



Acorn to Oaks Financial Services Ltd Anti-Bribery and Corruption Policy

Definition

The Bribery Act 2010 contains two general offences covering the offering, promising or giving of a bribe (active bribery); and the requesting, agreeing to receive or accepting of a bribe (passive bribery). It also sets out two further offences which specifically address commercial bribery: (i) bribery of a foreign public official; and (ii) 'failing to prevent bribery', which applies to commercial organisations or those performing services on their behalf. Under (ii) it will be a defence for a firm if it can demonstrate that it has adequate procedures to prevent bribery.

What is a bribe?

It is an offence to offer, promise or give a **financial or other advantage** to another person

- with the intention of bringing about the **improper** performance by another person of a relevant function or activity or to reward such improper performance; or
- in the knowledge that the acceptance of the advantage offered, promised or given in itself constitutes the **improper** performance of a relevant function or activity.

A 'financial or other advantage' can include cash payments; gifts; hospitality; wiping a debt; or providing free services. 'Improper' really means a breach of an expectation that a person will act in good faith, impartially, or in accordance with a position of trust.

For the purposes of deciding whether a function or activity has been performed improperly

the test of what is expected is a test of what a reasonable person would expect in relation to the performance of that function or activity.

Acorn to Oaks Financial Services Ltd recognises its regulatory responsibilities concerning antibribery and corruption as covered in the FCA's Principles for Business:-

- Principle 1 which requires firms to conduct business with integrity.
- Principle 2 which requires firms to conduct business with due skill, care and diligence.
- Principle 3 which requires firms to take reasonable care to organise and control their affairs responsibly and effectively, with adequate risk management systems.

Acorn to Oaks Financial Services Ltd further acknowledges that FCA rule SYSC 3.2.6R requires firms to '...establish and maintain effective systems and controls... for countering the risk that the firm might be used to further financial crime'. We are required to allocate responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime to a Senior Manager (Prescribed Responsibility d) and this must be recorded in their Statement of Responsibility.

This policy is to be read in conjunction with:-

- The firm's whistle blowing procedures.
- The firm's money laundering policy.
- The firm's fraud prevention procedures.
- The firm's sanctions checking policy.
- The firm's conflicts of interest policy including reference to unfair inducements.

Who is considered a third party?

All companies and/or individuals involved in insurance transactions who are not the underwriters or the insured are deemed to be a third party, for example,

- Introducers.
- Introducer Appointed Representatives.
- Appointed Representatives.
- Brokers.
- Clients (making introductions).
- Reinsurers.
- Solicitors.
- Loss adjusters

Claire Oakley has overall responsibility for anti-bribery and corruption within this firm. Any employee that has any concerns regarding bribery and corruption within the firm or requires a better understanding of the topic should liaise with Claire Oakley.

Acorn to Oaks Financial Services Ltd recognises that third party relationships are an area of concern with regard to bribery and corruption. Annually, all third party relationships will be reviewed and challenged. This will include revisiting and verifying any due diligence that has been carried out.

Due diligence

Before embarking on a relationship with a third party the firm must:-

- Ensure that in each case, fact finds have been completed comprehensively and retained. If there are any doubts about the content of a fact find, the relationship should not be approved. On revisiting fact finds, if any doubts arise they should be thoroughly investigated. Ideally, a senior employee with no prior knowledge of the proposed third party relationship should review and approve the fact find. Ensure that any letters that are to be relied upon regarding a third party are dated and the author identifiable.
 - Insist on correspondence being on letter headed paper.
 - Ensure that bank details are provided on letter headed paper and signed by 2 directors. To confirm the bank details, a bank statement showing the account name, account number, and sort code; or a cheque made out for £0.01 must be obtained and retained. Any changes to the bank details should be verified in the same way.
 - Conduct Criminal Record (DBS) and credit checks on third parties (with their approval).
 - Document the convincing reason for doing business with the third party and for making payments to them. [In the fight against bribery and corruption, winning business, maximising retained brokerage, and incentivising a third party, are not valid reasons for making a payment to a third party].
 - Check whether the third party is connected in any way to the insured, client or public officials. A simple internet search may be enough to highlight the need for further investigations.
- Page 3 of 5

Please note that if our firm acquires a book of business, and third party relationships are transferred in, we must conduct our own due diligence or ensure that the previous firm's due diligence is equal to our own.

As a firm we must consider the different countries we deal with as new relationships develop, and annually thereafter.

The firm is to use the corruption perception index produced by Transparency International and document the findings with the firm's due diligence on the third party or on the client file.

<https://www.transparency.org/en/cpi/2022>

The firm maintains a central record of approved third parties together with the underlying due diligence and evidence of periodic reviews. Any amendments to this record must go through Claire Oakley.

All third parties are coded differently on the computer system so they can be identified quickly. Once a third party relationship is terminated the accounts team must be advised and the computer system updated accordingly to show that the agreement has been terminated.

Payments to third parties

If a third party has been involved in our firm acquiring business, we will be open with the client concerned about any payments made to a third party in the course of acquiring or placing their business.

To meet FCA expectations, payments must be clear and justified in relation to the work done. This will be decided by Claire Oakley in conjunction with the third party, the account handler and the account director. The reasoning behind any payments must be documented.

Our firm will not pay commission to a third party prior to the premiums being paid by the client. This is to prevent that commission being seen as a bribe in itself or passed on to others as a bribe to secure the business.

Management Information (MI)

As regularly as is necessary Claire Oakley will identify payments to third parties. Such payments must be scrutinised for any unusual transactions for example:-

- Payments made in a different currency to normal.
- Payments made to payees whose names are different from the account names.
- Payments made to people in high risk jurisdictions.
- Large round sums when other payments were not of this type.

If at any time inappropriate payments are identified, Claire Oakley will report them promptly to the National Crime Agency (NCA) and if appropriate to the FCA in line with Principle 11,

Relations with regulators: A firm must deal with its regulators in an open and cooperative way, and must disclose to the FCA appropriately anything relating to the firm of which the FCA would reasonably expect notice.

Claire Oakley will produce Management Information on:-

- New third party accounts including risk classification.
- Payments made in the preceding period.
- Monitoring in the preceding period of third parties.
- Changes to third party bank details which must be verified.
- General information / updates on bribery and corruption.
- Training logs.

Claire Oakley will make commentary on the MI and pass this to the board for review.

Financial crime, including bribery and corruption, will be an agenda item at board and senior management meetings and discussions minuted.

Accounts Payable

To ensure that employees are neither intentionally or innocently making, what could be viewed as, payments or inducements to a third party, the firm will regularly look at expense claims submitted. Employees must be aware that the following may require further investigation and explanation:-

- Excessive entertainment expenses.
- Gifts and hospitality (these must be entered into the gifts and hospitality register).
- Cash payments.
- Payments for lifestyle related bills such as travel or school fees.

The firm will only pay genuine business related costs or reasonable entertainment costs.

Employee vetting procedures

To ensure that we are recruiting the right employees, especially brokers handling higher risk business accounts; accounts personnel with responsibility for processing third party payments; and those responsible for approving or reviewing third party relationships; the firm will ensure that

- annual honesty, integrity, and reputation questionnaires are completed by all employee
- Credit checks and DBS checks will be carried out on all newly appointed employee and, on receipt of agreement, existing employees.

The firm may make use of financial sanction lists, commercially available intelligence databases and the CIFAS Internal Fraud database.

Vetting of new employees engaged through Employment Agencies will be undertaken even if vetting has been completed by the Employment Agency. Such vetting will include temporary or contract employees.

Employee training and retraining

Training will be provided and refreshed on a regular basis on the topic of Financial Crime, including reference to Fraud, Money Laundering, and Anti-Bribery and Corruption. However, if at any time an employee requires clarification on this topic, they should not wait for the next refresher course but raise the topic immediately with Claire Oakley. Training will be tested to ensure understanding. All training must be recorded in the employees training record/log.

If necessary, appropriate external expertise will be obtained to support in-house knowledge on anti-bribery and corruption legislation and regulatory requirements.

Remuneration

The firm's remuneration strategy will be regularly reviewed to ensure that it could not give rise to an increased risk of bribery and corruption.

When appropriate the firm will pay bonuses however, the firm will ensure that they scrutinise any bonus structure and document why it is suitable and does not increase the risk of bribery and corruption.

In accordance with SYSC 19 F 2.2 it is noted that the firm must not be remunerated or remunerate or assess the performance of employees in a way that conflicts with our duty to always act in our customers' best interests.