

## **Prevention of Financial Crime**

Financial crime results in a heavy cost to the insurance industry and to the United Kingdom as a whole. Financial crime includes Bribery and Corruption, Money Laundering, Terrorist Financing, Fraud and Sanctions. The detection, prevention and reporting of financial crime is important to the Group. It maintains robust systems and controls with clearly defined policies and minimum standards to promote compliance with all applicable national and international legislation and regulation and industry approved guidance. These are regularly reviewed to ensure that they remain fit for purpose and align to the Group Risk Framework. This includes a robust financial crime governance framework and internal reporting and escalation channels. The framework utilises subject matter expertise to provide direction, guidance and training on financial crime threats and risks.

### **Employee Training**

Mandatory Financial Crime Awareness training (which covers anti-bribery and corruption (ABC), anti-money laundering (AML), counter-terrorist financing (CTF), financial sanctions, fraud and the prevention of the facilitation of tax evasion) is undertaken by all employees at induction and on an annual basis thereafter with an assessment that needs to be passed. Completion rates are monitored and reported through the internal governance process. Additional, bespoke training is delivered to employees who work in business areas considered to have an elevated ABC risk including Board and ExCo members.

### **Anti-Bribery and Corruption (ABC)**

Bribery is the offer, promise or giving of a payment (or other improper benefit) to influence someone to perform a function improperly. This includes payments to a Public Official intended to secure or expedite an existing duty, otherwise known as a 'Facilitation Payment.'

Facilitation Payments (or "grease" payments) are unofficial payments made to Foreign Public Officials in order to secure or speed up the performance of a routine or necessary action, which public or private officials are already bound to perform ("routine duties"). They are commonly defined as:

- Being made only to speed up the performance of a routine duty
- Not being prohibited by law in the country of the recipient
- Common practice in the country of the recipient
- Of a nominal amount relative to the cost of living in the country where the payment is received (i.e £1 in the UK isn't worth as much to someone as it might to in less developed country)

Facilitation payments are illegal under the UK Bribery Act, as a consequence the Group **does not** permit the making or approval of facilitation payments.

Corruption occurs when one abuses their position of entrusted power for private gain.

The Group is committed to preventing these offences occurring within its business and to being compliant with anti-bribery and corruption principles and provisions anywhere in the world it has a presence. There are policies, procedures and training in place designed to ensure that the Group conforms to the provisions of the UK Bribery Act 2010. Risk assessments are conducted by all Group businesses to identify, mitigate and control potential bribery and corruption risks. The Group operates a zero-tolerance policy to bribery and corruption, including Facilitation Payments, and is dedicated to conducting business with honesty and integrity.

The Group expects the same high standards to be displayed by its employees, suppliers and any of its associated parties. Any breaches of the Group's ABC policies or procedures will be dealt with appropriately and necessary action will be taken against the party in breach.

The Group's Code of Conduct Policy sets out expectations on employee behaviour.

The Group's ABC programme is managed by the Designated Anti-Bribery and Corruption Officer and the position of ABC Accountable Executive is held by the Chief Risk Officer. This position is overseen by the Chief Risk Officer who maintains the position of ABC Accountable Executive. Breach of these standards is also a breach of the employment code of conduct and will therefore lead to disciplinary action and possible dismissal. Upon successful recruitment all employees affirm their compliance to the minimum standard document and receive annual ABC training where they must receive a pass mark of at least 80%. The ABC Team review the ABC Minimum Standard Document and the ABC training annually to ensure it is up-to-date and proportionate. Employees have various ways in which they can consult on ethical issues, they are able to speak with their line manager, approach the ABC Team directly or utilise the Group's whistleblowing hotline where their issue(s) will be independently investigated and dealt with appropriately. The employee can choose to remain anonymous.

### **Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF)**

The Group has established and maintains effective AML and CTF systems and controls. To facilitate compliance, an AML programme has been developed and implemented. This consists of policies, procedures, internal controls and systems. It aims to protect the financial and operational integrity of the Group by taking proportional and reasonable steps in combating any attempts to launder money. To support effective operation of this requirement, all employees and contractors must report suspicious activities to the dedicated AML Team who will investigate and report to the National Crime Agency where necessary.

### **Fraud Prevention**

The Group works proactively to combat and reduce instances of fraud, whether opportunistic or part of a wider organised crime network. The Group has systems, controls and procedures in place to prevent and detect fraud and works closely with law enforcement to prosecute perpetrators of this crime. The Group also liaises with industry bodies and government agencies to share fraud data and increase detection rates. Fraud awareness training is maintained to keep abreast of evolving fraud risks.

### **Preventing the Facilitation of Tax Evasion**

The Group has zero tolerance for any form of tax evasion and will thoroughly investigate any suspected breaches. There is a framework to ensure that the Group has reasonable procedures in place to prevent the facilitation of tax evasion by its associated parties, as required by the Criminal Finances Act 2017.

### **Sanctions**

The Group has a dedicated Sanctions Team, with qualified and competent staff. The Sanctions Team has processes and procedures in place to complete appropriate and timely investigations of potential sanctions matches. In addition to sanctions screening activity, the Sanctions Team engages with projects and change programmes across the Group to ensure that the relevant sanctions requirements are met.

### **Conflict of Interest**

A conflict of interest is where one person's personal or private interests could affect the objectivity of their duties and responsibilities. Conflicts can arise in the normal course of business between:

- the Group's own interests and those of its customers;
- the interests of the Group's clients; or
- the interests of the Group's employees.

The Group is committed to minimising all conflicts of interest. Guidance and training are provided to colleagues through the Employee Code of Conduct, the Conflicts of Interest Minimum Standard and the Group's annual mandatory policy learning module.