

Guidance re: Ministry of Justice Principles & Guidance for the Anti-Bribery Act (2010), effective July 2011.

Palomar has a zero tolerance to bribery or corrupt activities within the Firm. **Agents undergo min 1 annual training session** on these policies and procedures. Agents should know how to whistle-blow to Palomar's Compliance Officer, or externally to the Serious Fraud Office.

As a small firm we face different risks from large multi-national organisations, and we have no overseas offices, and as such are classified as a low risk firm.

### **The Principles**

Principle 1 Organisations need to develop and implement appropriate policies and procedures applied retrospectively to existing persons, over time adopting a risk based approach, and an Anti-bribery policy should be created and should set out the organisation's commitment to bribery prevention.

Procedures under Principal 1: Agents are advised against giving, offering or soliciting gifts or inducements if it is likely to conflict to a material extent with any of the firm's clients.

### **Guidance on Gifts and Hospitality**

Giving or accepting of cash or cash convertible gifts is strictly forbidden. Gifts / hospitality given and received should be within a reasonable limit in terms of estimated value, frequency and in must be considered normal for the business being operated. Reasonable cost in this policy is set at £250.00

Gifts / hospitality over £250 are logged in the gifts register with details of (sender)-name and company, gift description and value. A copy of the log should be sent to the Compliance Officer as soon as gift is received or is reasonably practicable.

Business lunches or dinner invitations are acceptable and do not need to be signed off by Compliance. Invitations to artistic / sporting events should occur only occasionally by / to any one client of the firm. Conferences attendance is acceptable if the event demonstrates an educational benefit / content.

### **Record Keeping**

Records will be maintained of gifts (>£250 in value) given and received by Agents, detailing the date, name of sender / receiver, nature of gift, reason for gift & value, and is reviewed by Compliance.

### **Financial Controls**

Financial reporting is cross checked with the entertainment and gift register. Agents are advised during training that this register is monitored by their financial department and cross checked by Compliance.

**Facilitation Payments** are prohibited in all business dealings of the Firm

**Political and Charitable Donations:** The firm makes no political donations. Charitable donations made by the company should be disclosed in their management accounts, which are monitored.

The Firm has a **Conflict of Interest Policy**, available on request.

**Report a Suspicion:** Agent suspicious of Bribery and / or Corruption should complete a Suspicious Activity Report and send it to the Compliance Officer, and / or report it to the Serious Fraud Office.

### **Principle 2 - Top Level Commitment**

Application of the Principle: Palomar's senior management are committed to preventing bribery by anyone associated with it and this policy is created and adopted by senior management. Palomar is

committed to carrying out our business fairly, honestly and openly, and believe that all Agents of the Firm are to remain competent and act with integrity for all of our business dealings.

**A Breach of the Act** will be met with disciplinary measures internally, and if suppliers are found not to act with integrity in these matters, we may seek to end business relationships with them.

### Principle 3 - Risk Assessment

Application: Purpose is to promote proportionate risk assessment. Risk assessment includes the following (not exhaustive)

- Oversight of risk assessment by top level management
- Appropriate resourcing to reflect Palomar's business and to identify and prioritise relevant risks
- Identify internal and external information sources that will enable risk to be assessed and reviewed
- Due Diligence enquiries (also Principle 4)
- Accurate and appropriate documentation of the risk assessment and its conclusions

Risk Assessment is continual within Palomar. We have a Gifts and Hospitality Policy and Procedures and training for all Agents, monitored and reported in the Compliance Monitoring Review.

- Our external risks fall into 5 groups, country, sectoral, transactional, business opportunity and business partnership.
- Internal factors include deficiencies in employee skills and training, lack of clarity in organisations policy, procedures and controls and lack of a clear message from management.

We operate principally in the UK and do not engage in facilitation payments, our business is mainly conducted with FSA authorised firms and outsourced service providers undergo our Identity or Customer Due Diligence. Agents undergo compliance training when joining, then have committed to undertake continual professional development in a variety of forms, so we believe our firm's risk is low.

### Principle 4 – Due Diligence

We are committed to carrying out Customer Due Diligence on counterparties, understanding their backgrounds and reputation, and those of external suppliers and associated parties. We focus on being informed about counterparties, their business model sustainability, risk profiles, partially to enhance the stability of our business relationships, but also to ensure we engage with ethical counterparties.

### Principle 5 - Communication and Training

Application: Senior management of Palomar embrace Anti-Bribery and Anti-Corruption policies at the core - this is **communicated** internally at initiation of our relationships with Agents, and as a core part of induction and **training**, and management ensures Agents have annual in-house training on the topic.

Agents of the Firm complete a Training & Competency Log, with a min 35 hours a year of continuing professional development, including anti-bribery and anti-money laundering training, and the log is held on our secure drive. We have a confidential whistle blowing suspicion form to be directed to Compliance internally, or information can be sent directly to the Serious Fraud Office. A breach of this policy and our firm's zero tolerance policy will result in disciplinary action.

### Principle 6 – Monitoring and Review



Anti-Bribery & Corruption Policy, Palomar Capital Mgmt LLP, FRN 589092, Jan 2015, J. McDougall

We **monitor and review** anti-bribery procedures and aim to improve where necessary. Firm training on the Anti Bribery Act of 2010 is not static, **is reviewed at least annually**, any potential breaches or suspicions will be logged and reviewed in our internal **compliance monitoring programme (quarterly)**. Post-training, Agents sign declarations that they listened, read and understood the anti-bribery materials.