

## UK Financial Investments Ltd

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1 Horse Guards Road London SW1A 2HQ

# COMPLIANCE PROCEDURES GUIDE

The guide describes the key procedures and tools used in day to day compliance. It also contains useful references and contact details to support compliance operations.

## Contents

<b><i>Governance and Reporting</i></b> .....	<b>5</b>
<b>1. UKFI Compliance Operating Framework (COF)</b> .....	<b>5</b>
Introduction .....	5
Objective .....	5
Process .....	5
Reporting.....	5
<b>2. Committees</b> .....	<b>7</b>
<b>3. Compliance One - to - Ones</b> .....	<b>8</b>
<b>4. Risk controls</b> .....	<b>9</b>
<b>5. Procedures and segregation of functions</b> .....	<b>10</b>
<b>6. Breaches</b> .....	<b>10</b>
Investigating Procedure.....	10
<b>7. Business continuity</b> .....	<b>11</b>
<b>8. Outsourcing</b> .....	<b>11</b>
<b>9. Compliance Monitoring</b> .....	<b>11</b>
Process .....	12
<b>10. Conflicts of Interest</b> .....	<b>13</b>
Process for setting up Chinese Walls .....	13
<b>11. Personal transactions and relationships</b> .....	<b>14</b>
Personal relationships.....	14
Personal Account Dealing.....	14
<b>12. Inducements including gifts and hospitality</b> .....	<b>16</b>
<b>13. Training and competency</b> .....	<b>18</b>
[New Joiner Compliance Process and Checklist – to be done] .....	18
<b>14. Insider dealing and market abuse</b> .....	<b>19</b>
<b>15. Money Laundering</b> .....	<b>20</b>
<b>16. Fraud prevention</b> .....	<b>21</b>
Investigating Procedure.....	21
<b>17. Whistleblowing</b> .....	<b>22</b>
Detailed procedures.....	22
Timescales.....	22
Investigating Procedure.....	23
<b>18. Data Privacy Act and Subject Access Requests</b> .....	<b>24</b>
<b>19. Freedom of Information Requests</b> .....	<b>25</b>
<b><i>Acronyms</i></b> .....	<b>26</b>

## Document Control

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# Introduction

Welcome to the UKFI Compliance Procedures Guide. The purpose of this document is to assist UKFI Compliance staff with the day to day operation of the Compliance function. It serves as a guide to tasks, projects and repositories, and a step to step process guide for key compliance activities.

As a “live” document, the Compliance Manual will inevitably require monitoring and updating. This will be a designated responsibility for a UKFI Compliance staff, however, all Policy and Operations staff should take it upon themselves to identify and notify the relevant individual when they come across something that is incorrect or out of date.

As UKFI Compliance matures as a function, there will inevitably be additional compliance activities and tasks that need to be added to this manual. Please ensure that you have the most up to date version before you go ahead with a new task.

## Governance and Reporting

### 1. UKFI Compliance Operating Framework (COF)

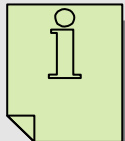
#### Introduction

The Compliance Objectives and Policies are set out in the Compliance Manual. This document was agreed by the UKFI Board and sets out the compliance policies and controls adopted by UKFI.

#### Objective

The objectives of the compliance function are to:

1. provide the Board with assurance that the policies and controls are operating effectively;
2. provide advice and support to staff in dealing with compliance issues; and,
3. monitor the compliance risks and external environment to keep the control framework up to date with the risks faced by UKFI.

	I N F O R M A T I O N	L I N K
	Compliance Manual	..\Compliance Manual

#### Process

There are a number of processes that require oversight by Compliance, the mechanism for achieving this oversight are described in this manual. As the role of UKFI matures it may well develop new activities which will have new or evolving compliance risks. The Compliance Officer should make sure that he has a detailed understanding of the UKFI business plan and strategy so that the Board can be effectively advised on compliance risks.

#### Reporting

The Compliance Officer should prepare an annual report for the Board on the effectiveness of the Compliance Arrangements. The report will form part of the Board's assessment of the effectiveness of the Internal Controls and Systems for the Annual Report. The report should focus on:

1. management of the key compliance risks
2. material breaches of policies or procedures
3. emerging risks
4. general assessment of compliance with all policies and procedures
5. adherence to compliance monitoring plan

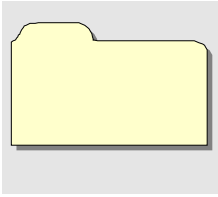
In addition Compliance should prepare a summary report for each meeting of the Audit committee that summarises;

1. adherence to the monitoring plan
2. significant breaches or issues arising
3. key activities for the following period, including seeking agreement to material changes to the forward monitoring plan

In the event of a breach of policy or procedure Compliance should prepare a short incident report that assesses the materiality of the breach, the actual or potential impact, any weaknesses in internal controls or procedures and recommendations for actions.

DATA STORAGE

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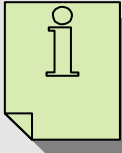
The information collated by Compliance for the report, and the draft and final reports contain confidential and business sensitive information. The individual that is responsible for the preparation of this report should set up a subfolder to store all information flows for each report. A hard copy of the final report should be filed in the “Compliance Report” folder, located in the secure filing cabinet.

There will be circumstances when personnel information may be present in this reporting process e.g. if an individual (client or staff member) is under investigation, or if in relation to a particular complaint. When this situation arises, we need to ensure that Data Protection requirements are adhered to (see Compliance manual).

## 2. Committees

Committees are an essential mechanism for communication and reporting issues and progress to the Board. Compliance will inevitably be involved in various committees, often being required to chair or secretariat the meetings. The generic responsibilities of the chairperson and Secretariat are detailed below.

Chairperson	<ul style="list-style-type: none"> <li>• Appoint committee members</li> <li>• Adopt the terms of reference at the first committee meeting and approve any subsequent changes</li> <li>• Ensure that the committee meets and conducts its business in accordance with the committee's terms of reference</li> <li>• Chair discussions, encourage debate and draw out views of committee members</li> <li>• Ensure that any material concerns that are not being adequately addressed are escalated</li> <li>• Review the effectiveness of the committee's execution of its responsibilities and the TOR on an annual basis.</li> <li>• Deputise responsibilities to an alternate Chair if absent.</li> </ul>
Secretariat	<ul style="list-style-type: none"> <li>• Construct and agree the agenda with the Chairperson</li> <li>• Provide guidance to presenters on the format and content of papers</li> <li>• Circulate papers 48 hours in advance of the meeting to committee members, deputies and other attendees</li> <li>• Take and circulate the minutes and actions to committee members, deputies and other attendees, as well as individuals tasked to complete actions arising</li> <li>• Maintain the actions log and monitor completion of actions</li> <li>• Maintain and update the committees' records e.g. TOR, membership, ensuring changes are communicated to interested parties and relevant records are amended</li> </ul>

I N F O R M A T I O N	L I N K
 <p>See link opposite for the terms of reference of the main committees</p>	<p>..\terms of reference\Draft Board Governance manual v1.0.doc</p>

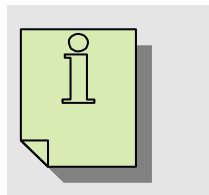
### 3. Compliance One - to - Ones

The quarterly One-2-One meetings held between the Heads of Functions and Compliance are an essential part of the overall monitoring plan. The functional areas are:

- Market Investments (MktInv)
- Wholly Owned Investments (WOI)
- Policy and Operations (P&O)
- HM Treasury
  - Finance
  - HR
  - IA
  - IT

Compliance is responsible for setting up quarterly meetings with representative of the functional area.

Each meeting should be scheduled for between 30 and 60 minutes. Where it is not possible for the individuals to meet face to face, a conference call should be arranged. Additional meetings can be requested by either party.



INFORMATION

LINK

See link opposite for a contacts list of the Heads of Functional areas / senior managers within UKFI Centre.

The purpose of the meetings is to allow UKFI Compliance to be kept informed and up to date with all issues arising within a particular function. The agenda should reflect what is occurring within that particular function for that quarter. However, as a minimum standard it should include the following:

- A review of action items from the previous meeting
- A review of the current status of the regulatory and financial crime risks
- A discussion of current issues impacting the function
- Process breaches
- AOB

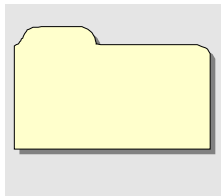
Other than action points, there is no formal requirement for minutes to be taken or distributed. The minimum requirement is that these meetings should take place quarterly. However close and continuous communication should be encouraged so that any issues arising of significance are escalated to UKFI Compliance immediately. Should such matters arise it will be necessary to schedule further meetings until the issues are resolved.

#### 4. Risk controls

The Compliance Function will maintain the UKFI Risk Log and, with the CEO, arrange for the periodic review of risks and the controls. The risk log should be reviewed annually by the Board.

The risks within UKFI are tracked and monitored using the Risk Framework (RF). Each risk has a Risk Owner (RO). UKFI Compliance is RO for the Regulatory and Financial Crime risks across UKFI. In this role, we perform a quarterly attestation that the risks to UKFI operations are adequately managed and controlled. This report is submitted to the Audit Committee.

UKFI Compliance requires that the business units report on their risks on a [quarterly] basis at the one to one meetings. The information is used to highlight where there are potential issues for discussion with the Board.



#### DATA STORAGE

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The UKFI Risk Log is stored in the following location:

..\risk mgt\UKFI Risk Log - draft v0.1 14 Nov 08 v2.0.xls

Guidance on Risk Management Procedures is contained in the Orange Book  
..\risk mgt\orange book.pdf

## 5. Procedures and segregation of functions

UKFI is a small company and as such functional duties and responsibilities will be shared amongst a small group of the management team. Head of Policy and Operations holds the current structure chart.

[All members of staff should have a thorough understanding of their roles and responsibilities which are set out in their job descriptions/role profiles. These are held by HR].

The Accounting/Finance manual contains processes and controls to ensure that no one person can:

1. initiate a transaction;
2. bind the company;
3. make payments; and
4. account for it.

These processes and controls should be included within the Compliance and Audit monitoring plan and be reviewed in accordance with the inherent risk they represent.

## 6. Breaches

It is likely that Breaches will come to light from a variety of sources including breach reports in accordance with Compliance Policy, monitoring, audit or in the general course of events. In all cases the breach must be investigated so that the root causes of the breach are understood and remedial or corrective action can be put in place.

All breaches must be recorded in the Breach Log and depending on the materiality of the incidents should be reported to the management team in line with the following guidelines. Material or significant breaches, including fraud or false accounting, leakage of Commercial Sensitive information to another investee company, Market Abuse rules, Money Laundering, or incidents with a high reputational risk, should be reported to the CEO and the Head of Policy and Operations at the first opportunity, you should not wait for an initial investigation to be completed in these cases. In less serious cases the Head of Policy and Operations should be informed of the breach and in initial investigation completed to assess the potential size and impact.

The CEO will decide whether the Audit Committee of Board should be informed of the breach, taking advice from the Head of Policy and Operations.

The Breaches Log will form part of the annual compliance report to the Audit Committee.

### Investigating Procedure

The investigating officer should follow these steps:

- Full details and clarifications of the incident should be obtained.
- With the exception of potential criminal investigations the investigating officer should inform the member of staff against whom the complaint is made as soon as is practically possible. The member of staff will be informed of their right to be accompanied by a trade union or other representative at any future interview or hearing held under the provision of these procedures.
- The investigating officer in consultation with the CEO should consider the involvement of the Company auditors and the Police at this stage and should consult with the Chairman / Chief Executive

- The allegations should be fully investigated by the investigating officer with the assistance where appropriate, of other individuals / bodies.
- A judgement concerning the incident and recommended courses of action will be made by the investigating officer. This judgement will be detailed in a written report containing the findings of the investigations and reasons for the judgement. The report will be passed to the Chief Executive or Chairman as appropriate.

The Chief Executive / Chairman will decide what action to take. If appropriate, they will invoke the disciplinary or other appropriate procedures.

If appropriate, the CEO or Chairman may pass a copy of the report to the Company Auditors to enable a review of the procedures.

## 7. Business continuity

<http://www.thebci.org/gpgdownloadpage.htm>

Business Continuity Management is the responsibility of the Acting Head of Operations. A Business Continuity Plan will be put in place and will be periodically tested. Compliance's role is to ensure that the BCP meets the requirements of the Security Framework Policy and other adopted requirements.

## 8. Outsourcing

The Accounting/Finance manual contains processes and controls to ensure UKFI complies with Government Procurement Policies and that appropriate controls are put in place to manage outsourced arrangements. Compliance should ensure that as part of the procurement process and in the ongoing management arrangements appropriate contractual terms are in place to allow UKFI to effectively implement the Board's Compliance Policies where these apply to the role the Outsource provider is performing. For instance, the Provider must be subject to our Information Management Policies including the Freedom of Information requirements. There is no proscriptive list and each case must be considered in turn however a chapter by chapter review of the Compliance Manual is probably the most effective mechanism to use in assessing the requirements.

If Compliance has any concerns about the ability of an Outsource Provider to comply with the appropriately assigned Compliance Policies, the issue should be raised with the Head of Policy and Operations, also informing the person responsible for the outsourcing.

Where outsourcing has taken place the processes and controls should be included within the Compliance and Audit monitoring plan and be reviewed in accordance with the inherent risk they represent.

## 9. Compliance Monitoring

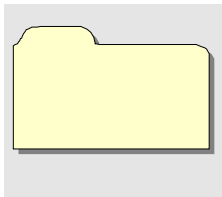
It is a requirement of good governance and for the effective management of risks that a Compliance and Internal Controls Monitoring plan is put in place and followed. The review of internal systems and controls is owned by the Audit Committee. The Compliance Officer must prepare an annual plan for the Audit Committee and adequately follow and report on the implementation of that plan in the annual compliance report to the Board and to the Audit committee.

In constructing the plan the following factors should be taken into consideration:

- The inherent risks faced by UKFI
- The materiality and impact of individual risks

- The effectiveness of the controls in place
- An assessment of the robustness of the controls in place including any management self-assessment on the controls robustness and effectiveness
- How long the controls have been in place
- Breaches of policy and controls
- Previous audits of the controls and audit findings or the outcomes of previous monitoring
- Requirements of the Board, Audit Committee, or Executive

## Process



### DATA STORAGE

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The UKFI Monitoring Plan is stored in the following location:

..\risk mgt\UKFI Risk Log - draft v0.1 14 Nov 08 v2.0.xls

Guidance on Internal Audit Procedure:

[http://www.hm-treasury.gov.uk/psr\\_governance\\_gia\\_guidance.htm](http://www.hm-treasury.gov.uk/psr_governance_gia_guidance.htm)

The Monitoring and Audit plan has the following characteristics:

- The plan is owned by the Audit Committee
- The compliance Officer has responsibility for delivering the plan
- It is risk based
- It takes into account the size and complexity of UKFI's business
- The Audit Committee will agree changes and amendments to the plan.

The types of monitoring or audit carried out may include;

- Systematic audit : A "full" audit in which every aspect and stage of the audited subject is considered. It includes review of both the design and operation of controls
- Compliance audits : Where there is pre-existing confidence that controls are well designed, but effective operation of the controls is a material issue, audits which test only for effective operation of controls can be appropriate
- Key control testing : A variation on compliance audits, but clearly focussed on a small number of material or key controls
- Quality Assurance Review : Reviewing the approach and competency of other reviewers rather than reviewing risks and controls. Designed to form an opinion of the reliance which can be placed on the work of others
- Risk Self-Assessment (see Risk Management) : A technique in which the people who run a system or process review their own risks and controls, usually with a facilitator who ensures a structured approach. Facilitating RSA workshops serves both as an assurance technique and a consultancy technique for internal audit



Contacts in Internal Audit:



## 10. Conflicts of Interest

Compliance must maintain the Conflicts of Interest log and ensure that all members of staff are aware of:

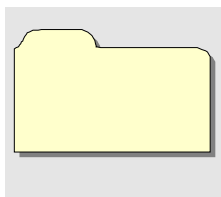
- What a conflict of interest is
- How to identify potential conflicts of interest, and
- What to do if a conflict, or potential conflict, arises.
- 

Detailed processes and procedures are set out in the Compliance Policy Manual

The Conflicts Log should be reviewed regularly, at least annually, with the CEO and Senior Management Team. The Conflicts Log should also be reviewed by the Board on request.

Any breaches of conflicts of interest policy should be investigated in accordance with the Breach Investigations process.

The Board will maintain its own Conflict Log to record any potential conflicts arising from individual Board member's associations (see section 11).



### DATA STORAGE

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The Conflict of Interest Log is stored in the following location:

Compliance logs.xls

## Process for setting up Chinese Walls

'Chinese Walls' may be required during periods when sensitive transactions are being planned or underway. It is impractical to establish a physical Chinese Wall between individual employees or teams within the UKFI premises however system solutions can be implemented in liaison with the IS Service Provider and staff can be briefed on restrictions and precautions to be taken in the handling of information and documents. The Head of Market Investments will have the responsibility for establishing the control environment required for transactions. These may include some or all of the following:

- Segregation of IT folders and firewalls
- Password protected access to documentation and folders
- Active monitoring of attempts to access documents
- Physical security of documents and access controls
- Briefing of staff on responsibilities
- Re-location of transaction staff to another building (eg – the advisor's or broker's location)
- Suppression of emails and email availability
- Such controls as a relevant to the transaction.

## 11. Personal transactions and relationships

### Personal relationships

Compliance must maintain the Personal Relationships log and ensure that all members of staff are aware of:

- How to recognise relationships that may cause a potential conflict of interest
- Their duty to record personal relationships.

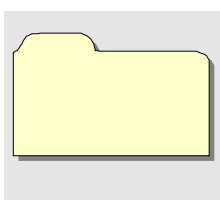
Detailed processes and procedures are set out in the Compliance Policy Manual. Completion of the log should be included in the employee induction programme and the annual review of compliance policies by each member of staff.

The Personal Relationship Log should be reviewed regularly, at least annually, by the CEO. All newly recorded relationships on the Log should be reported to the Head of Policy and Operations who will decide whether or not to inform the CEO.

Any breaches of policy should be investigated in accordance with the Breach Investigations process.

The Board will maintain its own Conflict Log to record any potential conflicts arising from individual Board member's associations.

### Personal Account Dealing



#### DATA STORAGE

The Personal Relationships Log and PA Dealing Log is stored in the following location:

Compliance logs.xls

<http://fsahandbook.info/FSA/html/handbook/Glossary/D>

All staff should be aware of their responsibilities in respect of Personal Account Dealing as set out in the Compliance Manual. Before selling or buying any designated investment in a financial services company the member of staff should complete the PA Dealing form which will be reviewed and signed by compliance. Designated investment is as defined in the Regulated Activities Order which can be seen in the FSA's Handbook Glossary. Financial Services Sector is intended to be a wide definition, aiming at all firms that are, or would be if they were located in the UK, regulated by the FSA (deposit takers, insurers, financial advisors, brokers etc).

Upon receipt of a dealing request form the compliance officer should:

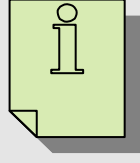
1. Review the form to ensure it is complete and seek any clarification or further information from the submitter
2. If the request is in respect of an investee company refuse the request and explain the reasoning to the submitter, referring them to the Compliance Manual
3. Discuss the request with the Head of Market Investments to ensure that no imminent transactions or UKFI activity will prevent the request being approved.
4. Respond to the submitter with an explanation of the reason
5. Record the outcome on the PA dealing log.

6. If the request has come from a Non-Executive Member of the Board discuss the response with the CEO before informing the submitter.

## 12. Inducements including gifts and hospitality

All queries in relation to gifts and hospitality from third parties offered to UKFI staff should be referred to UKFI Compliance. The gifts and hospitality policy can be found in the UKFI Compliance Policies Manual.

Upon receipt of an enquiry, the details should be logged on the gifts and hospitality log, ensuring that the key details are captured in the log. This document can be found, and should be updated and saved in the location shown below:

	I N F O R M A T I O N	L I N K
	<p>See link opposite for the Gifts and Hospitality register</p>	<p><a href="#">link</a></p>

If the request was received by email, UKFI Compliance should respond by referring to the Group Gifts and Hospitality policy and that the Requestor must complete Annex 2 – Gift and Hospitality Approval form. Each query should be responded to on an individual basis; however the following generic wording might be useful.

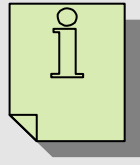


As you are aware there is a Group Gifts & Hospitality Policy which all employees must adhere to. I have attached a copy of the policy for your reference.

If you could please assist me by completing Annex 2 of the document, UKFI Compliance can then process the request based on all the available information.

Of note would be the relationship between UKFI and the supplier and any potential or current conflict of interest or perception there in.

The requestor should fill out the Gifts and Hospitality Approval form to ensure that all the core information is captured.

	I N F O R M A T I O N	L I N K
	<p>See link opposite for the Gifts and Hospitality Approval form</p>	<p><a href="#">link</a></p>

Upon receipt of the Approval form it will be necessary to review the information provided, identifying anything that needs to be clarified or which requires additional information. It may also be necessary to contact other areas of UKFI e.g. another department that deals with a particular supplier, or to conduct research into the event that the individual has been invited to. Once all the relevant information has been established an assessment should be conducted. It is important that you refer to the gifts and hospitality register for precedents. The final decision should be documented in an email to the individual that referred the query, providing details of how and why the decision has been made. See below for an example email where a gift or hospitality has not been approved.



Following a review of the available information on the gift/hospitality you have been offered from X supplier, I have concluded that it would be inappropriate to accept this.

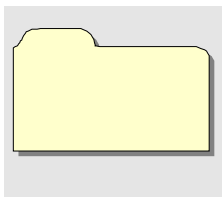
The reasoning for this decision is based on a number of factors:

- the value of the gift;
- that it is from an existing vendor;
- the gift is for travel, accommodation and tickets in an international location; and
- the ongoing relationship with the vendor who has the only approved product within UKFI.

I understand you may be disappointed by this decision and the opportunity you have to give up. However, I am sure you will understand that the Gifts and Hospitality Policy must be applied to protect our staff and UKFI.

Please let me know if you have any questions.

Depending on the seniority of the individual that has been offered the gift or hospitality, it may be necessary for the email to be sent by the Head of Operations and Policy.



#### DATA STORAGE

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All emails in relation to each Gifts and Hospitality query should be saved under the relevant Gifts and Hospitality register number in the Compliance folder.

Any relevant hard copies of documents should be filed in the "Gifts and Hospitality" file under the relevant G&E log number.

### 13. Training and competency

**[New Joiner Compliance Process and Checklist – to be done]**

Given the size and nature of UKFI’s activities the primary consideration for an individual’s training requirements for their role will lie with line managers. However we are required by law and by our policies to ensure that members of staff undertake certain periodic training. Where appropriate these courses will be provided through the HMT training facility or the UKFI Training Provider ( [REDACTED] ).

The following training has been identified:

Subject	Provider	Frequency
Health and Safety	[REDACTED]	Annual
Protecting Our Information	[REDACTED]	Annual
Market Abuse	[REDACTED]	Annual
Understanding procedures	UKFI Compliance	On joining



Current contact list (Dec 2008):

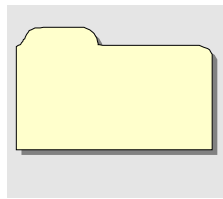
- People, Personal conduct, Individual responsibilities - [REDACTED]
- Health and Safety, [REDACTED]
- Protecting our Information, [REDACTED]
- DPA/FOI: [REDACTED] Head of Information Rights Unit.

[REDACTED]

UKFI Compliance is responsible for monitoring the completion of mandatory training requirements and the successful completion of training.

On joining all UKFI employees must read the Compliance Manual and complete Confirmation Log to indicate that they have read and understood the Compliance Procedures. Compliance

will hold the log. Compliance should arrange any explanatory or further training that employees require to help them comply with the Manual.



DATA STORAGE

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Compliance Logs

## 14. Insider dealing and market abuse

Compliance must ensure that all members of staff are aware of the Market Abuse Rules and that they comply with the Insider dealing and Market Abuse policy. The reputational damage to UKFI from any breaches of the policy will be great and individuals may face criminal prosecution. Annual compliance training must be given to employees to ensure that they are aware of their obligations.

Detailed processes and procedures are set out in the Compliance Policy Manual

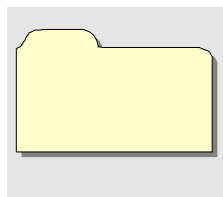
The Conflicts Log should be reviewed regularly, at least annually, with the CEO and Senior Management Team. The Conflicts Log should also be reviewed by the Board on request.

Any breaches of conflicts of interest policy should be investigated in accordance with the Breach Investigations process.

The Board will maintain its own Conflict Log to record any potential conflicts arising from individual Board member's associations (see section 11).

Any actual or potential breach of Market Abuse or Insider information requirements must be reported to the CEO at the first opportunity, before the initial investigation. If the incident is serious enough on its own ground or the initial investigation merits it other stakeholders including the supplier of and the subject of the insider information should be informed of the incident. The subject of the information may have a duty to report the incident to the Regulated Investment Exchange on which it is listed.

The Board will decide whether or not to refer any market abuse or insider dealing to the Police or regulator authorities.



DATA STORAGE

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The Conflict of Interest Log is stored in the following location:

Compliance logs.xls

## 15. Money Laundering

Under the current arrangements it is highly improbable that UKFI will be used for Money Laundering purposes as we have no external client relationships and will not be dealing directly with the Market. However staff should be kept aware of AML procedures including their obligations under the law and how to identify a suspicious transaction and what to do if they do.

If a suspicious activity is reported the Compliance Officer should seek external advice on handling the investigation and on reporting the incident to SOCA.

## 16. Fraud prevention

Any Fraud or theft needs to be reported IMMEDIATELY to the Financial Controller and CEO. They will determine whether or not to inform the Police or the Auditors.

The issue should be recorded in the Breaches Log which should then be updated to record subsequent investigation or action

### FRAUD DO's & DON'T's

- If you are suspicious or have concerns DO tell someone – confidentiality will be respected as far as possible and the 'whistleblowers' policy will apply
- DO NOT confront the individual with your suspicions.
- DO NOT discuss the matter with anyone you think could be involved.
- DO keep or copy any documents that arouses suspicions.
- DO NOT contact the police – notify the Financial Controller or CEO, who will take responsibility for notifying the appropriate authorities.

### Investigating Procedure

The investigating officer should follow these steps:

- Full details and clarifications of the incident should be obtained.
- The investigating officer should NOT inform the member of staff under investigation without consulting the CEO.
- The investigating officer in consultation with the CEO should consider the involvement of the Company auditors and the Police at this stage and should consult with the Chairman / Chief Executive
- The allegations should be fully investigated by the investigating officer with the assistance where appropriate, of other individuals / bodies.
- A judgement concerning the incident and recommended courses of action will be made by the investigating officer. This judgement will be detailed in a written report containing the findings of the investigations and reasons for the judgement. The report will be passed to the Chief Executive or Chairman as appropriate.

The Chief Executive / Chairman will decide what action to take. If appropriate, they will invoke the disciplinary or other appropriate procedures.

If appropriate, the CEO or Chairman may pass a copy of the report to the Company Auditors to enable a review of the procedures.

## 17. Whistleblowing

The Raising Concerns policy (“whistleblowing”) requires UKFI to have arrangements for receiving and investigating whistleblower reports. With extraordinary exceptions, Compliance is responsible for investigating reported incidents and for deciding who the most appropriate person to assist them is. It may for example be appropriate to involve HR in allegations of staff grievance or welfare. UKFI Compliance will agree with the Chairman the types of concerns raised that should be immediately escalated to UKFI Compliance prior to investigation.

It is envisaged that all concerns raised that relate to ‘Questionable Accounting Practices or other Financial Impropriety’ or are in respect of a member of the the Senior Management team would be investigated immediately.

UKFI Compliance reports will include a summary of current whistleblowing reports and status of significant whistleblowing reports (subject to confidentiality requirements).

Training and communication of the UKFI whistleblowing reporting process will be developed by UKFI Compliance. This will ensure that all UKFI staff are aware of their options under the arrangements.

### Detailed procedures

#### Procedures for Making a Disclosure

On receipt of a complaint of malpractice, the member of staff who receives and takes note of the complaint, must pass this information as soon as is reasonably possible, to the appropriate designated investigating officer as follows:

- Complaints of malpractice will be investigated by compliance unless the complaint is against a Director or is in any way related to the actions of compliance. In such cases, the complaint should be passed to the Chief Executive for referral.
- In the case of a complaint, which is any way connected with but not against the compliance, the Chief Executive will nominate a Senior Manager to act as the alternative investigating officer.
- Complaints against the Chief Executive should be passed to the Chairman who will nominate an appropriate investigating officer.

The complainant has the right to bypass the line management structure and take their complaint direct to the Chairman. The Chairman has the right to refer the complaint back to management if he/she feels that the management without any conflict of interest can more appropriately investigate the complaint.

If there is evidence of criminal activity then the investigating officer should inform the police. The Company will ensure that any internal investigation does not hinder a formal police investigation.

### Timescales

Due to the varied nature of these sorts of complaints, which may involve internal investigators and / or the police, it is not possible to lay down precise timescales for such investigations. The investigating officer should ensure that the investigations are undertaken as quickly as possible without affecting the quality and depth of those investigations. The investigating officer, should as soon as practically possible, send a written acknowledgement of the concern to the complainant and thereafter report back to them in writing the outcome of the investigation and on the action that is proposed. If the investigation is a prolonged one, the investigating officer should keep the complainant informed, in writing, as to the progress of the investigation and as to when it is likely to be concluded. All responses to the complainant should be in writing and sent to their home address.

### Investigating Procedure

The investigating officer should follow these steps:

- Full details and clarifications of the complaint should be obtained.
- The investigating officer should inform the member of staff against whom the complaint is made as soon as is practically possible. The member of staff will be informed of their right to be accompanied by a trade union or other representative at any future interview or hearing held under the provision of these procedures.
- The investigating officer should consider the involvement of the Company auditors and the Police at this stage and should consult with the Chairman / Chief Executive
- The allegations should be fully investigated by the investigating officer with the assistance where appropriate, of other individuals / bodies.
- A judgement concerning the complaint and validity of the complaint will be made by the investigating officer. This judgement will be detailed in a written report containing the findings of the investigations and reasons for the judgement. The report will be passed to the Chief Executive or Chairman as appropriate.

The Chief Executive / Chairman will decide what action to take. If the complaint is shown to be justified, then they will invoke the disciplinary or other appropriate procedures.

The complainant should be kept informed of the progress of the investigations and, if appropriate, of the final outcome.

If appropriate, a copy of the outcomes will be passed to the Company Auditors to enable a review of the procedures.

If the complainant is not satisfied that their concern is being properly dealt with by the investigating officer, they have the right to raise it in confidence with the Chairman.

If the investigation finds the allegations unsubstantiated and all internal procedures have been exhausted, but the complainant is not satisfied with the outcome, the complainant is not satisfied with the outcome of the investigation, UKFI recognises the lawful rights of employees and ex-employees to make disclosures to prescribed persons (such as the Health and Safety Executive, the Audit Commission, or the regulators), or, where justified, elsewhere.

## 18. Data Privacy Act and Subject Access Requests

Our obligations under the Data Protection Act are;

- to notify the Information Commissioner we are processing information
- to process the personal data we hold in accordance with the eight Data Protection Principles laid down by the Data Protection Act. Additional requirements and restrictions apply to the processing of sensitive personal data (such as an individual's health records, ethnic origin, trade union membership or political opinions).
- to answer subject access requests received from individuals. (we may be able to charge a fee of up to £10 for doing this.)

It is anticipated that we will only hold personal data in respect of employees, potential employees and in certain circumstances information on the people we are nominating to join the Board, or current Board members, of investee companies. The Information Commissioners site holds Good Practice Guides in respect of handling data and responding to Subject Access Requests. If the data we hold changes such that we only hold data on employees and potential employees we will not have to register the data controller with the ICO; this can be tested using the following link;

<http://forms.informationcommissioner.gov.uk/notify/self/question1.html>

The following checklist should be reviewed annually and the outcome reported to the Board as part of the compliance report.

[http://www.ico.gov.uk/upload/documents/library/data\\_protection/practical\\_application/getting\\_it\\_right\\_-\\_how\\_to\\_comply\\_checklist.pdf](http://www.ico.gov.uk/upload/documents/library/data_protection/practical_application/getting_it_right_-_how_to_comply_checklist.pdf)

### Sources of information



- DPA Practice Notes:  
[http://www.ico.gov.uk/what\\_we\\_cover/data\\_protection/guidance/good\\_practice\\_notes.aspx](http://www.ico.gov.uk/what_we_cover/data_protection/guidance/good_practice_notes.aspx)
- Notify Data Controller:  
[http://www.ico.gov.uk/tools\\_and\\_resources/register\\_of\\_data\\_controllers.aspx](http://www.ico.gov.uk/tools_and_resources/register_of_data_controllers.aspx)
- FOI Specialist: [REDACTED]

## 19. Freedom of Information Requests

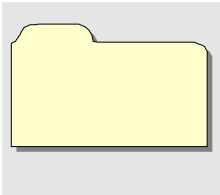
Requests under the FOI should be handled in accordance with the Secretary of State for Constitutional Affairs' Code of Practice on the discharge of public authorities' functions under Part I of the Freedom of Information Act 2000 (see link below).

Before responding to any FOI request the COO should review the request and the information to be provided to ensure that it does not breach the terms of any Non-Disclosure Agreement (NDA) in place with any Investee Company. If it does then the COO must act in accordance with the terms of the NDA before providing the information to the requestor.

Guidance to employees is provided in the Compliance Manual



- FOI Practice Notes: <http://www.justice.gov.uk/guidance/foi-step-by-step.htm>
- Exemptions: <http://www.foi.gov.uk/guidance/index.htm>
- FOI Specialist: [REDACTED]



### DATA STORAGE

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FoI and Subject Access Requests need careful control and effective recording of the outcomes. A folder has been established to store individual requests and correspondence. Each new request should be put into a new sub-folder within that drive. It is important to scan all associated letters and transfer any email correspondence and store it in the relevant folder.

Each request should be logged on the following log [[link](#)]

## Appendices

### Acronyms

COF - UKFI Compliance Operating Framework  
DRACA - Detailed Risk and Controls Assessment  
HoC - Head of Compliance  
HPO - Head of Policy and Operations  
HR - Human Resources  
MktInv - Market Investments Department  
RF - Risk Framework  
RO - Risk Owner  
SH - Staff Handbook (including the Code of Conduct)  
WOI - Wholly Owned Investments Department  
UKFI - United Kingdom Financial Investments Limited