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Governance Policy Guidelines

Banking Competition Remedies Limited ("BCR") is required to publish its "Governance Policy Guidelines" on its website.

These addresses, amongst other things:

- Travel and entertainment expenses, gifts and hospitality policies;
- Resolution of conflicts of interest; and
- Other matters relevant to good governance.

Overview

The Governance Policy Guidelines are closely aligned to BCR's risk management framework. BCR has a robust approach to risk management, which is documented in the Risk Management Policy. BCR identifies, records, quantifies and manages risks faced by BCR, all of which are reported regularly to the BCR Board. The management of risks includes controls to mitigate risks; some of which are in the form of policies. Policies are signed off by BCR Executive Directors.

This document outlines BCR's Governance Policy Guidelines and applies to all individuals working at all levels and grades within BCR, including directors, senior managers, contractors, secondees and employees (whether permanent, fixed-term or temporary) ("BCR employees").

Expenses

Business expenses may be incurred by BCR employees in accordance with the Expenses Policy which outlines roles and responsibilities, guidance and procedures for the approval and reimbursement of expenses to ensure they are reasonable, incurred for valid business purposes and adhere to relevant tax and other regulatory requirements.

Whilst the Expenses Policy sets out clear rules, every BCR employee is expected to go further in exercising their judgement to minimise company spend and should exercise financial prudence during their business activities.

BCR will reimburse expenses properly incurred in accordance with the Expenses Policy. Any attempt to claim expenses fraudulently or in breach of the policy will result in disciplinary actions.

Expenses will only be reimbursed if they are:

- Submitted to the Financial Controller on the appropriate claim form;
- Submitted within 28 days of being incurred; and
- Supported by relevant documents (for example, VAT receipts, tickets. Note - credit or debit card slips only are not allowed and must be supported by the VAT receipt).

Travel Expenses

BCR will reimburse the reasonable cost of necessary travel relating to its business. The most economic means of travel should be chosen if practicable and existing travelcards or seasons tickets should be used wherever possible.

The following are not treated as travel relating to the business:

- Travel between the employee's home and usual place of work;
- Travel which is mainly for the employee's own purposes; and
- Travel which, while undertaken on BCR behalf, is similar or equivalent to travel between the employee's home and their usual place of work.

Entertainment Expenses

BCR employees may only be prudently entertained by BCR where an appropriate budget has been agreed in writing in advance with the Financial Controller.

No entertainment may be provided by BCR to any other parties and all BCR employees must adhere to associated policies around conflicts of interest (see below).

Gifts & Hospitality

BCR is required to maintain a level of impartiality in its operations that is comparable to any other body that makes decisions on awarding grants or distributing funds. BCR employees (including directors) should always act ethically, prudently and their decisions should not be influenced by gifts or hospitality.

There is a Gifts and Hospitality Policy that outlines BCR's approach to gifts and hospitality, including the gifts and hospitality BCR employees are permitted to accept or are prohibited from accepting. The policy is not limited to gifts and hospitality received at BCR and includes gifts and hospitality BCR employees receive in their personal lives.

The key principles of the Gifts and Hospitality Policy are as follows:

- Client hospitality is common in financial services, however, as BCR is not a typical financial services company, the rules around gifts and hospitality are more restrictive compared to other companies;
- Any permissible gifts and hospitality must be provided in a way that neither gives, nor appears to give, the perception that it is improper;
- BCR employees should consider whether any gifts or hospitality offered could be perceived as influencing or compromising their judgement or decisions; and
- Failure to adhere to the policy by any BCR employee may result in a breach of their BCR employment contract and could potentially lead to dismissal by BCR.

In certain circumstances, the giving or receiving of gifts and hospitality to or from personal contacts who fall within this restriction may be unavoidable without causing embarrassment (e.g. weddings, birthdays, etc.). In these scenarios, gifts and hospitality given or received should be explicitly disclosed to the Chief Supervision and Enforcement Officer ("CSEO") and recorded in the Conflicts Register.

Eligible Bodies

BCR employees may not give or receive any gifts or hospitality from eligible bodies; this includes individuals working at, and representatives of, such eligible bodies.

During the normal course of business, particularly during the Capability & Innovation awards process, meetings with eligible bodies are unavoidable. During such events, it is permissible to provide and/or receive only the normal courtesies of meetings such as tea, coffee, soft drinks, biscuits etc. Where ad-hoc meetings are required with eligible bodies such as for audit purposes, non-adherence to the agreements, reporting issues, BCR Executive Director approval and sign-off would be required for each occasion. Again, in such events, it is permissible to provide and/or receive only the normal courtesies of meetings.

BCR employees should exercise the utmost care in accepting hospitality from eligible bodies and should never knowingly do so when an application for funding is being assessed.

Any hospitality accepted should be reported to the CSEO within 7 working days of receipt.

All other Individuals and Organisations

To ensure independence and transparency, there are also restrictions on giving and receiving gifts and hospitality to and from all individuals and organisations even if they are not eligible bodies.

A BCR employee may give or receive gifts or hospitality up to the value of £25 from all other individuals and organisation, providing the key principles outlined above are met.

Any gifts or hospitality over the value of £25 should be explicitly discussed with the CSEO before acceptance and recorded in the Conflicts Register.

There is no limit to the giving and/or receiving of gifts and entertainment between BCR employees and members of their immediate family, unless they are employed by, or represent, eligible bodies.

BCR employees who have immediate family members that are employed by, or represent, eligible bodies need to declare this in the Conflicts Register.

Conflicts of Interest

BCR manages potential and actual conflicts of interest carefully to avoid embarrassment, damage to staff and supplier relationships and potential legal consequences. Conflicts of interest may or may not incorporate an ethical dimension. Even when they do not incorporate an ethical dimension, BCR deals carefully with any conflict because its actions may be construed by an outsider as having an ethical dimension even if this is not the case. Poor handling of conflicts of interest could therefore seriously affect BCR's reputation.

Identifying Conflicts

A conflict of interest may arise in the following situations:

BCR related conflicts

- When the interests of BCR are actually or potentially in conflict with beneficiaries. Beneficiaries are defined as any party benefiting from the Capability and Innovation Fund ("CIF") and the Incentivised Switching Scheme ("ISS"), including (but not limited to) banks and other financial services institutions, customers of banks and charities. (Beneficiary conflict).
- When the interests of BCR are actually or potentially in conflict with suppliers. Suppliers are defined as any individual or company providing any goods or services to BCR including (but not limited to) contractors, consultants and outsourced providers. (Supplier conflict).

Personal conflicts

- When the interests of BCR staff, a director or a contractor are actually or potentially in conflict with the interests of a beneficiary, a supplier or BCR itself. This includes conflicts between one or more members of staff, director or contractor, such as relationships of a romantic and/or sexual nature. It also includes personal financial interests, such as when a member of BCR staff, a director or a contractor has a financial interest in a beneficiary or supplier. (Personal conflict).

The above examples are not exhaustive.

BCR employees who have any outside business or non-business interests that may be considered a potential conflict, should treat this as a personal conflict and disclose their interests to BCR.

Actual and perceived conflicts are recorded on the BCR Conflicts Register.

Additional Procedures for Managing Investments

To protect BCR's reputation, personal financial interests need to be appropriately managed as they are a common cause of actual or perceived conflict. BCR has classified all personal financial interests as 'Potentially Conflicted Financial Interest' ("PCFI") and 'Exempt Financial Interest' ("EFI"). PCFI's need to be logged on BCR's Conflict Register, however, EFI's do not need to be logged.

PCFI's will be subject to restrictions and no BCR staff member (including directors) will be able to make changes to, or trade, any PCFI's during the evaluation process, defined as the 'Go Live' date for the ISS or the CIF (whichever is sooner) until all CIF grant payments have been made and over 50% of the ISS payments have been made (whichever is later).

Declaring all Relevant Interests

In accordance with the Governance Policy Guidelines and the Articles, BCR employees are required to declare any interests that are relevant and material to BCR which they might reasonably be expected to know about. BCR employees should declare such interests on their appointment, as soon as they arise or as soon as they become aware of them. Declarations of interest will be a standing item on all agendas for meetings of the Board.

Relevant Policies to Promote Good Governance

In addition to the above, BCR has several policies to promote good governance, which have been summarized below.

❖ BCR Code of Conduct

The Code of Conduct outlines BCR's core values and culture. It includes sections related to conduct with external parties, conduct with other BCR employees, conduct toward Suppliers, personal relationships, communications and BCR assets.

❖ Anti-Bribery & Corruption Policy

BCR has an Anti-Bribery & Corruption Policy to prevent bribery, corruption and protect BCR employees from possible legal action and prosecution under anti-bribery laws. BCR takes a zero-tolerance approach to bribery and corruption.

❖ Market Abuse Policy

BCR has a Market Abuse Policy to:

- Restrict the dissemination of highly sensitive market information, also known as material non-public information/inside information;
- Prevent and detect instances of market abuse, report knowledge or suspicion of market abuse to relevant authorities; and
- Ensure that BCR employees including directors, consultants and contractors are aware of their market abuse obligations.

❖ Security Policy

BCR has a Security Policy, which contains sections on information management; cybercrime; physical information security; personal security; and incident handling procedures.

❖ Staff Contact Policy

BCR has a Staff Contact Policy and a Staff Contact Register to maintain a documented record of interactions between BCR employees and interested parties (e.g. other financial services institutions, journalists, regulators, Suppliers, etc.).

❖ Health & Safety Policy

BCR has a Health & Safety Policy which contains sections on workplace responsibilities; injuries, accidents or potential hazards at work; non-smoking policy; office alcohol policy; using mobile

phones while driving; occupational health; display screen equipment/ergonomics; disability; substance abuse; national health alerts; and terrorism & emergencies.

❖ **Records Management Policy**

BCR has a Records Management Policy which contains sections on all aspects of the Records Lifecycle, including record creation; record keeping; record maintenance; access and disclosure; archiving; and disposal.

❖ **Data & Privacy Notices**

BCR has Data & Privacy Notices, which describes the personal data BCR holds and processes and the way in which such personal data is used during and after the relationship with BCR has ended, in accordance with the General Data Protection Regulation and The Data Protection Act 2018.

❖ **Procurement Policy**

BCR has a Procurement Policy which contains sections on procurement principles; procurement roles; supplier management; procurement process; and Supplier assessment process. The overall procurement principles are:

- **Meeting industry standards** - Complying with applicable standards and accreditations on quality, security, health & safety and the environment;
- **Achieving the best commercial offer** - Gaining the best commercial offer from the market for the goods and services that enable BCR to operate in a reasonable and proper manner. Ensuring robust legal terms and conditions for supply. Minimising the number of discrete suppliers to BCR to reduce the administrative overhead of operating multiple commercial relationships;
- **Monitoring sustainability** - Ensuring BCR supplier base is assessed from a financial and operational sustainability perspective to safeguard BCR's operations; and
- **Maintaining ethical standards** - Operating openly and transparently by acting and performing within BCR's policies and procedures, ensuring our suppliers allow for equal opportunities and allowing diversity amongst our supplier base.

❖ **Remuneration Policy**

BCR has a Remuneration Policy which contains sections on compensation principles; setting salary levels; benefits; annual pay reviews; and overtime provision.

The remuneration principles are:

- Enable the attraction and retention of employees with the right background, experience and capabilities to achieve operational and strategic objectives;
- Reinforce the achievement of organisational values, set out in the code of conduct;
- Reflect the status of the Company as an independent body established for a finite period and accountable to the Monitor, an independent body appointed by HM Treasury;
- Be cost effective and efficient to operate;
- Be flexible to enable BCR to react effectively to changes in the market;

- Comply with all relevant employment legislation, for example The Equality Act 2010 and The Agency Worker Regulations 2010; and
- Be well communicated and understood by all BCR employees.

❖ **Recruitment Policy**

BCR has a Recruitment Policy which contains sections on recruitment principles; personal planning; target salary range; initial candidate pool; conflicts of interest; assessment decision and offer; standard due diligence checks; rehiring; contractors and specialists; and onboarding.

The recruitment principles are:

- To attract talent into an organisation without an established employment brand and with the desire to maintain a suitably low public profile; and
- To keep people costs proportionate to the scale and objectives of the organisation and within budget.

❖ **Business Continuity Policy**

BCR has a Business Continuity Policy which contains sections on business continuity management; governance; capability; management; and maintenance.

❖ **Employee Handbook**

BCR has an Employee Handbook which contains sections on information technology and communications systems; safeguarding; stress; sickness absence; capability procedure; grievance procedure; social media; equal opportunities; time off for dependents; adverse weather and travel disruption; anti-harassment and bullying; whistleblowing; disciplinary procedure; adoption; maternity; paternity; shared parental leave and flexible working.