

HomeServe plc

Financial Crime and Sanctions Policy

1. Purpose

HomeServe plc and its group companies (collectively and individually “**HomeServe**”, “**we**”, “**our**”) is committed to minimising financial crime and in particular to preventing, detecting, investigating and reporting fraud, tax evasion and bribery. In addition, HomeServe is committed to complying with the sanctions laws and regulations of the United Kingdom, the European Union, the United Nations as well as all other applicable sanctions laws and regulations in the jurisdictions in which HomeServe operates.

HomeServe conducts its business with honesty and integrity and as a result promotes an organisational culture from the top down that will not tolerate any act of Fraud, Bribery, corruption, the Facilitation of Tax Evasion, Money Laundering (collectively “**Financial Crime**”) and Sanctions breaches. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter Financial Crime or Sanction breaches.

This policy is designed to mitigate HomeServe’s exposure to Financial Crime, Sanction non-compliance and other criminal acts committed by employees, customers, suppliers and all other stakeholders. This policy should be read in conjunction with the HomeServe Code of Business Conduct and Whistle Blowing Policy.

This policy applies to all persons working for HomeServe or on our behalf in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, sponsors, or any other person associated with us, wherever located. All staff are required to read and demonstrate they understand the policy.

2. Definitions

For the purposes of this policy, the following words shall have the following meanings:

“Associated Person”

- An employee of HomeServe who is acting in the capacity of an employee.
- An agent of HomeServe (other than an employee) who is acting in the capacity of an agent.
- Any other person who performs services for or on behalf of HomeServe who is acting in the capacity of a person performing such services.

- In certain circumstances this might extend to joint ventures and subsidiaries.

“Bribery” means where a person offers, promises or gives a financial or other advantage in any one of the following circumstances:

- intending the advantage to induce someone to perform a relevant function or activity improperly by, for example, awarding a contract that they might not otherwise have awarded;
- intending the advantage to reward the recipient for the improper performance of such a function or activity;
- knowing or believing that accepting the advantage would itself constitute the improper performance of a function or activity.

Bribery could include accepting or offering excessive corporate hospitality.

“Foreign Tax Evasion” means evading tax in a foreign country, provided that conduct is an offence in that country and would be a criminal offence if committed in the UK. As with Tax Evasion, the element of fraud means there must be deliberate action, or omission with dishonest intent.

“Fraud” means an intentional act by an individual or group of individuals among management, those charged with governance, employees or third parties, involving the use of deception, breach of confidence or misrepresentation to obtain an unjust, dishonest or illegal benefit or advantage to which they are not entitled.

Examples of fraud include:

- falsifying documents or records in order to directly receive a payment or for a payment to be made to a third party in return for some benefit;
- material and deliberate misstatement of financial performance;
- accepting or providing bribes or kickbacks in return for business with a customer, business partner or supplier;
- creating fictitious policy sales in order to meet targets or creating policies for family and friends which are not paid for;
- use of company or customer data for personal gain.

This list is not exhaustive and has been provided as an indication of the actions considered to be fraudulent or corrupt.

“Money Laundering” means the process of concealing the origins of illegally obtained money, typically by means of transfers involving foreign banks or legitimate businesses to make it appear that the proceeds were obtained from a legitimate source.

“Tax Evasion” means the offence of cheating the public revenue or fraudulently evading UK tax, and is a criminal offence. The offence requires an element of fraud, which means there must be deliberate action, or omission with dishonest intent.

“Tax Evasion Facilitation” means, under UK law, being knowingly concerned in, or taking steps with a view to, Tax Evasion or Foreign Tax Evasion by another person, or aiding, abetting, counselling or procuring the commission of that offence. Tax Evasion Facilitation is a criminal offence, where it is done deliberately and dishonestly.

“Sanctions” means the sanctions or embargo programs which may be either comprehensive or selective and can target countries as well as individuals suspected of engaging in activities related to terrorism, narcotics trafficking, the proliferation of weapons of mass destruction and other threats to security and which are implemented by governments or supranational bodies that have jurisdiction over the HomeServe Group or any of its subsidiaries.

3. Responsibility

Overall responsibility for the management of Financial Crime and Sanctions risk within HomeServe rests with the Board of HomeServe plc and each of the boards of the Group subsidiaries.

All employees have a responsibility to act honestly and diligently follow the procedures and controls that have been implemented to mitigate Financial Crime and Sanctions non-compliance. They must not bypass or avoid using those procedures or controls. They must immediately report identified weaknesses or loopholes in controls that could facilitate Financial Crime or Sanctions non-compliance to their Line Manager, who should consider if the concern should be investigated further. They must also report immediately any incident of Financial Crime or Sanctions non-compliance where it is suspected or actual, either to their line manager or by following the procedures laid down in the Whistle Blowing Policy.

Each HomeServe subsidiary must take the appropriate steps to ensure that it and all its employees and those acting on its behalf:

- meet all legal and regulatory requirements governing the lawful and ethical conduct of business;
- screen employees, customers and other parties to transactions globally against the Sanctions lists and whether the lists apply to designated nationals, persons or entities issued by the United Nations (“UN”), the European Union (“EU”), the United Kingdom (Her Majesty’s Treasury “HMT”), the United States (Office of Foreign Assets Control of the US Department of Treasury or the US Department of States “OFAC”) and any other domestic lists that may apply to a Group company from time to time;

- prohibit business activity, including prohibitions on commencing or continuing customer relationships or providing products or services that HomeServe believes may violate applicable Sanctions laws or HomeServe's Financial Crime and Sanctions Policy. This includes prohibitions on business activity with individuals or entities named on a Sanctions list or activity, directly or indirectly, involving countries or territories subject to comprehensive Sanctions;
- restrict business activity involving, directly or indirectly, countries or persons subject to more selective or targeted Sanctions programmes;
- investigate all customer/supplier alerts or transactions that are stopped by HomeServe's screening process. If necessary customer and/or supplier and/or corporate transactions will be delayed while additional due diligence is conducted and information obtained on the nature of the underlying transaction or the parties involved and if necessary such transactions will be terminated if prohibited under any applicable Sanctions list;
- report breaches of Sanctions or laws related to Financial Crime to the relevant regulatory authority;
- ensure all breaches or suspected breaches of this policy are fully investigated and, if appropriate, invoke disciplinary measures and take prompt action to remedy the breach and prevent any repetition;
- make all employees aware of their personal responsibilities and adhere strictly and at all times to this policy;
- provide information to all employees and further guidance if they have any question or uncertainty regarding these requirements;
- provide information to all employees on the procedures available to them to report any breach or suspected breach of this policy, in accordance with the HomeServe's Whistle Blowing policy;
- include in agreements with third parties appropriate clauses to ensure that persons who are acting on HomeServe's behalf do not engage in any illegal, improper or questionable conduct. This is particularly the case if there are factors, such as accepted custom and practice within the country of operation, that might increase the risk of breach of this policy;
- prohibit employees or persons and entities acting on behalf of HomeServe to receive, offer, promise, improperly influence payments or improperly authorise payments or contract awards, directly or indirectly, in return for anything of value (for example a bribe or kickback);

- prohibit payments including "facilitating" or "expediting" payments to others in order to secure prompt or improper performance of routine duties;
- prohibit the use of subcontracts, purchase orders or consulting agreements either as a means of channelling payments, or otherwise rewarding such persons or their relatives or business associates; and
- ensure transactions are properly and accurately recorded.

4. Some red flags that might indicate improper activity

The following is a list of possible red flags that may arise during the course of you working for HomeServe and which may raise concerns related to Financial Crime or Sanctions non-compliance. The list is not intended to be exhaustive and is for illustrative purposes only.

If you encounter any of these red flags while working for HomeServe, you must report them promptly to your manager or using the procedure set out in the whistleblowing policy:

- you become aware, in the course of your work, that a third party has made or intends to make a false statement relating to tax, has failed to disclose income or gains to, or to register with, HMRC (or the equivalent authority in any relevant non-UK jurisdiction), has delivered or intends to deliver a false document relating to tax, or has set up or intends to set up a structure to try to hide income, gains or assets from a tax authority;
- you become aware, in the course of your work, that a third party has deliberately failed to register for VAT (or the equivalent tax in any relevant non-UK jurisdiction) or failed to account for VAT;
- a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- you become aware, in the course of your work, that a third party working for us as an employee asks to be treated as a self-employed contractor, but without any material changes to their working conditions;
- a supplier or other subcontractor is paid gross when they should have been paid net;
- a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- a third party to whom HomeServe has provided services or from whom HomeServe has received services requests that their invoice is

addressed to or from a different entity, where HomeServe did not provide or receive services to or from such entity directly;

- a third party to whom HomeServe has provided services or from whom HomeServe has received services asks us to change the description of services rendered or received on an invoice in a way that seems designed to obscure the nature of the services provided;
- you receive an invoice from a third party that appears to be non-standard or customised;
- a third party insists on the use of side letters or refuses to put terms agreed in writing or asks for contracts or other documentation to be backdated;
- you notice that HomeServe has been invoiced for a commission or fee payment that appears too large or too small, given the service stated to have been provided;
- a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to HomeServe.

In the case of Bribery and the Facilitation of Tax Evasion, the relevant laws extend to activities undertaken by Associated Persons acting on HomeServe's behalf. As a consequence their actions can subject HomeServe to criminal liability and therefore care should be taken to ensure that Associated Persons who are acting on behalf of HomeServe do not engage in any illegal or improper conduct.

5. Reporting incidents

If employees suspect an incident involving Financial Crime or Sanctions non-compliance has occurred, you must immediately report your suspicions to your line manager who will in turn raise it with the Finance Director. If employees are not comfortable reporting directly, suspicions of Financial Crime or Sanctions non-compliance may also be reported by following the procedures in the Whistle Blowing Policy. All reports will be treated with complete confidence.

A HomeServe employee who makes a report of suspected Financial Crime(s) or Sanctions non-compliance will be protected from any adverse reaction to the report, providing that this report is not malicious and that the employee has not been involved in Financial Crime or Sanctions non-compliance.

6. Investigation

The Finance Director of the relevant HomeServe company is responsible for leading any investigations in a consistent and professional manner and which complies with relevant legislation and statutory requirements.

Under no circumstances are staff and management to conduct an investigation on their own or confront a suspect in relation to an allegation of Financial Crime or Sanction non-compliance. On discovery of potential Financial Crime or Sanction non-compliance they must not take any action that could prejudice the subsequent collection of evidence or influence potential witnesses.

7. Post investigative action

Where an investigation shows that Financial Crime or Sanction non-compliance has occurred, HomeServe will take appropriate action which may include disciplinary action, referral to the police, self-reporting to relevant tax authorities and civil action.

The findings of the investigation will be used to strengthen the systems and controls within the business area where the Financial Crime or Sanction non-compliance occurred. The relevant business manager will be responsible for implementing recommendations for improvement.

David Bower
Chief Financial Officer, HomeServe plc