

GIFTS & HOSPITALITY POLICY & PROCEDURE

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1. Introduction

This document sets out the policy governing gifts and hospitality covering all Ardonagh Specialty staff, when dealing with; clients, prospective clients, underwriters, suppliers and intermediaries. It also covers charitable donations and sponsorships.

Although the giving and accepting of gifts and hospitality is part of normal business practice for insurance brokers, it can lead to Ardonagh Specialty being vulnerable to accusations of impartiality, deceit or even unlawful conduct when gifts and hospitality are deemed to be excessive in value, given too often, or leaving the recipient in a position of obligation.

The purpose of this policy and procedure is to help employees make the right decisions when offering or receiving gifts or hospitality whilst employed by Ardonagh Specialty.

This document provides details of Ardonagh Specialty's regulatory and legal obligations and includes some guidance for Ardonagh Specialty staff. However, this document does not attempt to cover every situation employees of Ardonagh Specialty might be presented with so must be interpreted by applying common sense to the particular circumstances of each situation.

2. Policy Statement

It is the policy of Ardonagh Specialty to uphold all laws and regulations designed to oppose bribery and corruption in all jurisdictions in which we operate, including adherence to the Bribery Act 2010. Please refer to the Anti-Bribery Procedure for further information.

3. Responsibilities

All members of staff:

- Must only submit one expenses submission per month which must include itemised receipts as well as card receipts. Failure to provide these receipts may result in the reimbursement for gift and hospitality related expenses being declined.
- Are responsible for the declaration and surrender of any gifts or hospitality they receive or give in the course of their role at Ardonagh Specialty which are above the reportable thresholds listed within sections 6 and 7 of this policy.
- Must not offer, give, solicit or accept an inducement if it conflicts to a material extent with the duty Ardonagh Specialty owes to its clients. An inducement is a benefit offered to Ardonagh Specialty, or anyone acting for Ardonagh Specialty, with a view to adopting a particular course of action. This could include, but is not limited to, cash, cash equivalents, gifts, commission, goods, hospitality or training programmes. Members of staff must not offer, give, solicit or accept an inducement or direct or refer business to another person if it is likely to conflict to a material extent with any duty Ardonagh Specialty owes to its client.

- Must not be placed in a position where their objectivity or independence is at undue risk of being impaired or could reasonably be perceived as being at risk of being impaired.
- Must not act in a way that could cause, or could be reasonably perceived as causing, the objectivity of clients or other parties to be compromised or put at undue risk.

4. Considerations

Monetary Value

This policy and procedure uses monetary value as an objective benchmark alongside the principle of whether the proposed hospitality or gift could reasonably be perceived as causing objectivity to be compromised. Although monetary limits may be difficult to estimate, high profile or rarity value may lift a case into a category different to that implied by its monetary value.

How does it look?

Regardless of the monetary value, the question should be asked 'how comfortable would we feel if this became public knowledge' or 'how could this be portrayed by someone seeking to harm Ardonagh Specialty?'

You should ask yourself:

- What is the accepted norm in the market in which you operate?
- What is the purpose of the hospitality or gift?
- Is there an appropriate business justification for the hospitality or gift?
- Can the hospitality or gift offered or received be reciprocated?
- What obligations are being placed, explicitly or implicitly, actual or moral, on the recipient?
- Are there any legal, regulatory or client-imposed constraints?
- Would you be willing for the media to be made aware of the hospitality or gift?

It should be remembered that the conduct of all Ardonagh Specialty employees is expected to be within the boundaries of moral and ethical norms for professionals.

5. Unacceptable Practices

The following are deemed unacceptable practices and are subject to the company's disciplinary proceedings, which may result in dismissal:

- Entertaining where the total value is disguised in any way i.e. split over multiple expense forms.
- Excessive claims for alcohol only related entertaining.
- "Adult" entertainment or any sort of event involving nudity or lewd behaviour.
- Gambling of any kind (including casinos and bookmakers).
- Other than authorised charitable donations, any gift of cash or cash equivalent, (e.g. gift certificates, loans, stocks or items of redeemable value).
- Payment of expenses for shopping trips (e.g. offers to cover personal shopping expenses while travelling).

6. Gifts

Gifts such as calendars, pens etc with a nominal total value not exceeding £50 may be given to or accepted from a single source; e.g. an insurance company or a company with which Ardonagh Specialty has a commercial relationship with.

Members of staff and their immediate family are not permitted to offer gifts to or receive gifts from clients or business contacts of Ardonagh Specialty where the value exceeds £50 except in limited special circumstances and subject to the relevant approval listed in the below table.

The cost of a gift purchased for clients must be reasonable, proportionate and appropriate to the commercial relationship that the business has with the client.

Gifts can be defined as any tangible item i.e. flowers, a bottle of champagne etc. Any gifts offered or received should be treated as follows:

Gift Value – per item (given or received)	To be recorded on the G&H Register	Requires Segment Broking Leader approval	Requires CFO Approval
£0 - £49	No	No	No
£50 - £99	Yes	Yes	No
£100 or above	Yes	Yes	Yes

Receiving or giving money (or equivalent, such as vouchers) is prohibited due to the external perception which might be created.

7. Hospitality

Hospitality can be defined as various forms of entertainment including but not limited to business lunches, outings to sporting events, dinners, theatre visits, ski trips etc. and **includes annual firm-organised corporate events** (i.e. golf days, horse racing, shooting days etc.).

Any hospitality offered or received should be treated as follows:

Hospitality Value – per head (given or received)	To be recorded on the G&H Register	Requires Segment Broking Leader approval	Requires CFO Approval
£0 - £124	No	No	No
£125 - £249	Yes	Yes	No
£250 or above	Yes	Yes	Yes

If you are unsure of the estimated value of the hospitality, please record it on the gifts and hospitality form and provide an estimate together with relevant commentary.

8. Charitable Donations & Sponsorship

Charitable donations and sponsorship include, but is not limited to, the following examples:

- Ardonagh Specialty (as a company) making a contribution to an employee's chosen charity;
- Ardonagh Specialty sponsorship at a charity event; and
- Contributions to a charitable event/charity of a third party.

Charitable donations and sponsorships must only be made to registered charities.

In each case a charitable donations authorisation form (Appendix 2) must be completed by the employee requesting the contribution. The charity must be sanctioned and screened by the employee and confirmation of the result attached to the authorisation form, which must be approved by the Ardonagh Specialty firm CEO and Specialty CFO. The approved form must then be given to Compliance who will maintain a record and add the information to the charitable donations register.

Ardonagh Specialty does not make donations to political parties or in support of political causes and will not pay and therefore not reimburse any such charitable donations or make any contribution to an individual.

9. Prizes

A prize received following a prize draw or competition where entry was free and open to a reasonable number of participants meets all legal requirements and does not require approval or recording in the gift register.

10. Approval Procedures

All gifts and hospitality must be approved by the relevant person where required by this policy and procedure as set out in the tables in sections 6 and 7 **before the gift/hospitality is received or offered**. A pre-approval Gifts and Hospitality Submission Form is provided in Appendix 1 of this policy and procedure. If pre-approval is not possible, the details must be brought to the attention of the relevant approving parties within 21 days.

You must provide the following details to Compliance by completing the pre-approval gifts and hospitality submission form:

- Names of gift/hospitality recipients, job titles and company they work for
- Names of gift/hospitality providers, job titles and company they work for
- Date the gift/hospitality will be received/offered
- Description of and reason for the gift/hospitality including business rationale
- Approximate value of the gift/hospitality
- Departmental Head's approval (an email will suffice)

Compliance will record the information provided on the submission form and update the gifts and hospitality register accordingly.

NB: All gifts/hospitality provided must still be recorded on the expense claims form.

11. Factors to be considered as part of the Approval Process

Approving parties should consider the matters set out below and any other relevant facts:

- a) Who is giving or receiving the gift or hospitality? Is their status commensurate with the nature of the gift or hospitality? For example, what may be considered suitable for a CFO may not be considered acceptable for a less senior member of staff.
- b) Is the type of organisation (e.g. public sector) material to the decision?
- c) Is the gift or hospitality recurring?
- d) What is the market value of the gift or hospitality and how is this estimated? Notwithstanding the market value, does it have a rarity value?

12. Monitoring

For gifts and hospitality offered by Ardonagh Specialty employees, the 'first line' of monitoring will take place at the expenses 'sign off' stage. Managers signing off a staff member's expenses are required to check that all expenditure is legitimate prior to approving.

When processing expense claims, Finance will consider any large and/or regular items of expenditure on gifts and hospitality and will refer any items of concern to Compliance. If deemed necessary after their review, Compliance will escalate to the CFO and/or firm CEO.

Each month, Finance will produce three reports that will be made available only to Compliance:

- Year to date spending on gifts and hospitality;
- Previous year and current year to date individual expenses per staff member; and
- Monthly expense totals by staff member – the report will have the facility to itemise expenses for each staff member.

Compliance will review these reports and provide challenge where necessary as part of 'second line' monitoring, as well as conduct spot checks of the expenditure of 10% of Ardonagh Specialty staff. Spot checks will cover a variety of expenditure amounts. Any issues arising will be escalated to the Specialty CFO and/or firm CEO.

Where instances of misuse are discovered the employee and manager involved in the authorisation may be subject to disciplinary action and/or dismissal. Adherence to this policy will be regularly reviewed and monitored by Compliance using the gifts & hospitality and charitable donations registers and expenses data.

13. Management Information

Compliance will report monitoring results as well as any breaches of this policy and procedure to the Ardonagh Specialty Executive Committee and the Ardonagh Specialty Risk & Compliance Committee.

14. Other related documents

This document should be read in conjunction with:

- Travel and Expenses Policy & Procedure
- Anti-Bribery & Corruption Procedure
- Financial Crime Policy
- Conflicts of Interest Policy & Procedure

Appendix 1

Gifts and Hospitality submission form

Name of gift/hospitality recipient/provider:	
Recipient job title and company:	
Provider job title and company:	
Date the gift/hospitality will be received/given:	
Description of and reason for the gift/hospitality	
Approximate value of the gift/hospitality:	
Territory business relates to:	

This form must be signed off by the relevant Segment Broking Leader and provided to Compliance for recording purposes where the value is between £50 - £99 for gifts (per item) and £125 - £249 for Hospitality (per head).

Signed _____

Date _____

(Segment Broking Leader)

Additional sign off by the CFO is required where the value is £100 or above for gifts (per item) and £250 or above for hospitality (per head).

Signed _____

Date _____

(Specialty CFO)

Appendix 2

Charitable Donations Authorisation form

Ardonagh Specialty Employee Requesting Donation:	
Ardonagh Specialty Department:	
Name of recipient organisation:	
Registered Address of recipient:	
Ardonagh Specialty Relationship with recipient:	<i>(explain why you wish for Ardonagh Specialty to make the donation)</i>
Is there any Government involvement/links within the recipient? (Yes/No)	<i>If "Yes" please provide details:</i>
Has recipient been sanctioned screened? (Yes/No) <i>(attach evidence of result)</i>	<i>If "No" please provide details:</i>
Name of contact at recipient:	
Charity Registration Number:	
Charitable Objectives (what areas does the charity support?):	
Description of Donation (i.e. cash, gifts, etc):	
Value of Donation (in GBP):	
Charity Bank Account Details:	<i>(Where possible attach copy of Charity bank details on headed paper signed by an officer of the charity)</i> Account Name: Bank: Address:

	Currency:	
	Swift Code:	Sort Code/ABA No:
	IBAN No:	
	Account No:	

This form must be signed off by the Ardonagh Specialty firm CEO* and Specialty CFO. A copy of this form must be provided to Compliance for recording purposes.

**In the case that the donation, contribution or payment is being made by the Ardonagh Specialty CEO, sign off is required by the Specialty CFO and the Specialty Risk & Compliance Director.*

Signed _____ Date _____

(Ardonagh Specialty firm CEO/or Ardonagh Specialty Risk & Compliance Director)

Signed _____ Date _____

(Specialty CFO)