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Direct Line Group Transparency Statement on

Modern Slavery 2023

Direct Line Group

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This statement on slavery and human trafficking is published on behalf of Direct Line Insurance Group plc and its wholly owned subsidiaries U K Insurance Limited, DL Insurance Services Limited and UK Assistance Accident Repair Centres Limited pursuant to section 54 of the Modern Slavery Act 2015 (the "Act"), each having a turnover in excess of £36m. References to "we", "us", "our", and "DLG" are to all of these companies. This statement applies to the financial year for DLG ending 31 December 2023 and is the 8th annual statement produced by the organisation.

As an organisation DLG takes its responsibilities seriously. We believe that doing the right thing builds trust, trust builds reputation and reputation builds value. We support the aims of the Act and seek to ensure slavery and human trafficking does not feature in our business or supply chain.

This is reflected through DLG's purpose and sustainability strategy which is overseen by the Board and can be located on our website (see link). As part of the strategy, the Sustainability Committee aims to help ensure we run our business in a responsible manner, and considers emerging social, environmental and ethical issues and opportunities.

Our Organisation's Structure

DLG is one of the leading providers of general insurance operating in the UK and, through its number of well-known brands, offers a range of general insurance products to customers. These brands include Direct Line, Churchill, Privilege and Darwin. DLG also offers insurance services for third party brands through its Partnerships division (including a new partnership with Motability launched in 2023) and for the commercial sector via Direct Line for Business, in addition to its Rescue and Recovery offering via Green Flag. Further details of our organisation's structure can be found on our website (see link).

We apply a multi-brand, multi-product and multi-distribution channel business model to sell to retail customers and businesses. Products can be purchased online, including via price comparison websites, by phone and indirectly through our partners, and in our commercial business.

Within our structure we employee approximately 10,000 people across multiple UK locations, included within which our DLG Auto Services garage network supports our Motor claims function through vehicle repair and our Green Flag patrol supports our rescue provision.

DLG has in place robust recruitment policies that cover permanent, fixed term and contingent employees and require all employees to undergo background checking prior to beginning their employment with DLG. Our standard claims fulfilment Supplier contracts also include requirements around background checking and suppliers must adhere to the applicable level of screening for employees working on DLG services which is based on the services being provided.

All our employees are required to adhere to our Code of Conduct, which sets out to promote honest and ethical conduct and compliance with all applicable laws, rules and regulations. Adherence to this code, alongside practicing our Values, is key to the successful delivery of our business strategy. As an organisation we have a published Human Rights, Diversity & Inclusion Policy, which is available to view on our corporate website.

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Supply Chain

We recognise that, as one of the UK's leading general insurers, we want to look beyond our own commercial interests. Although DLG, as a general insurer, can be seen as within a lower risk industry, it is still important to highlight areas within our supply chains that can be more vulnerable to the potential risks. Throughout the implementation and embedding of the Modern Slavery Act and key responsibilities within DLG relating to modern slavery, the focus has been on suppliers that provide services direct to DLG whilst understanding the areas within our suppliers' supply chains that could be higher risk and building those into our future action planning activity.

Through our Ethical Code for Suppliers, available on our corporate website (see link) and shared with suppliers when tendering, we have outlined both our key expectations to our suppliers, and detailed our ethical expectations of suppliers with whom we work.

These include adherence to: (a) the core International Labour Organisation ("ILO") standards which ban the use of child labour and forced compulsory or bonded labour (including where the threat of penalty or discipline is used to compel work), whilst protecting rights to non-discrimination; and (b) the non-core ILO standards which include statements that workers should have safe and hygienic working conditions, a living wage should be paid, working hours are not to be excessive and abuse and intimidation are prohibited. This code was updated in 2022 for all our suppliers and rolled out to our managed suppliers in Q1 of 2023.

In addition, we expect our managed suppliers to comply with the Act and provide assurances of compliance through a published statement which outlines the steps that are being taken to support the Act, where applicable. Through our risk mapping activity, it has been identified that the areas where we feel there is more vulnerability across the supply chain tend to be those supply chains where we have suppliers who fall below the reporting threshold of the Act, although this is taken into consideration in the design of our Procurement processes.

DLG's supply chain covers both provision of services for direct (claims validation and fulfilment) and indirect suppliers, including many well-known brands and industry leaders in their field.
Across our direct supply base, our supply chain focuses on the fulfilment of our products (rescue provisions or claims management) across our key product areas.

Household

Our household claims supply chain can be split into two key areas, building repair and contents repair and replacement. The fulfilment of our building claims is primarily through a network of home repair providers, supported by specialist disaster and restoration supply chains. Within this supply chain there is a requirement for more seasonal, volume-driven and manual labour to support the service provision alongside the addition of subcontracted services, particularly where there is response to severe weather events which can lead to the labour force being more vulnerable to potential Modern Slavery exposures.

Our repair and replacement supply chain for our household contents claims includes electrical goods, furniture, carpets and valuables. Our supply chain within this category is made up of a combination of UK-based goods fulfilment and service providers offering repair services. Although the direct services provided by these suppliers are lower risk in their provision, the goods being provided do extend to sub-suppliers beyond our contracted supply chain and outside the UK.

Motor Claims

Within our motor claims supply chain, we look at the potential aspects of a motor claim journey including motor repair garages, recovery providers and salvage services. In addition, we also source goods provided to facilitate vehicle repair within our own Auto Services, including parts replacement, paint, equipment needed for car repair and, in a small number of repair centres, outsourced car valets. The motor repair industry is a global network of manufacturers and so the source of many of the parts that are used by DLG Auto services, our Green Flag recovery providers and our Third-Party repairer networks come via extended supply chains. It is through this supply chain that we will service our Motability partnership claims.

Travel Claims

Our travel claims supply chain is service based, focusing on patient repatriation and appropriate cost containment across a variety of locations worldwide to service our Travel insurance policy holders, for example should they require medical care or repatriation whilst travelling.

Indirect Supply Chain

Our indirect supply chain provides us with the necessary services to run our business including technology, facilities (catering and cleaning), professional services, marketing, print and recruitment. In addition, we receive back office and claims handling services from our offshore service providers principally located in India and South Africa.

Although our core operations (and most of our immediate supply chain) are based in the UK, we maintain an awareness that this does not mean we do not have any potential Modern Slavery risk exposures within our supply chain, and the supporting processes we follow across our Procurement and Supply Chain function are key to supporting our adherence to the Act.

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Procurement Processes

DLG has a centralised Procurement and Supply Chain function that operates subject to the processes established within our Supplier Management and Outsourcing policy. Our processes are designed to ensure we select and manage our suppliers appropriately to support the given service provision and potential risk exposure to DLG. Our Policy sets out the mandatory requirements for the Group when procuring goods and services. Supporting processes are reviewed on an annual basis and refreshed to ensure they remain relevant and aligned with the potential exposures faced by DLG, with any process updates captured in our core refresher training.

Our suppliers are segmented based on multiple factors including value, expenditure and risk exposures, and our supporting processes provide a higher level of assurance, oversight and diligence for those suppliers and services segmented at higher levels. These supporting processes were enhanced in 2023 to incorporate additional classifications determined by consumer duty, claims oversight and cyber and information security risk.

In addition to our existing supplier segmentation process, we also review our Modern Slavery risk assessment on an annual basis, enhancing the data captured through additional information available, to overlay a proportionate depth of analysis in the areas that have greater vulnerability. This assessment includes the geographical location from which services are provided, length of the supply chain, use of migrant or temporary labour and the nature of the goods or services being supplied, supplier expenditure, tiering and the audit status of our supply chain. This assessment process also forms the basis of the development of our risk indicators and is included in the continuous improvement processes within the reporting suite. .

As part of the Sourcing process, due diligence is undertaken on new suppliers sourced through the Procurement and Supply Chain function where our engagement threshold is for activity resulting in expenditure of £100,000 or higher across the term of engagement. We request new suppliers to either provide a link to their most recent Modern Slavery statement or respond to a number of questions (should they fall below the reporting threshold) to articulate the steps they are undertaking to support the Act.

On-boarded suppliers are subject to assurance activity aligned to our segmentation approach. Our Supplier Compliance Monitoring team conducts regular field reviews on our actively managed suppliers and the scope includes the requirement to ascertain the supplier's assessment of their adherence to the Act and confirmation of the activity they are undertaking to comply with the Act. This is tailored dependant on the supplier's alignment to the reporting thresholds. In addition, background checking of contractual clauses also forms part of the assurance scope which looks at employees' right to work and proof of residence alongside compliance to the overall contractual terms. Findings from assurance activity is documented, managed, and reported through the Procurement and Supply Chain governance and escalated as appropriate within the DLG governance framework.

Training

Modern Slavery training within the Procurement function is carried out as part of the annual schedule of mandatory training, tailored to support the individual supply chain categories and updated annually to include any updates, examples and relevant process changes. Basic guidance is now included with the Risk & Governance section of the induction process within the function.

In 2023 we utilised a government-sponsored training module, which allowed us to provide a consistent and up-to-date overview of Modern Slavery and the Act, which was in addition to our internal higher skills annual training. We will be assessing our approach to category specific training throughout 2024.

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Board Approvals

The Board of Direct Line Insurance Group plc have reviewed and approved this statement on (29 Feb 2024)

Signed by _____, (Neil Manser),
Director of Direct Line Insurance Group plc
CFO, Direct Line Insurance Group plc
Date Signed

The Board of U K Insurance Limited have reviewed and approved this statement on (29 Feb 2024)

Signed by _____, (Neil Manser),
Director of U K Insurance Limited
CFO, Direct Line Insurance Group plc
Date Signed

The Board of DL Insurance Services Limited have reviewed and approved this statement on (1 Mar 2024)

Signed by _____, (Humphrey Tomlinson),
Director of DL Insurance Services Limited
General Counsel, Direct Line Insurance Group plc
Date Signed

The Board of UK Assistance Accident Repair Centres Limited have reviewed and approved this statement on (1 Mar 2024).

Signed by _____, (Darren Sheppard),
Director of UK Assistance Accident Repair Centres Limited
Director of Financial Operations and Control, Direct Line Insurance Group plc
Date Signed