



# RSL Group Policy

## **Corporate Social Responsibility ("CSR") Policy**

**Approved by Resolution Limited Board**

**14 October 2009**

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<b>CONTENTS</b>	<b>Page Number</b>
<b>1. POLICY SUMMARY</b> .....	<b>3</b>
<b>2. INTRODUCTION AND OVERVIEW</b> .....	<b>4</b>
2.1 Purpose and scope.....	4
2.2 Policy structure .....	4
2.3 Policy review and approval.....	4
2.4 Transition.....	4
<b>3. ROLES AND RESPONSIBILITIES</b> .....	<b>6</b>
3.1 Group Board.....	6
3.2 Resolution Operations LLP.....	6
3.3 Northern Trust International Fund Administration Services (Guernsey) Limited.....	6
3.4 Business Unit.....	6
<b>4. POLICY DESCRIPTION AND DETAILS</b> .....	<b>7</b>
4.1 CSR Management.....	7
4.2 Business Ethics.....	7
4.3 Human rights and diversity.....	7
4.4 Community.....	8
4.5 Environment.....	10
<b>5. SYSTEMS AND CONTROLS</b> .....	<b>11</b>
5.1 Board responsibilities.....	11
5.2 Embedded internal controls.....	11
5.3 Resolution Operations LLP.....	12
5.4 Internal Audit.....	12
5.5 Group Audit and Risk Committee.....	12
5.6 Business Unit.....	12
<b>6. INDUCTION AND AWARENESS TRAINING</b> .....	<b>13</b>
<b>7. CONTRACTS OF EMPLOYMENT</b> .....	<b>14</b>
<b>8. MANAGEMENT INFORMATION</b> .....	<b>15</b>
<b>9. ESCALATION OF POLICY EXCEPTIONS / BREACHES</b> .....	<b>16</b>
<b>APPENDIX 1 UN UNIVERSAL DECLARATION OF HUMAN RIGHTS</b> .....	<b>17</b>
<b>APPENDIX 2 CSR RISK AND CONTROL MANAGEMENT AND REPORTING FRAMEWORK</b> .....	<b>22</b>



## 1. POLICY SUMMARY

The Resolution Limited Group (“the Group”) is committed to comply with established industry “best practice” in corporate responsibility and governance in each relevant jurisdiction.

The CSR policy reflects the Board’s requirement for integrity and high ethical values across the Group, and is the ethical framework for the Group’s activities.

The CSR Policy sets a framework for the management of financial and reputational risks associated with CSR related matters.

For Resolution Limited (“ the Company”), CSR matters will be considered

- 1) In respect of ongoing management of the Company.
- 2) When the Board considers potential acquisitions recommended by ROL and covers:
  - ▶ Respect for human rights;
  - ▶ compliance with current environmental and social legislation and standards;  
and
  - ▶ compliance with industry standards and best practice in respect of governance and reporting.
- 3) Annually, as part of the corporate governance report to shareholders.

For the business units within the Group, CSR covers a broad spectrum of activities; the management of relations with employees, customers, suppliers and the community as well as the management of the business unit’s performance in respect of the environment, human rights and diversity, all underpinned by adherence to good business ethics.

The requirements of this Policy are expected to be applied consistently through the Group and within each entity by all the specified individuals in this Policy, as the Group expands.

The executive owner of this Policy is the Resolution Limited Board (“the Board”).

The Board has delegated the monitoring of the compliance with this Policy to Resolution Operations LLP (“ROL”). It is the responsibility each business unit to implement this Policy and to provide suitable assurance to ROL and the Company that it adhered to the standards required by this Policy.



## **2. INTRODUCTION AND OVERVIEW**

### **2.1 Purpose and scope**

This Policy:

- Defines the Board's high level Policy principles and standards for managing risks and opportunities relating to the conduct of CSR by the Group to support the achievement of the Group's objectives;
- Is approved by the Board;
- Applies to all Group and/or business/legal entity operations ("Business Units") within the Bailiwick of Guernsey;
- Applies to all Group and/or Business Units within the United Kingdom;
- Applies to all Group and/or Business Units in any other jurisdictions, unless local standards are more rigorous (in which case they will apply), or it would be illegal under local law to apply the standards set out in this Policy;
- Any exemptions required to this Policy should be justified with a supporting business case to the Policy owner; and
- Any exemptions granted to this Policy will be notified to the Board by ROL through the individual business unit.

For the avoidance of doubt Guernsey laws apply to this Policy and laws or regulations in the UK and other jurisdictions shall only apply if expressly stated or where the Group's business operations or subsidiaries are required by law to comply with such legislation or regulation.

For joint ventures and outsourcing arrangements with the Company, ROL, on behalf of the Board should satisfy itself, as far as reasonably practicable, that the systems and controls which are in place are appropriate to monitor and mitigate risk. Further, the Board expects equivalent standards from its suppliers and business partners.

This policy is applicable to the business units and provides them with the standards required to uphold the CSR policy. Further details of the business unit responsibilities are given in 3.4. It also directs nominated managers on the effective embedding, monitoring and reporting of progress on the programme.

This policy makes clear to all our stakeholders – our customers, employees, shareholders and investors, suppliers and business partners, non-governmental organisations third sector groups and the communities in which the Group operates - what our vision for CSR is and how we propose to work towards achieving it.

### **2.2 Policy structure**

This Policy is derived from the Group's Board Control Manual which sets out the high level Governance arrangements of the Group. All policies and procedures issued within the Group



are required to be consistent with the principles and standards established by the governance arrangements and this Policy.

This Policy is part of a suite of policies that govern risk principles and standards within the Group.

### **2.3 Policy review and approval**

This Policy statement is reviewed at least annually by the Board to ensure alignment to any appropriate legal and regulatory requirements and its continued relevance to the Group's current and planned operations. The minutes of the Board will formally document the approval.

### **2.4 Transition**

The Board recognises that its Group-wide policies are designed to continue largely in their current form following the expansion of the Group as a result of an acquisition. Following each significant acquisition by the Group it is intended to review each policy in light of:

- ▶ the new Group structure;
- ▶ the commercial and regulatory aspects particular to the acquired business; and
- ▶ similar policies used within the acquired business

The review will be used to strengthen the policies of the acquired business and where appropriate the Group policy set may be updated to take into account improvements identified by the review.



### **3. ROLES AND RESPONSIBILITIES**

#### **3.1 Group Board**

The Board has ultimate responsibility for setting and approving the Group's Governance arrangements, including Group Policies. The Board has delegated responsibility for the initial design and, following Board approval, implementation and ongoing maintenance of Group Policies to ROL and Northern Trust, subject to oversight by the Board or the Audit and Risk Committee as appropriate.

#### **3.2 Resolution Operations LLP**

ROL are responsible for the drawing up and proposal of policies to the Board, and amendment to reflect the Board's requirements for approval. Once approved, ROL are responsible for the implementation, monitoring of Group policies and reporting on Group Policy compliance to the Board and Audit and Risk Committee.

#### **3.3 Northern Trust International Fund Administration Services (Guernsey) Limited**

Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust") are responsible for the implementation and administration of Group Policies in accordance with the requirements of ROL, as directed by the Board.

#### **3.4 Business Units**

The head of each acquired Business Unit shall:

- ▶ ensure that the business manages CSR risk and operates in line with the minimum standards in this policy;
- ▶ maintain an appropriate control structure and culture to manage CSR risk exposure within appetite;
- ▶ meet management information reporting requirements to demonstrate that CSR risks within the business are being managed effectively;
- ▶ ensure that the requirements within this policy are understood by the business and to implement compliance monitoring arrangements; and
- ▶ appoint CSR nominated managers to assist in his/her responsibilities and coordinate and oversee the business embedding, target setting, reporting and monitoring of the CSR programme.



## **4. POLICY DESCRIPTION AND DETAILS**

### **4.1 CSR Management**

The following standards provide a framework for the Group to help meet its CSR objectives on:

- ▶ business ethics;
- ▶ human rights and diversity;
- ▶ community;
- ▶ the environment; and
- ▶ benchmarking and reporting of CSR performance

### **4.2 Business Ethics**

The Group is committed to being a responsible business and aims to ensure that it meets the highest standards of business conduct.

The Group has adopted the following principles for good business ethics:

- ▶ Commitment to fairness transparency and honesty in its business practices towards customers, employees and suppliers, with first and foremost attention being paid to treating customers fairly.
- ▶ Respecting the confidentiality of information held by the Group.
- ▶ Respecting the spirit of the law as well as obeying the letter of the law.
- ▶ Commitment to accurate and honest reporting to our other stakeholders.
- ▶ Commitment to factor corporate responsibility risks into the overall assessment of suitability of investments for customers and company funds.

### **4.3 Human rights and diversity**

The Group respects all fundamental human rights and will be guided in the conduct of its business by the provisions of the United Nations Universal Declaration of Human Rights (UNUDHR) set out in Appendix 1, as applicable.

The UNUDHR articles of greater relevance include 2 (which deals with discrimination), 23 (which deals with terms of employment), 24 (which deals with work life balance) and 25 (which deals with adequacy of standard of living).

Each business unit is expected to develop and maintain suitable HR policies in line with this Policy.

The principle of equal opportunities for everyone in employment is an important part of this working culture. Business units shall have in place policies that reflect local legal requirements and Group-wide good practice.



Business units will ensure that access to employment, training and promotion is:

- ▶ Free from discrimination on the grounds of sex, sexual orientation, marital status, creed, colour, race, religion, age, ethnic origin, nationality, union status or disability.
- ▶ Based solely on the objective assessment of ability and other relevant job related criteria.
- ▶ In the case of training and career development, based on assessed need.

Any allegations of harassment or discrimination will be treated seriously and investigated fully and will be dealt with in accordance with local disciplinary and other appropriate policies.

Each business unit must apply Group standards and establish monitoring and other supporting processes to ensure the objectivity of employment related decisions. Including:

- ▶ Those involved in decision making processes shall be trained to ensure decisions are taken based on objective criteria and can be justified.
- ▶ The main areas where such processes shall be established are: - Recruitment and selection; Career planning, promotion and transfer; Training and personal development; Performance management; and Redundancy.

#### **4.4 Community**

The Group is committed to good corporate citizenship and to supporting charity and community initiatives which are relevant to its business, employees, customers and other stakeholders. The parameters for this support and the way in which both the Group and businesses can work within them are set out in paragraph 4.4.1. and 4.4.2 below.

##### **4.4.1 Criteria for community investment**

Each business should develop its own community investment plan in line with the following criteria:

- ▶ Be clearly relevant to the Group's objectives.
- ▶ Be significant – with the investment focused around substantial initiatives that will have a meaningful impact with the groups/communities involved and external stakeholders.
- ▶ Demonstrate partnership, by helping relevant charities to deliver long-term goals (rather than single events or milestones).
- ▶ Offer opportunities for the Group's employees to 'get involved' through volunteering activities.
- ▶ Be measurable, with clear KPIs that evaluate both output and impact, as the basis for public reporting and benchmarking.

The Group should not invest in initiatives that meet any of the following criteria:

- ▶ Individuals outside the company looking for charity fund-raising donations or personal sponsorship for fund-raising activities



- Organisations promoting political or religious views.

#### 4.4.2 Guidance for Business Units

The Business Units will be expected to follow the above guidelines for the majority of their investment in charity/community initiatives.

However, the Group acknowledges that business units will also want to support initiatives that resonate with their marketing strategies and the environment in which they operate.

Business Units should actively encourage staff participation in their charitable giving and community activities, providing employee volunteering opportunities during company time of up to three days per year.

Business Units are also encouraged to consider other opportunities for supporting employees' good will and support for the community, including:

- Offering an employee payroll giving scheme – whereby employees can donate directly to charity from their salary.
- Match-funding employee fundraising activities.
- Offering an employee award scheme whereby employees can apply for funds to support a charity/community group of their choice.
- Appropriate recognition schemes for employees or teams who act as role models of this policy to others.

#### 4.5 Environment

The Group will strive to integrate environmental considerations and opportunities into:

- Development and implementation of Group policies.
- Business decision making, including potential acquisitions.
- Development and delivery of insurance / investment products by the Business Units.
- Purchasing and supplier management.
- Exploiting opportunities to maximise efficiency and minimise environmental impact through working practices, in areas such as energy management, paper usage, waste reduction and recycling, and communications:
  - Energy - there must be a commitment to reduce the use of energy, water and other natural resources and implement regular maintenance and improvement programs to ensure that the buildings operate at their optimal environmental efficiency.
  - Waste - the reduction of waste must be a key objective for businesses. Where possible, waste materials are recycled and separated for collection by specialist organisations. Where waste cannot be recycled, the disposal is in strict compliance with the law and according to the best practicable environmental option.

- Communication – property services must communicate openly with staff, tenants and users of the premises to encourage them to support the environment policy and involve them in relevant environmental initiatives.
  - Transport - The use of telephone, video and web conferencing as an alternative to business travel is encouraged. When business travel is necessary the mode of travel should be considered, taking into account financial impacts with environmental, health and safety and work / life balance implications. Alternative types of low polluting transport as a means of travelling to work is encouraged.
- ▶ Managing our buildings and facilities owned or managed by the Group by integrating measurable, monitored environmental actions into the Group's business plans.
  - ▶ Raise staff awareness, encourage and enable them to make an effective contribution to environmental improvement, both in work and within the local community.
  - ▶ Participate in external initiatives designed to improve environmental awareness and performance.

#### **4.6 Benchmarking and Reporting**

In line with best practice, the Group is committed to benchmarking and reporting its performance on CSR matters annually, providing a summary as part of its Annual Report & Accounts and more detailed reporting via the CSR section of its public website.

In addition, Business Units are encouraged to maintain their participation in external benchmarking surveys and to continue publishing their own CSR reports.



## **5. SYSTEMS AND CONTROLS**

### **5.1 Board responsibilities**

The Board is committed to embedding an effective system of internal control throughout the Group. The Board has ultimate responsibility for the Group's system of internal control and risk management including financial, operational and compliance controls and for reviewing its effectiveness. The Board has defined management information and escalation criteria to enable it to oversee and monitor the effectiveness of the system of internal control.

A sound system of internal control will:

- ▶ Facilitate the effectiveness and efficiency of operations;
- ▶ Ensure the reliability of internal and external reporting;
- ▶ Assist compliance with laws and regulations;
- ▶ Ensure that the Group is not unnecessarily exposed to avoidable financial risks; and
- ▶ Contribute to safeguarding of assets, including prevention and detection of fraud.

### **5.2 Embedded internal controls**

Internal control is embedded in the business through the following policies:

- ▶ Group Financial Control;
- ▶ Group Financial Management;
- ▶ Group Risk (to be approved); and
- ▶ Anti-Money Laundering.

Internal control is also embedded in the business through the following processes:

- ▶ Investment performance is independently reviewed;
- ▶ Investment risk is controlled by strict mandate and regular reviews of investments held;
- ▶ The risk register is reviewed and updated on a timely basis;
- ▶ Whistleblowing and grievances procedures that are regularly communicated to employees, business partners and suppliers; and
- ▶ Customer complaint processes that are readily accessible to customers.



### **5.3 Resolution Operations LLP**

ROL is responsible for updating the CSR risk management policy and framework, CSR risk reports and other such reports on this subject as required by the Board or the Audit and Risk Committee in accordance with the operating agreement.

### **5.4 Internal Audit**

The Company is currently in the process of establishing an internal audit function. When an internal audit function is established, the Audit and Risk Committee will approve the appointment of the head of that function.

Once an internal audit function has been established, it will review compliance with Group policies and procedures and evaluate the adequacy of plans to address any weakness in the system of internal control as part of the annual audit plan. The results of these audits will be reported to the Audit and Risk Committee.

### **5.5 Group Audit and Risk Committee**

The Board has delegated responsibility for reviewing the effectiveness of the Group's internal controls and risk management systems to the Group Audit and Risk Committee.

### **5.6 Business Unit**

Each business unit is responsible for risk management and control of the key CSR risks and is detailed in Appendix 2.



## **6. INDUCTION AND AWARENESS TRAINING**

All directors, employees and secondees (“Staff”) will receive training during induction on the relevant aspects of this Policy and the associated divisional policies and procedures. They will receive role specific refresher training on a regular basis.

Any significant amendments to procedures and obligations which are relevant to their roles will be highlighted to Staff.

To the extent that these policies apply to the services provided by ROL and Northern Trust, the requirements in respect of staff induction and awareness apply equally to the relevant staff of those organisations.



## **7. CONTRACTS OF EMPLOYMENT**

It is imperative that there is clarity in the personal accountabilities of all those involved in activities covered by the Group Policies. A key objective, therefore, is to ensure that these accountabilities are reflected in individual's contracts and performance management criteria.

All employees have a legal obligation, which is incorporated within their contracts of employment, to protect the Group's assets, including data and information. Protection in this context covers both internal and third parties.

A breach may be contractual, leading to disciplinary action or dismissal, and criminal, leading to prosecution and fines, and could in serious cases include imprisonment.



## **8. MANAGEMENT INFORMATION**

The Chairman of Resolution Limited in consultation with ROL, has primary responsibility for defining a template for management information presented to the Board to assist it to oversee and monitor the financial, operational, compliance and risk management matters within the Group.

The Group requires appropriate information and records to be retained to meet relevant legal and regulatory requirements that apply to this Policy.



## 9. ESCALATION OF POLICY EXCEPTIONS / BREACHES

All potential exceptions and breaches to this Policy should be notified in accordance with the Group's Escalation Policy below:

- ▶ All exceptions that are significant should be reported to ROL;
- ▶ Where appropriate the Board will be notified of the Policy exceptions / breaches and on progress toward resolving the matter by ROL.

ROL will summarise all significant issues on a quarterly basis and report them to the Audit and Risk Committee, including progress against agreed action plans. At least annually a report will also be presented to the Board.





## **APPENDIX 1 – UNITED NATIONS UNIVERSAL DECLARATION OF HUMAN RIGHTS**

### **Article 1**

All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.

### **Article 2**

Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Furthermore, no distinction shall be made on the basis of the political, jurisdictional or international status of the country or territory to which a person belongs, whether it be independent, trust, non-self-governing or under any other limitation of sovereignty.

### **Article 3**

Everyone has the right to life, liberty and security of person.

### **Article 4**

No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms.

### **Article 5**

No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

### **Article 6**

Everyone has the right to recognition everywhere as a person before the law.

### **Article 7**

All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination.

### **Article 8**

Everyone has the right to an effective remedy by the competent national tribunals for acts violating the fundamental rights granted him by the constitution or by law.

### **Article 9**

No one shall be subjected to arbitrary arrest, detention or exile.

### **Article 10**

Everyone is entitled in full equality to a fair and public hearing by an independent and impartial tribunal, in the determination of his rights and obligations and of any criminal charge against him.



### **Article 11**

- (1) Everyone charged with a penal offence has the right to be presumed innocent until proved guilty according to law in a public trial at which he has had all the guarantees necessary for his defence.
- (2) No one shall be held guilty of any penal offence on account of any act or omission which did not constitute a penal offence, under national or international law, at the time when it was committed. Nor shall a heavier penalty be imposed than the one that was applicable at the time the penal offence was committed.

### **Article 12**

No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks.

### **Article 13**

- (1) Everyone has the right to freedom of movement and residence within the borders of each state.
- (2) Everyone has the right to leave any country, including his own, and to return to his country.

### **Article 14**

- (1) Everyone has the right to seek and to enjoy in other countries asylum from persecution.
- (2) This right may not be invoked in the case of prosecutions genuinely arising from non-political crimes or from acts contrary to the purposes and principles of the United Nations.

### **Article 15**

- (1) Everyone has the right to a nationality.
- (2) No one shall be arbitrarily deprived of his nationality nor denied the right to change his nationality.

### **Article 16**

- (1) Men and women of full age, without any limitation due to race, nationality or religion, have the right to marry and to found a family. They are entitled to equal rights as to marriage, during marriage and at its dissolution.
- (2) Marriage shall be entered into only with the free and full consent of the intending spouses.
- (3) The family is the natural and fundamental group unit of society and is entitled to protection by society and the State.

### **Article 17**

- (1) Everyone has the right to own property alone as well as in association with others.



- (2) No one shall be arbitrarily deprived of his property.

#### **Article 18**

Everyone has the right to freedom of thought, conscience and religion; this right includes freedom to change his religion or belief, and freedom, either alone or in community with others and in public or private, to manifest his religion or belief in teaching, practice, worship and observance.

#### **Article 19**

Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

#### **Article 20**

- (1) Everyone has the right to freedom of peaceful assembly and association.
- (2) No one may be compelled to belong to an association.

#### **Article 21**

- (1) Everyone has the right to take part in the government of his country, directly or through freely chosen representatives.
- (2) Everyone has the right of equal access to public service in his country.
- (3) The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures.

#### **Article 22**

Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

#### **Article 23**

- (1) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
- (2) Everyone, without any discrimination, has the right to equal pay for equal work.
- (3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.
- (4) Everyone has the right to form and to join trade unions for the protection of his interests.

#### **Article 24**



Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

#### **Article 25**

- (1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.
- (2) Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.

#### **Article 26**

- (1) Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.
- (2) Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace.
- (3) Parents have a prior right to choose the kind of education that shall be given to their children.

#### **Article 27**

- (1) Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits.
- (2) Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.

#### **Article 28**

Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized.

#### **Article 29**

- (1) Everyone has duties to the community in which alone the free and full development of his personality is possible.
- (2) In the exercise of his rights and freedoms, everyone shall be subject only to such limitations as are determined by law solely for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and the general welfare in a democratic society.
- (3) These rights and freedoms may in no case be exercised contrary to the purposes and principles of the United Nations.



**Article 30**

Nothing in this Declaration may be interpreted as implying for any State, group or person any right to engage in any activity or to perform any act aimed at the destruction of any of the rights and freedoms set forth herein.





## **APPENDIX 2 – CSR RISK AND CONTROL MANAGEMENT AND REPORTING FRAMEWORK**

### **1. Planning / change**

Management information for CSR risk should be used to provide insight, inform the operational planning process and influence resource allocation including capital.

### **2. Risk appetite**

Risk appetite statements and tolerances should be clearly defined and refreshed on a regular basis (at least annually) and as an integral part of the planning process. Risk appetite should be defined for each Business Unit with the Group risk appetite framework and also needs to be sufficiently flexible to manage significant change and should support rather than constrain sensible risk taking to deliver business strategy.

### **3. Risk analysis**

Regular reviews (at least on a bi-annual basis) of CSR related systems and processes must be actively performed to ensure inherent CSR risks are effectively managed.

A risk assessment must be undertaken by the Business Units to identify those areas susceptible to social responsibility risk and introduce preventative controls into new and existing systems and processes.

### **4. Controls**

Appropriate controls must be in place to ensure the following requirements are met:

#### **4.1. Governance**

- 4.1.1 Business Units must maintain a system of delegated authorities which provides a clear and appropriate allocation of CSR responsibilities, including CSR support at senior management level.
- 4.1.2 Business Units must ensure that there is adequate and capable CSR resource available to manage the business CSR programmes. This includes designing, documenting, operating, communicating to staff, reporting and monitoring an appropriate CSR management system that is adequate to meet Business Unit and Group requirements.
- 4.1.3 Business Units must allocate policy owners to ensure that the requirements within Group policies are understood and implemented by the Business Units and that adequate embedding, reporting and monitoring arrangements are in place.



4.1.4 Business Units must also ensure that CSR responsibilities are incorporated within CSR nominated managers' and other relevant individuals' job descriptions, objectives and performance assessments.

4.1.5 CSR standards approved by the Board or a committee appointed by the Board must be complied with.

## **4.2. Risk and control cycle**

4.2.1 CSR key performance indicators (KPIs) must be included in the Business Unit's' annual report submission to the Company.

4.2.2 Business Units must ensure that businesses meet CSR policy compliance reporting requirements in line with Group requirements and disclose all material areas of non-compliance.

4.2.3 Business Units must ensure that their external business partners understand and are committed to this policy.

## **4.3 Management information**

4.3.1 The Company will report progress in its annual report and accounts.

4.3.2 Business Units must fulfil the reporting requirements of the Group.

## **5. Actions**

Where differences in risk appetite and the residual risk profile have been identified by the risk analysis process, remedial action plans must be put in place. In instances where controls are deemed to be deficient, these action plans should include improvements in both the control design and its operation. Progress on action plans should be reported on a regular basis to management within the Business Unit.

## **6. Line management and reporting**

Procedures must be established to enable the reporting of CSR related risk issues within the Business Unit and Group on a regular basis.

Clear lines of internal accountability, responsibility and reporting must be established. Primary responsibility for managing CSR related risks rests with the head of the Business Unit. Appropriate internal controls must be in place, operating effectively and staff must be adequately trained.

### **6.1. Escalation of breaches**

6.1.1 Material breaches of this policy, including any identified issues that could lead to a breach, should be notified to the Audit and Risk Committee immediately (within 24 hours). Where breaches are identified that are material at Group level, ROL should also be notified.

6.1.2 Materiality of a breach or issue can be determined by reference to the delegated authority limits for risk management that outline the relevant escalation protocols.



6.1.3 As primary responsibility for risk management lies with line management it is expected material breaches will be also reported up through functional management. All material breaches should be documented through the quarterly risk reporting cycle.

## **7. Waivers and exceptions**

In exceptional circumstances, and on a case by case basis, a waiver or exception may be granted to this policy.

All requests for a waiver or exception in respect of any requirements of this policy must be forwarded to ROL with a supporting detailed business / operational justification signed by the head of the Business Unit requesting the waiver or exception.

ROL will make a recommendation to the Audit and Risk Committee on the application and advise the Business Unit of the decision.

