

GUINNESS ATKINSON ASSET MANAGEMENT INC (London Branch)  
GUINNESS ASSET MANAGEMENT LTD  
GUINNESS CAPITAL MANAGEMENT LTD

## ANTI BRIBERY AND CORRUPTION POLICY

### I Introduction

Guinness Atkinson Asset Management Inc ( London Branch), Guinness Asset Management Ltd and Guinness Capital Management Ltd ('The Firms') are committed to ensuring adherence to the highest legal and ethical standards and recognise the damage that financial crime can cause to individuals, the economy and society as a whole.

The Firms fully support the FCA in its objective to reduce the scope for financial crime and are committed to acting fairly, professionally and with integrity and will not tolerate any form of bribery or corruption.

Bribery is a criminal offence and corrupt acts expose The Firms and their employees to the risk of prosecution, fines and imprisonment, as well as endangering The Firms' reputation. Being involved in any form of bribery or corruption is very serious and will have serious implications for any employee, third party, sub contactor or Adviser involved with The Firms.

### II Scope

This policy applies to The Firms, their employees and agents. This policy has been adopted by The Firms' boards and is communicated to everyone involved in our business to ensure their commitment to it. Compliance with The Firms' Anti Bribery and Corruption Policy is regarded as part of an employee's contract of employment.

### III The Policy

Acts of bribery or corruption are designed to influence the individual in the performance of their duty and incline them to act dishonestly.

Bribery – is the offer, promise, giving, demanding or acceptance of an advantage as an inducement for an action which is illegal, unethical or a breach of trust.

Corruption – is the misuse of a public office or power for private gain; or misuse of private power in relation to business outside the realm of government.

The Firms have a zero tolerance to bribery and corruption and are committed to acting professionally, fairly and with integrity in all business dealings and relationships, implementing and enforcing effective systems. The zero tolerance to bribery extends to all The Firms' business dealing.

Therefore, The Firms, their employees, officers and agents must not solicit, offer or accept any gift or inducement which may influence their independence or business

judgment, or which could create a conflict with any duty owed to the company or its customers and other stakeholders.

Hence, The Firms prohibit the offering, the promising, the giving, the solicitation and the acceptance of any bribe, whether cash or other inducement to or from any person or company, wherever they are situated and whether they are a public official or body or private person or company by any individual employee, agent or other person or body acting on The Firms' behalf in order to gain:-

- 1) any commercial, contractual or regulatory advantage for The Firms in any way which is illegal and does not comply with the Bribery Act 2010 or
- 2) any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual.

#### IV Third Parties

The Firms communicate our anti-bribery policy and requirements of third parties\* with whom we have dealings by means of this corporate statement, as published on our website and, where appropriate, by the imposition of contractual terms. The Firms require business counterparties to implement effective policies to counter bribery and corruption in their own dealings and those associated with The Firms, especially where there is no contractual business relationship with us.

(\* NOTE: Third parties, here, include any individual or organisation doing business with The Firms, or with whom an employee comes into contact during the course of their work for The Firms and therefore includes clients, advisers, suppliers, distributors, business contacts, correspondents, agents, service providers, brokers and government and public bodies.)

#### V Further Clarification

This policy is not meant to prohibit special promotions on products and services which have been agreed by the directors of The Firms, nor corporate gifts and hospitality which are considered to be incidental to the ordinary business of The Firms. Examples of gifts and inducements which should not be offered or accepted include cash, gifts readily convertible into cash or any other object or hospitality of significant value.

Individuals are required to register with the Compliance Officer details of hospitality or gifts, whether given or received, with an estimated value in excess of £100 and to seek pre-approval for those in excess of £500 together with guidance if in doubt about the suitability of any gift. Such items are recorded in the 'Gifts Register', which is subject to regulatory inspection.

#### VI Employee Responsibility

The prevention, detection and reporting of bribery is the responsibility of all employees throughout The Firms. Where knowledge or suspicion or reasonable grounds for suspicion exist, personnel should make a Suspicious Activity Report

and/or refer the matter to the Compliance Officer. Where personnel are concerned that such reporting will not be taken seriously or will cause them to be penalised in some way or are otherwise uncomfortable, a report should be made under the Public Interest Disclosure Act 1998, i.e. The Firms' Whistle Blowing Policy.

## VII Training and Communications

This policy and any relevant guidance will be communicated to all employees and agents, with all relevant employees receiving training.

## VIII Risk Mitigation Procedures

It is a defence for organisations accused of failing to prevent persons associated with them from committing bribery to have adequate bribery prevention procedures in place.

The Firms already have financial crime prevention procedures in place, in accordance with regulatory requirements. These are reviewed on a regular basis as part of The Firms' risk assessment procedures and compliance monitoring procedures.

## IX Guidance

Guidance around adequate bribery prevention procedures refers back to the six principles to be considered for bribery prevention, as set out in the Bribery Act 2010. The principles are set out below together with The Firms' approach:-

### 1) Proportionate procedures

Clear, practical and accessible policies and procedures should be proportional to the risks that The Firms face and the size of the business and should include donations, gifts and hospitality and promotional expenses.

The actions The Firms have taken to prevent bribery being committed are considered to be proportionate to the risks the Boards face, with regard to the size of the business and the markets in which The Firms operate. The Firms' policies and procedures to prevent bribery being committed on its behalf are clear, practical, accessible and enforceable and take account of the roles of the whole work force and all people and entities over which the commercial organisation has control.

The Firms do not make political donations to individuals or political parties.

Any other donations made by The Firms are discussed by the Boards of The Firms and disclosed in the Annual Report. The Gifts Register records all gifts and hospitality received/ provided in excess of £100 per person. Many promotional expenses are covered by FCA regulation which are subject to Compliance sign-off as The Firms are regulated entities, hence policies and procedures and the necessary culture are already in place.

## 2) Top level commitment

A compliance culture exists across The Firms with zero tolerance to all forms of fraud and financial crime. The Boards of The Firms have established and encourage and support an open and transparent approach to business procedures and practices for all employees which include detailed policies and training for AML, Bribery Act 2010 and Whistle Blowing together with regular reporting to the Boards of gifts and entertaining and compliance monitoring reviews; and for associates of The Firms the Anti Bribery Policy requirements are communicated clearly in a corporate statement published on The Firms' website and, where appropriate, by imposition of contractual terms.

## 3) Risk assessment

Bribery and corruption risk factors both internal and external e.g. customer, product, delivery channel, operating structure and geographical areas of operation are considered as part of the financial crime annual risk assessment, as reported to the Boards, and updated regularly. A high level systems and risk review of the businesses and their activities is performed annually, reported to the Board and also includes an assessment of the nature and extent of the risks relating to financial crime including bribery.

We consider The Firms face little or no risk of bribery as business is undertaken either in the UK where the sector risk is low; or where we operate in overseas jurisdictions, although the nature and extent of risks may be higher, the majority of markets are regulated in a similar way to the UK with regard to the promotion and selling of financial services products and hence the sector risk is low. Where we do business in markets which we have assessed as higher risk, we would conduct research and obtain information about associated persons to enable us to assess the nature and extent of the risks relating to bribery to which The Firms may be exposed.

The Firms have systems in place to report any FCA enforcement action or suspicious activity report (SAR) relating to bribery or corruption and a report would result in a review of our procedures and amendments thereto, as appropriate.

## 4) Due diligence

The Firms have in place risk-based due diligence review and procedures designed to prevent all parties to a business relationship, including employees, agents, intermediaries, from bribing on their behalf.

All relationships are subject to due diligence review prior to any agreement being signed. The appropriate level of due diligence required will be conducted within the context of each situation and will reflect the level of risk of bribery. Direct contractual counterparties are required to have an anti-bribery and corruption policy. Any commission paid by us is based on a fixed pre-agreed amount dependant on the size of investment, so the relationship and audit trail are transparent. The majority of relationships are with third party service providers who are also subject to a legal and regulatory anti bribery framework either in UK or overseas. In any situation where a third party is chosen to represent The Firms then appropriate due diligence will be

conducted to ensure that the third party fully understands the implications of the Bribery Act 2010 when conducting business on our behalf.

We consider the nature of our business relationships and the way in which business is conducted to be of low risk of bribery.

#### 5) Communication

An anti- bribery culture is embedded, effectively implemented and understood throughout the organisation. This process ensures that the development of policies and procedures reflects practical business issues is achieved through internal communications such as policies and procedures on recruitment, TCF, gifts/hospitality expenditure, AML, ABC, whistle blowing, financial control, training of new and existing employees to educate and raise awareness of the threats posed by financial crime; and external communication of The Firms' anti-bribery policy to existing and prospective third party relationships.

Both internal and external communications are reviewed by the Compliance Department on a regular basis.

#### 6) Monitoring and review

Monitoring and review of internal mechanisms designed to prevent bribery such as financial control processes provide information as to the effectiveness of The Firms' policies. Quarterly reports are produced for The Firms' boards, annual reviews of systems and financial crime risks are conducted and The Firms' accounts are subject to auditor review. Following review, The Firms will implement improvements where appropriate.

When new markets are entered and/or new associates retained, The Firms institute appropriate review and monitoring mechanisms to identify any issues which may arise and to ensure compliance with relevant policies and procedures.

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