

# **Pen Underwriting Limited Slavery and Human Trafficking Statement for Financial Year 2019**

## **Introduction**

This Slavery and Human Trafficking Statement is made on behalf of Pen Underwriting Limited (“Pen”) pursuant to section 54 of the United Kingdom Modern Slavery Act 2015 (the “Act”) for the financial year ending 31 December 2019.

It sets out the steps that Pen has taken, and is continuing to take, to ensure that modern slavery and human trafficking is not taking place within any part of our business, or in any of our supply chains.

Our statement is produced and publicised later than planned due to the unique demands on our resources resulting from the COVID-19 pandemic.

## **Our Business Organisation, Structure and Supply Chains**

Pen is a wholly-owned subsidiary of Arthur J. Gallagher Holdings (UK) Limited and part of Arthur J. Gallagher & Co (“AJG&Co”) group companies (the “Group”). AJG&Co is headquartered in Illinois, USA and it is a separate legal entity distinct from its subsidiaries that operate across the globe.

The regulated subsidiaries in the UK, which includes Pen, are ultimately structured under one UK holding company, Arthur J. Gallagher Holdings (UK) Limited, which is a subsidiary of AJG&Co. The majority of the Group’s revenue is generated in the USA with the remainder derived primarily from Australia, Bermuda, Canada, the Caribbean, Latin America, New Zealand and the United Kingdom.

Headquartered in London, Pen is a multi-class, multi-territory managing general agent (“MGA”). Performing many of the same functions as an insurer, Pen’s services include underwriting, product development, claims, pricing, risk and control consulting.

Our supply chain, which includes Group companies, is limited as we do not produce, manufacture or retail goods. Pen does employ external service providers contracted for the maintenance and support of our offices, including cleaning and technical support services for office infrastructure and IT, and for outsourcing certain functions ordinarily performed by Pen.

## **Our Policy and Approach**

Holding persons in slavery or servitude, requiring persons to perform forced or compulsory labour, and the human trafficking of persons for exploitation, are crimes and violations of fundamental human rights. Pen has zero tolerance to any form of slavery and human trafficking, and is committed to enforcing effective systems and controls to ensure neither is taking place in any part of our business or in any of our supply chains.

Pen is also committed to adhering to the highest standards of moral, professional, and ethical behaviour, and acting with integrity and transparency in all our business relationships. As part of the Group, Pen therefore expects all those connected to our supplier network, or involved in procurement for the company or in any other part of our business, to comply with the AJG Global

Standards of Business, which is available to view by accessing <https://www.ajg.com/about-us/global-standards/>.

We comply with all laws, regulations and rules relevant to our business, and take our corporate and social responsibilities very seriously. We expect the same high standards from those we conduct business with.

An endorsement of the Group's behavioural approach is it being consistently recognised by the Ethisphere Institute as one of the world's leading ethical companies. We are pleased to be part of the Group and continue to conduct ourselves in a way that actively demonstrates our high standards of integrity, professionalism and the strength of our Group's culture and core values. In addition, the employing entity for the UK Group is an official Living Wage Foundation accredited employer.

## **Our Policies and Standards of Business Conduct**

Pen operates in accordance with a number of internal global and UK Group policies and procedures to ensure that we are conducting business in an ethical and transparent manner. We identify and mitigate risk across a range of areas, including slavery and human trafficking, through integrating these policies and procedures. All UK Group policies are reviewed regularly and our UK Group internal governance requires the policies to be overseen by senior management, sponsored at an UK Executive level and to take account of our Global Standards of Business Conduct (together the "Standards").

Collectively the Standards address both the work environment and the specific issues associated with slavery and human trafficking. They include Standards for our own business workforce covering: harassment and discrimination; diversity and equal employment opportunity; safe workplaces; and wage and hour laws.

Our UK Group policies and processes address slavery and human trafficking, the following being central to our approach:

- a Modern Slavery Policy outlining the behaviours expected of all employees;
- mandatory conduct training for all employees, which includes awareness and reporting of modern slavery;
- suppliers and service providers, where appropriate, are required to confirm that their business does not contradict our zero tolerance approach;
- actively requiring that our suppliers and service providers comply with all laws and regulations that apply to their business, which may, for instance, include paying their employees at least the national minimum wage or the prevailing minimum wage for international suppliers;
- UK work eligibility checks for all employees to safeguard against human trafficking or individuals being forced to work against their will;
- mandating our recruitment agencies to perform background checks which together with our internal checks provide qualitative information on various risks, including conduct risk;
- a Remuneration and Incentive Policy that addresses wage requirements;
- a Procurement Policy that establishes due diligence requirements; and
- a Whistleblowing Policy that ensures all employees know how to raise concerns about how colleagues are being treated or regarding practices within our business or supply chain without fear of reprisal.

## **Due Diligence**

Our Procurement function carries out due diligence on a risk-based approach prior to contracting with any new supplier to the Pen business. The level of due diligence carried out depends on the type of supplier; for example where a supplier is providing 'personnel'-driven services such as cleaning, a deeper review is performed to ensure that our contracts contain obligations that the supplier will comply with the Act.

Due diligence on our critical suppliers is carried out on an annual basis. All critical suppliers need to confirm that they comply with the spirit and principles of the Act and where applicable, Pen will review the supplier's statement to ensure that it is up to date and that the supplier is refreshing their commitments.

An effect of the Covid-19 pandemic is to be vigilant on the effect it has on our suppliers to provide services and while not an activity performed in 2019, since the outbreak of the pandemic, we have reviewed our critical suppliers ability to perform obligations, which involves understanding how employees are resourced and we have reviewed the due diligence of our maintenance suppliers (for instance, cleaning and catering firms) to better understand how employees are being treated during the UK lockdown (including the application of the UK Covid-19 job retention scheme).

## **Risk Management**

Overall, the nature of our business is considered to face a low risk that modern slavery and human trafficking will take place. While we have a focus on conducting risk analysis and risk management for those business partners, suppliers and service providers where risk may be higher, we are nonetheless keenly aware that the possibility does exist throughout our supply chains.

## **Effectiveness**

Pen will use various central resources, including our HR, Procurement and Internal Audit teams to monitor the effectiveness of the steps we have taken through applying performance indicators, which include reports of instances where modern slavery or human trafficking practices have been identified, including from employees, the public, or law enforcement agencies, and grievance mechanisms and statistics.

In addition, we have registered with the HM Home Office Modern Slavery Contacts Database, on the basis that there is real value in obtaining continued guidance on how to improve our monitoring and prevention of modern slavery.

## **Further Steps**

In conjunction with our Group approach, we will continue to review what further measures can be taken to ensure our obligations under the Act are met in full.

The principal objective this year is to re-evaluate the residual level of risk after the application of modern slavery controls across all of our supplier relationships. As part of this process we will enhance the approach we take with our Group companies when assessing their controls for modern slavery.

Additional measures include:

- timetabling an internal communication (outside of the mandatory training period) to our employees that reminds and reinforces the importance of modern slavery reporting and how to report any instances in confidence; and
- adopting a new approach to publishing our statement, which will utilise the guidance contained in the HM Home Office Modern Slavery Contacts Database and incorporate our commitments to eradicating modern slavery into a consolidated UK Group statement.

This statement has been produced with support from our Legal, Risk, Central Sales, Business Operations, HR, Company Secretariat and Procurement teams.

This statement is Pen's third such statement and was approved by its Board of Directors.

**Signature of Director:**   
Tom Downey (Oct 1, 2020 20:48 GMT+1) .....

**Director's Name / Position:** Tom Downey - CEO .....

**Date:** 01 October 2020 .....

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