) Gas Limited
- OVO (S) Electricity Ltd
- OVO (S) Metering Limited
- OVO (S) Retail Telecoms Limited

OVO's workforce

As of 31 December 2021, OVO employed approximately 6,700 direct employees.

The [Real Living Wage](#) is an hourly rate of pay set independently by the Living Wage Foundation. It is separate from the Government's 'National Living Wage' and 'Minimum Wage'. OVO has voluntarily adopted the Real Living Wage. As of November 2021, all UK based OVO Group employees received the Real Living Wage.

OVO ensures that right to work is evidenced for all direct workers and relevant verification and vetting checks are carried out. OVO carries out right to work checks for all new people prior to their first day of employment. These must be collected before the candidate can start. Further checks are then performed by a third party, and all new candidates are processed through at least a basic criminal record check and 3 years of employment history. Some roles require further checks depending on the area of the business and/or the level of the role.

All of OVO's direct operations and employees are based in countries that are considered to have a low prevalence of slavery according to the [Global Slavery Index](#).

Some services (e.g. facilities management, customer call centre, IT services, meter and device installations, debt collection and the manufacture of intelligent energy technology devices) are partly outsourced to third parties.

OVO's supply chains

During the 2021 financial year, OVO worked with approximately 2,000 suppliers.

OVO's main 2021 supplier spend related to:

- the procurement of electricity and gas from OVO's wholesale commodity provider;
- the manufacture, supply and installation of smart gas and electricity meters by third parties;
- the maintenance of the UK's electricity distribution network and other standard energy industry costs; and
- the provision of marketing services, technology platforms and outsourced service partners.

Over 99% of OVO's 2021 direct supplier spend was with suppliers based in countries that are considered to have a low prevalence of slavery according to the [Global Slavery Index](#).

Policies in relation to slavery and human trafficking

OVO has several policies that are relevant to the prevention of slavery and human trafficking, both across OVO's own business and within OVO's supply chain.

This includes our [Human Rights Policy](#), which was published in 2021 and details our commitments to respecting and upholding human rights in relation to our people, supply chain workers, customers and communities that are embedded across our business.

Policies relevant to OVO's own business

Internal policies include the [OVO Code of Conduct](#), which forms part of our commitment to being a sustainable, ethical and responsible business. The Code was refreshed in 2021 and sets out our expectations of how OVO Group employees should conduct business activities, treat one another and our external stakeholders and uphold the [OVO Values](#). The Code specifies OVO's zero tolerance approach to all types of modern slavery and human rights abuse within our business and supply chains. In 2021, we also rolled out company-wide training modules on the OVO Code of Conduct through our digital learning platform, as part of essential learning for all employees.

In 2021, we also published our refreshed Speaking Out (whistleblowing) Policy which aims to ensure that any illegal or improper conduct is dealt with appropriately. Employees can raise concerns with fear of repercussion, and anonymously via our Vault Platform (our new Speaking Out tool) if they choose to.

OVO also has a Grievance Policy outlining the process for raising and addressing grievances.

This year, we have also developed the OVO Modern Slavery Approach. This internal document provides an understanding of the activities undertaken across OVO Group to mitigate the risk of modern slavery occurring within OVO's own operations and our supply chain. This includes activities such as our enhanced recruitment requirements (which we introduced this year), payment of the Real Living Wage, internal training and awareness, whistleblowing and audit and spot checks.

Policies relevant to OVO's suppliers

We expect all of our suppliers and business partners to act and behave in a way that upholds the OVO Values. [OVO's Supplier Code of Conduct](#) sets out the

standards, principles and values that OVO expects suppliers and business partners to uphold, including a commitment to eradicating modern slavery. The Code was refreshed this year and now includes explicit reference to expecting our business partners to respect and uphold human rights in accordance with legal requirements and international human rights standards and ensure that they are taking appropriate steps to prevent modern slavery and human trafficking existing within their business and its supply chain.

Since 2020, we've required all of our new suppliers to provide written confirmation that they'll adhere to OVO's Supplier Code of Conduct. We're in the process of engaging all other existing suppliers to confirm their adherence.

So far, all existing key suppliers in our indirect spend categories (e.g. spend relating to materials, services and maintenance required to operate the business) have confirmed adherence.

We've also begun working with buyers in our direct spend categories (e.g. spend directly relating to the production of services that the business is offering, including wholesale energy and smart metering equipment) to understand how modern slavery risk is mitigated through these contracts and supplier relationships.

We also introduced an anonymous supplier whistleblowing mechanism which is detailed in the refreshed Code.

Risk assessment

Each financial year, OVO completes a desktop modern slavery risk assessment of our supply chain based on procurement spend data from OVO's central procurement and sourcing system, Workday. This annual assessment assigns a modern slavery and human rights risk rating to each supplier, based on the category of goods and services purchased, and the geographical location of the supplier (by country). We use publicly available third party data to determine the level of risk associated with each country and category of goods. This assessment enables us to identify potentially high risk suppliers to prioritize for future supplier engagement and investigation if necessary

Due diligence processes

OVO is committed to conducting business in a lawful and responsible manner, including engaging with suppliers who uphold our values.

In 2021, OVO rolled out a new sustainable procurement process with the aim of enhancing our supplier due diligence. Our procurement platform, Workday Strategic Sourcing, now includes a sustainability risk screening stage that will ask our buyers to determine whether their purchase poses a risk from a sustainability

perspective, based on the type of product or service, and location of the supplier. If so, a supplier is requested to complete a sustainability questionnaire that is designed to collect information on how the supplier considers the sustainability impacts of their operations and supply chain.

This questionnaire considers whether the supplier's country of operation has a high prevalence of modern slavery or corruption. It also requests information on the supplier's Human Rights and Modern Slavery policies that outline their approach to safeguarding human rights, including if any prior instances of labor or human rights abuses have been identified.

The responses are reviewed by OVO's Sustainability team, and to ascertain whether modern slavery, social and environmental risks these are being adequately managed.

Our internal Modern Slavery Approach document also outlines this approach.

Assessment of effectiveness

OVO recognises the need to assess the effectiveness of the measures that have been taken to tackle modern slavery. We internally monitor the following key performance indicators to measure the progress of OVO's modern slavery risk management initiatives:

- Key Tier 1 suppliers (Top 50 spend) aligned with our Supplier Code of Conduct;
- Applicable procurement led engagements that have a completed risk assessment;
- Number of modern slavery cases reported; and
- Number of people in procurement roles that have completed training on modern slavery and sustainable procurement

Training and capacity building

OVO is aware of the importance of raising awareness of modern slavery and human trafficking in OVO's organisation and supply chain.

Members of our Group Sustainability and Procurement teams attended a workshop with the Supply Chain Sustainability School that focused on the role of effective due diligence in combating labor exploitation. Further training and capacity building workshops were held with the Procurement team on managing modern slavery risks through the procurement process.

In 2020, OVO joined the Slave-Free Alliance Utilities Sector Modern Slavery Working Group, a coalition of businesses working together towards eradicating slavery and exploitation in the utilities sector. This year, OVO's Senior Sustainability

Manager joined the SteerCo of the Working Group. We believe that acting together with others in our industry will help drive progress on eliminating modern slavery.

As part of this Working Group, OVO organised a series of free virtual modern slavery training sessions for key suppliers.

Looking ahead

OVO recognises that the eradication of modern slavery and human trafficking is a continuing, collaborative and evolving process.

OVO's priorities for the year ahead are:

- Enhancing OVO's supplier due diligence processes around modern slavery risks;
- Engage with OVO's suppliers and supplier relationship managers to promote responsible business practices;
- Implement a new travel booking system that includes assessment of modern slavery risk at the hospitality venues it considers;
- Developing a formal procurement learning and development programme that will have focus on modern slavery risk; and
- Continuing to strengthen employee awareness of modern slavery and forced labour.

Raman Bhatia

CEO, OVO Energy