
The AA's Modern Slavery Act Statement for the year ended 31 January 2020

AA plc and its subsidiaries (the AA or the Group) provide roadside assistance, driving services and insurance products to customers in the UK. The AA is one of the most widely recognised and trusted brands in the UK, building on more than 115 years of service provision and innovation. We are proud of our history of protecting the motorist and making our roads safer.

The AA has a policy of zero tolerance towards acts of modern slavery which are unlawful or are a violation of fundamental human rights. We are committed to acting ethically and to ensuring that we have effective systems and controls in place to mitigate the risk of modern slavery occurring in our operations and supply chains. This statement, relating to the financial year ending 31 January 2020, is made pursuant to section 54(1) of the Modern Slavery Act 2015 (the Act).

Our business

The AA is the UK's leading provider of roadside assistance, with around 2,700 patrols attending an average of around 9,400 breakdowns daily. The AA has around 40% of the UK consumer market and around 50% of the business-to-business market. We aim to differentiate ourselves from our competitors by our leading brand and market position, excellent standards of service, strategic investments in our digital proposition and by training and developing the best people. Our insurance broking business focuses primarily on motor and home policies, operating a diverse panel of underwriters including our in-house underwriter. Full details of our businesses and subsidiaries are set out in our 2020 Annual Report and Accounts, which is available on our website.

AA Policies and Codes

Our Values are based on five key principles of Courtesy, Collaboration, Care, Dynamism and Expertise. These underpin all that we do at the AA. We have integrated all aspects of our Values into our business model and Corporate Responsibility framework which puts People, Safety and Environment at its core. This approach is reinforced through our policies, management and training. The AA's Policy Committee oversees an effective, auditable and systematic process for the creation and review of all policy documentation.

The commitment to our role in eradicating modern slavery in commercial supply chains is embedded into relevant policies and codes, which are aligned with our Values and created to ensure effective working practices. They include:

- Our Human Rights Policy formalises our approach and sets out the standards and preventative controls we have in place to protect human rights;
- Our Sustainability and Corporate Social Responsibility Statement sets out our commitment to running our business in a responsible, ethical and sustainable way;
- Our Supplier Code of Conduct (the Code) sets out the high standards we expect our suppliers to adhere to and contains specific provisions against the use of forced, bonded or compulsory labour;
- Our Business Standards Policy, an internal document, sets out our commitment to high standards for the fair and ethical treatment of employees, customers and suppliers;
- Our Procurement Policy, an internal document, supports the procedure for engaging with suppliers to ensure beneficial and ethical terms of business; and
- Our Financial Crime Policy, an internal document, sets out the framework that applies within the AA Group to identify, manage and mitigate exposure to financial crime. This is

relevant as modern slavery offences are often linked to money laundering and financial crime.

Our publicly available documents are available on the AA plc website. Enhanced disclosure on relevant internal policies is provided on page 53 of the 2020 Annual Report and Accounts to meet the requirements of the Non-Financial Reporting Regulation.

Our people and supply chains

The AA employs over 7,000 people in locations across the UK who carry out a broad range of roles within Road Operations, Contact Centres and at our Head Office. Our HR processes ensure that those recruited, including through employment agencies, have appropriate approvals to work. Approximately 40% of our people are patrol staff employees.

We have a contracted network of around 475 third-party garages who support us when we are unable to make repairs at the roadside and in areas which we are not able to reach. We inspected around 400 garages during the 2020 financial year. The inspection process includes due diligence related to modern slavery, and no issues were reported during the year.

Used Car Sites Limited, an AA subsidiary, has contracts covering 2,500 dealers for the advertisement of used cars. All dealers sign up to the AA dealer promise to ensure they meet required standards and are visited by an AA representative who assesses their suitability to advertise under the AA Brand.

Our business operations are supported by over 1,500 suppliers that provide a wide range of goods and services. Our direct supply chain is predominantly UK based, though some suppliers are based abroad. Many of these direct suppliers have their own extensive supply chains. Our standard terms and conditions require our suppliers to adhere to all applicable legislation and make specific reference to the Act.

Supplier Management

The AA's procurement team is a centralised head office function that assumes responsibility for the governance of the AA's purchasing requirements. In the 2020 financial year, the procurement team conducted detailed analysis of suppliers, which make up circa 80% of total supplier spend (excluding garages). These suppliers have been rated according to factors such as main country of operations, spend levels, type of goods/services being supplied and knowledge of the company and its ongoing supply chain. This data is being used to ensure a consistent approach is implemented to managing our supply chain according to the risk they pose to the AA.

Additionally, during the year, a Supplier Governance Committee was established. This meets monthly and requires business relationship managers to submit either a RAG status or Supplier Attestation to demonstrate how the supplier is being managed and to raise any issues.

The supplier onboarding process is very robust; it requires new suppliers to answer a series of questions and provide supporting evidence, including commitment to and adherence to the Code. New suppliers also have to confirm that the behaviours and ethics we demand of them with regards to modern slavery and human trafficking will be met. Once populated and returned, specialist approvers from across the business are required to review and approve each supplier before the supplier can work with the AA.

In January 2019, the AA's joint venture, AA Media, outsourced its production of AA-branded products to a third-party supplier which has its own controls in place to prevent slavery in its supply chain. As a result of this outsourcing arrangement, AA Media ceased to have direct relationships with two factories in China which were considered to be higher risk as a result of their location.

Risk review

The AA's Group Risk team supplies the business with a risk management framework of tools, including risk registers and controls, design and operational assessment to identify and monitor any areas of concern. Group Risk Management oversees the business-led activities and gives assurance that appropriate mitigating activities are in place. Controls are tailored to suit the relevant business area and can be subject to regular snap checks and/or a risk-based audit when deemed appropriate. Any material risks or issues are escalated to Executive level and considered at applicable Committees and Boards, including the Executive Risk and Compliance Committee.

Training

It is important that our colleagues and suppliers understand what Modern Slavery is and how they can escalate any concerns. A training and communication programme is being developed to raise awareness of the Act, the Code and the AA's commitment to mitigating the risk of modern slavery in supply chains, and this will be rolled out in the coming year.

Monitoring our effectiveness

During the 2021 financial year, we will continue to seek opportunities for further improvements in how we risk-assess, monitor and engage with our suppliers.

This statement demonstrates the AA's commitment to helping to eradicate modern slavery from the global supply chain and has been reviewed and approved by the Board of the AA plc. We look forward to reporting on our progress next year.



Simon Breakwell, Chief Executive Officer

AA plc

21 July 2020

This is a Group statement covering AA plc and its applicable subsidiary entities which operate in the UK and have an annual turnover exceeding £36 million, this being Automobile Association Developments Limited, Automobile Association Insurance Services Limited and DriveTech (UK) Limited.