



Anti-Bribery and Corruption Minimum Standard

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| Aligns to: | Fraud and Financial Crime Policy |
| Minimum Standard Owner: | Head of Investigations & Anti-Bribery |
| Approved by: | Deputy Chief Risk Officer |
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1. Introduction

1.1 Definition

The purpose of the Anti-Bribery and Corruption (“**ABC**”) Minimum Standard is to ensure that Direct Line Group (“the **Group**”) undertakes a consistent approach to bribery and corruption risks in line with risk appetite.

Bribery and corruption risk is defined as the risk of engaging in activity with customers, clients, suppliers, business partners or any other third parties where such activity might reasonably be considered as entering into a 'corrupt relationship'.

1.2 Context

The Group has a regulatory obligation to establish and maintain policies and procedures to prevent bribery and corruption and to conduct business with integrity. In the UK bribery is a criminal offence under the Bribery Act 2010.

This Minimum Standard:

- is designed to ensure that the Group, at all times, acts responsibly and ethically when pursuing and awarding business, in accordance with relevant laws and regulations in all the jurisdictions which it operates; and
- if breached, may result in disciplinary action against the employee or contractor, including dismissal or termination of contract and may involve criminal or regulatory proceedings.

Key Definitions

To support the understanding of this Minimum Standard, the definitions of key terms have been defined as:

“**Associated Party**” is a person who performs services for and on behalf of an organisation (including employees, agents or subsidiaries, contractors, suppliers, joint ventures, partnerships etc.). This is broadly defined under the UK Bribery Act 2010 with the implication that the Group could be held liable for any offences committed by the associated party to obtain or retain business or an advantage in the conduct of business for the Group.

“**Bribe**” is the offer, promise or giving of a payment (or other improper benefit) to someone to illegitimately influence their actions. The act of bribery also includes requesting and receiving a bribe.

“**Charitable Donations**” are items of value such as cash, services or resources that are donated directly to charitable organisations or indirectly through the sponsorship of events where a portion of the proceeds will benefit a registered charity.

“**Corruption**” is the state or situation resulting from the abuse of position and/or power.

“**Designated Anti-Bribery & Corruption Officer (“DABCO”)**” is the primary contact and representative for ABC within the Group. The role encompasses the following:

- primary point of contact for ABC in the Group;
- advise on ABC issues;
- respond to ABC incidents and escalate as appropriate;
- ensure business areas identify ABC risks within their area;
- ensure business areas develop policies, procedures and controls to mitigate ABC risks;
- collect and report Management Information on ABC; and
- monitor effectiveness of ABC procedures and controls in each applicable business area.

“**Employee**” is any individual engaged by the Group under a contract of employment.

“**Contractor**” is any individual engaged by the Group under a contract for services.

2. Requirements

Gifts and Hospitality Register

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| AB01 | All gifts and hospitality (including political and charitable donations) must be recorded to ensure they are reasonable, proportionate and transparent. |
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To support effective operation of this requirement, all business areas must:

- ensure all gifts and hospitality given or received are handled, recorded and approved, in accordance with the Gifts & Hospitality guidelines on the ABC intranet site;
- ensure there is no intent to induce/influence the recipient of gifts and hospitality to improperly perform their duties and thereby secure business or a business advantage for the Group; and
- ensure attendance of a spouse/partner or other relatives has been pre-approved by line management or where the total cost of the hospitality exceeds £1,000 in consultation with the Group's DABCO.

Bribery and Corruption Reporting

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| AB02 | All suspected and actual (or attempted) incidents or breaches must be immediately reported. |
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To support effective operation of this requirement, all business areas must:

- report where they know of, or suspect, an actual (or attempted) breach of ABC legislation immediately to the DABCO or Group's whistleblowing line¹ where appropriate ("Warning Signs" are listed on the ABC intranet site); and
- ensure that any ABC disclosure is passed to the DABCO (or local equivalent).

Bribery and Corruption Third Party Oversight

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| AB03 | All external third parties must be assessed to ensure interaction is clear and transparent. |
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To support effective operation of this requirement, all business areas must:

- impact assess all new suppliers, and annually impact assess existing suppliers, to establish if they are associated parties, in accordance with ABC guidance (found on the ABC intranet site);
- maintain a record of the names and terms of engagement of all High Risk (as defined on the ABC Intranet page) associated parties;
- obtain completion of the ABC due diligence questionnaire for all Medium Risk and High Risk associated parties;
- ensure the Group considers the risks presented by individual associated parties and take appropriate steps to mitigate those risks; (e.g. by training the associated party, providing policies, completion of a due diligence questionnaire, etc); and
- ensure that subsidiaries and joint ventures are managed appropriately through acquisitions and disposals activity.

Anti-Bribery and Corruption Payments

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| AB04 | All payments must be made to the supplier of service or appointed agent. |
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To support effective operation of this requirement, all business areas must:

- ensure that payment is only made to the supplier of the services or appointed agent and that the commercial rationale for all payments is transparent and recorded;
- ensure no payments are made directly or via any third party to a public official;
- ensure that facilitation payments are not made, except where such payments are required to ensure personal safety (loss of life, limb or liberty); and

¹ Direct Line Group operates a wholly independent and confidential whistleblowing line, "Rightcall", to enable employees and contractors to report suspected illegal or unethical behaviour within the business. Full details are contained within the Whistleblowing Policy

- ensure that no contributions are made directly or indirectly to a candidate for public office, elected official or a political party (with the exception of subscriptions or attendance at annual conferences).

| Charitable Donation Due Diligence | |
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| AB05 | Appropriate due diligence must be completed on any charity, to which a donation is intended to be made, to ensure it is legitimate. |
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To support effective operation of this requirement, all business areas must:

- ensure that due diligence is conducted in accordance with the Charitable Donations, Community Investment and Sponsorship guidelines on the ABC intranet site; and
- ensure due diligence checks undertaken confirm that:
 - the charity is not owned or run for the benefit of one or more individuals, as opposed to a specific cause;
 - the charity is not connected to any third party with whom the Group may be involved in a bidding process either to grant or receive business; and
 - the Group does not enter into a contract in return for making a donation to a specific charity or signing a sponsorship agreement.
 - the donation is not being made for or on behalf of an associated party.

| Anti-Bribery and Corruption Work Placement Screening | |
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| AB06 | Appropriate pre-employment screening must take place prior to any individual being granted a work placement, full internship, graduate scheme or work experience within the Group. |
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To support effective operation of this requirement, all business areas must:

- ensure that all work placements are approved in accordance with the Work Placements and Internships guidelines on the ABC intranet site;
- ensure that the ABC authorisation form is completed for all work placement requests;
- ensure all requests have considered the ABC risks and have obtained the necessary approval from the Business Unit Supervisor, Human Resources Business Partner and Executive member; and
- ensure all individuals are recruited to the Group on the grounds of their capability to perform the role.

3. Attachments

For further guidance please refer to the ABC intranet site which can be found via the following link:

<http://www.directlinegroup.net/intranet/c0018.nsf/0/EBEE42B51CDF352A8025782600523666?opendocument>