

# Allianz UK's Modern Slavery Statement

For the year ended 31 December 2018

## Introduction

Modern slavery is a violation of someone's fundamental human rights and it's against the law. Allianz UK has a zero-tolerance approach to any human rights violations, and we're committed to having an ethical and sustainable supply chain. We therefore support the Modern Slavery Act 2015 ("the Act"), which aims to put an end to all types of modern slavery in the UK. In particular, section 54 of the Act focuses on making sure slavery and human trafficking doesn't take place in businesses and supply chains.

When we talk about "Allianz UK" in this Statement, we mean the Allianz Holdings plc Group of companies which includes, for the purposes of section 54 of the Modern Slavery Act 2015:

- Allianz Management Services Limited (AMS)
- Allianz Insurance plc (AZI)
- Allianz Engineering Inspection Services Limited (AEIS)

## Preventing modern slavery at Allianz UK

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 licenses or specific certifications. To our knowledge, there have been no incidents of modern slavery (as outlined by the Act) within our organisation.

In line with the Act, our AMS Procurement Department has progressed a programme of activities to reduce the risk of modern slavery in our supply chain. These include identification, risk assessment and other prevention processes – which depend on the level of risk that comes with the service the supplier provides.

The Procurement due diligence is carried out on all Suppliers on-boarded and renewed via the AMS Procurement Team, both at the start of the relationship and throughout the engagement.

Here's how we work to detect and prevent modern slavery at Allianz UK.

## Signing up a new Supplier and ongoing due diligence

When we want to start working with a new Supplier, our processes request the execution of several checks beforehand. For example, we ask them to fill in a profile questionnaire with details of how they've prevented the risk of slavery in their organisation and supply chain. We also ask them to confirm they have the right processes, investigations and compliance systems in place to make sure it continues. AMS Procurement asks all suppliers to do this, no matter the financial threshold set by the Act.

The other checks we do include segmentation and screening activities. This screening helps us identify risks relating to corruption, bribery, sanctions and other forms of non-compliance. Our segmentation activities include a series of questions to check whether a supplier is at a higher risk of modern slavery in its supply chain. These checks allow us to find out the level of risk that comes from working with that Supplier, and how to reduce it.

At the moment, high-risk Suppliers include any manufacturing-related Suppliers or those whose services involve lower-skill or lower-wage labour. To reduce the risk of modern slavery with these Suppliers we use a third party to carry out audits. The Chartered Institute of Purchase and Supply (CIPS) Sustainability Index audits our Suppliers' environmental and ethical controls and practices at the start of our relationship with them, and regularly after that. The Suppliers are benchmarked against our industry and sector peers so we can put in place any measures to reduce the risk if we need to.

This CIPS Sustainability Index audit (among other due diligence activities) helps us vet all our Supplier relationships safely and efficiently. It also helps us make sure our Suppliers always meet the conditions of working with us, and the law.

### **Our contractual safeguards**

Our standard Terms and Conditions for the Procurement of Goods and Services include a Code of Conduct clause that reflects our commitment to protecting human rights – including prevention of modern slavery.

The clause calls on our Suppliers to promote respect for human rights, both internally and across their supply chains. They need to do this through their actions and by engaging with the governments of the countries they operate in.

This clause covers all inhumane or discriminatory behaviour, including:

- child, forced or involuntary labour;
- human trafficking;
- workers' rights to freedom of association (the right of a person to join with other people, for example, as a union, to defend their rights); and
- collective bargaining (where employees can talk as a group with their employers to agree things like pay and working conditions).

If a Supplier ever breaches this clause, we have the right to terminate their contract with us.

### **Training and testing our staff**

During 2018, we gave employees involved in sourcing and managing Suppliers further training in ethical procurement. This has led to CIPS reconfirming the award to AMS of the Corporate Ethics Mark. The Mark recognises our effort when it comes to addressing issues in the supply chain – including the risk of forced labour.

We continue to repeat this training and relevant certification every year and ensure any relevant new employees will also participate. This will make sure our procurement and

supply chain employees understand the latest ways to detect, identify and prevent human rights violations in the supply chain.

But we don't just need to focus on the risk of slavery in our supply chain – we also need to make sure we address the potential risks within Allianz. With this in mind, we make sure all Allianz UK employees take part in regulatory testing when they join us, and annually after that. The testing incorporates the Allianz Group Code of Conduct, which includes the UN Global Compact's Ten Principles. This is a framework of ten principles for human rights, labour, the environment and anti-corruption.

## **Our Modern Slavery Policy**

Allianz UK's Modern Slavery Policy was reviewed and updated in 2018. It explains what our employees need to do and who to talk to if they spot or suspect modern slavery in our business or in the supply chain. It covers what is expected of our supply chain and also what could happen if an employee doesn't follow the policy. It applies to everyone in our organisation, and it's available on our corporate intranet.

## **The CIPS Corporate Ethics Mark**

Our CIPS Corporate Ethics Mark shows our Suppliers, customers, potential employees and other stakeholders we're dedicated to sourcing and managing our Suppliers ethically. Like other organisations with the Mark, we've signed a Statement of Commitment to ethical sourcing and Supplier management, and been proactive in preventing unethical behaviour.

## **Allianz UK quality assurance**

We have our own quality assurance systems to help us detect and prevent modern slavery. These include internal auditing and due diligence checks on Suppliers. They cover the internal controls we need to make sure Suppliers set up and maintain the processes they need to prevent slavery in their organisation and supply chain.

## **Looking for new ways to improve**

We're always looking for new ways to address modern slavery in our supply chain. As well as expanding our training programme for ethical procurement, internal advertising campaign of the Modern Slavery Policy and the forthcoming implementation of a new system to ensure all Suppliers must comply with the due diligence activities, we will carry on reviewing our processes and other training. We will make sure we're doing everything we can to detect and prevent and promote awareness of modern slavery across Allianz UK and our supply chain.

Approved by the Boards of Allianz Holdings plc, Allianz Insurance plc, Allianz Management Services Limited and Allianz Engineering Inspection Services Limited on 29 March 2019 and signed on their behalf by:



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J M Dye  
Director of  
Allianz Holdings plc,  
Allianz Insurance plc,  
and Allianz Management Services Limited



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S C McGinn  
Director of  
Allianz Engineering Inspection Services  
Limited