

THE ALLIANZ HOLDINGS PLC GROUP

MODERN SLAVERY STATEMENT*

for the year ended 31 December 2016

The Allianz Holdings plc group (incorporating for the purposes of section 54 of the Modern Slavery Act 2015: Allianz Management Services Limited (AMS), Allianz Insurance plc (AZI) and Allianz Engineering Inspection Services Limited (AEIS)) has zero tolerance towards human rights violations and is committed to having an ethical and sustainable supply chain. Allianz therefore wholeheartedly supports the Modern Slavery Act, which aims to drive out all forms of modern day slavery and human trafficking from business practices.

The nature of the financial services industry limits the direct exposure towards forms of slavery, human trafficking or child labour, as the tasks carried out require regular training and often regulatory licences or specific certifications. To our knowledge, no incidents as outlined by the Modern Slavery Act have ever occurred within our organisation.

Under the stewardship of the AMS Head of Procurement and in keeping with the requirements of the Modern Slavery Act, the AMS Procurement Department has developed a programme of identification and mitigation activities designed to address the risk of modern slavery and human trafficking occurring in the supply chain. Currently these are actively carried out for all suppliers passing through the AMS Procurement Department, with the mitigation activities being defined by the level of risk associated with each service provision. The following is a description of these activities.

Supplier onboarding and ongoing due diligence

A number of segmentation and screening activities are conducted prior to contractual engagement with a supplier. These include activities such as vendor integrity screening, prevention of corruption, bribery and other forms of non-compliance. Segmentation activities include a series of questions intended to highlight whether a supplier is at higher risk of modern slavery in its supply chain. This allows for identification of the risk and subsequent mitigation activities. Currently, high risk suppliers include any manufacturing-related suppliers or those services heavily focused on manual labour. The Allianz Holdings plc group currently uses a third party (the CIPS Sustainability Index) to audit its suppliers' environmental and ethical controls and practices. Their findings can be benchmarked against industry and sector peers, allowing for remediation plans to be implemented where appropriate. This ensures supplier relationships are safely and efficiently vetted. This audit (amongst other due diligence activities) is conducted annually for all selected suppliers as part of our supplier relationship management practices to ensure that all vetted suppliers maintain their compliance status.

As part of our pre-contract supplier registration process, suppliers are required to warrant that they have thoroughly investigated their labour practices, and those of their direct suppliers, to ensure there is no slavery or forced labour used anywhere in their organisation or by any of their direct suppliers. The warranty also requires the supplier to confirm it has/intends to within the subsequent twelve-month period put in place all necessary processes, procedures, investigations and compliance systems to ensure that this situation will continue to be the case. This warranty is required irrespective of the financial threshold set by the Modern Slavery Act 2015.

Contractual Safeguards

Our standard Terms and Conditions for the procurement of goods and services include a Vendor Code of Conduct clause which reflects Allianz's clear support and respect of internationally recognised human rights, including the Modern Slavery Act. It requires all suppliers to promote respect for these rights, both internally and across their supply chain, through their actions and by engaging with the governments of the countries in which they operate. This clause extends to inhumane or discriminatory behaviours, child, forced or involuntary labour, human trafficking, and workers' rights to freedom of association and collective bargaining. Any infringement of this clause is grounds for termination of the supplier contract.

* incorporating the Statements of Allianz Management Services Limited, Allianz Insurance plc and Allianz Engineering Inspection Services Limited required under section 54 of the Modern Slavery Act 2015

Staff Training

The AMS Procurement Department has achieved certification in CIPS ethical procurement across all its personnel. This certification addresses key supply chain issues, including human rights and the risks of forced labour in supply chains. Training will be repeated annually to ensure that Procurement employees understand the latest detection and mitigation methods.

In order to address the potential risk of modern slavery in our own organisation as well as within our supply chain, all employees across the group take part in regulatory testing with a target of completing this within a month of joining the organisation. This is then repeated annually. The testing incorporates the Allianz Code of Conduct, which includes a focus on the UN Global Compact's Ten Principles (a framework of ten principles in the areas of human rights, labour, the environment and anti-corruption).

Quality Assurance

We also maintain a system of quality assurance and auditing activities, by means of internal audit exercises and third party checks on suppliers, which cover the internal controls necessary to ensure the implementation and maintenance of appropriate processes.

Continuous Improvement

Whilst the activities outlined above are being conducted on behalf of AMS suppliers, we continue to look at how we can further mitigate the risk of modern slavery in our supply chain. Therefore a programme of works is intended for 2017 to enhance and standardise risk mitigation activities across the AZI and AEIS supply base, thus ensuring that we are doing everything possible to identify and mitigate the risk of modern slavery in our supply chain, in all its forms and across the whole of the Allianz Holdings plc group of companies.

**Approved by the Boards of Allianz Holdings plc, Allianz Insurance plc,
Allianz Management Services Limited and Allianz Engineering
Inspection Services Limited on 16 March 2017
and signed on their behalf by:**

Director
Allianz Holdings plc

Director
Allianz Insurance plc

Director
Allianz Management
Services Limited

Director
Allianz Engineering
Inspection Services Limited