



GIFTS, BENEFITS AND INDUCEMENTS

Heritage Capital Management Ltd has established its Gifts, Benefits and Inducements Policy to ensure that Heritage meets its obligations to act honestly, fairly and professionally in accordance with the UK Bribery Act. Under the Bribery Act, Heritage has a duty to act in the best interests of its clients (*Principle 1: Integrity, Principle 2: Skill, Care and Diligence and Principle 6: Customers' Interests*).

The Financial Conduct Authority's (FCA) and Bribery Act's requirements aim to prevent firms and persons from gaining improper advantage over others by inducing someone to do something they would not otherwise do. This could constitute a criminal offence under the Bribery Act.

Monetary or Non-Monetary Benefits

Heritage or an employee of Heritage must not pay or accept any fee or commission from third parties, or provide or receive any non-monetary benefit from third parties in relation to business carried on for a client unless:

- The payment of the fee or commission, or the provision of the non-monetary benefit provided or paid does not impair compliance with Heritage's duty to act in the best interests of the client;
- The payment of the fee or commission, or the provision of the non-monetary benefit provided or paid is designed to enhance the quality of the service to Heritage's client
- The existence, nature and amount of the fee, commission or benefit has been clearly disclosed to the client in a manner that is comprehensive, accurate and understandable prior to the provision of the relevant service.
- It relates to proper fees which enable or are necessary for the provision of Heritage's services, including settlement fees, etc and which, by their nature, cannot give rise to conflicts with Heritage's duty to act in the best interests of the client.

Investment managers at Heritage must not accept any good or service in addition to the execution of our client orders if we:

1. Execute our client orders through a broker or another person;
2. Pass on the broker's or other person's charges to our clients; or
3. Are offered that good or service in return for the charges detailed in point 2.

The above three numbered points do not apply if a fee, commission or non-monetary benefit is designed to enhance the quality of the relevant service to a client only if :

- a) It is justified by the provision of an additional or higher level service to the client and is proportional to the level of inducements received;
- b) It does not directly benefit the recipient firm, its shareholders or employees without tangible benefit to the client;
- c) It is justified by the provision of an on-going benefit to the client in relation to an on-going inducement; and
- d) The provision of the service by the firm to the client is not biased or distorted as a result of the fee, commission or non-monetary benefit.

Heritage must fulfil these conditions on an on-going basis as long as we continue to pay or receive the fee, commission or non-monetary benefit.

Heritage's investment managers must make adequate prior disclosure to clients concerning the receipt of goods or services that directly relate to the execution of trades or amount to the provision of substantive research.

Non-Monetary Benefits are minor when they are reasonable and proportionate and of such a scale that they are unlikely to influence the recipient's behaviour in any way that is detrimental to the interests of the relevant client. Examples include: participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or an investment.

Gifts and Benefits

Heritage's policy on gifts and benefits states that:

- The giving or receiving of any lavish gifts or benefits is strictly prohibited;
- All gifts and benefits given to or received from any party must be reasonable in respect of the relationship in question;
- All gifts must be given openly and not in secret;
- Gifts must not be given to or accepted from government officials or representatives, politicians or political parties without prior approval from Heritage's Compliance Officer, Rayman Wong; and
- All gifts must be legal.

All gifts received and entertainment (including but not limited to lunches, dinners, drinks, event tickets (such as concerts, sporting events and conferences), accommodation, travel arrangements/transportation, promotional items such as caps, shirts, pens, flowers, gifts to recognise a wedding, promotion, retirement, illness, or other occasion, and vendor conferences) will be recorded in our gifts register.

If an employee has any queries in relation to the above policy or has any doubt whether a gift or benefit falls within the above policy, they should consult Heritage's Compliance Officer, Rayman Wong.

The Bribery Act's Six Principles

The Ministry of Justice sets out the below six non-prescriptive principles which Heritage abide by to ensure that we have adequate procedures in place.

1. Top-Level Commitment

Heritage's Directors collectively take responsibility for setting a culture within Heritage in which corruption is not tolerated. Employees may face internal disciplinary proceedings if they breach this policy, in addition to any legal action that may be taken by the Serious Fraud Office.

2. Risk Assessment

On an on-going basis, Heritage undertakes informal risk assessments to assess the likely risks of corruption arising in the Heritage's business, taking into account the jurisdictions in which we undertake business and any relationships with associated persons.

3. Proportionate Procedures

Heritage has assessed the risk of bribery as low and consequently we have proportionate procedures in place.

4. Communication and training

Heritage has a zero-tolerance approach to bribery and corruption. Heritage's employees all know how to access Heritage's Compliance Manual, revised versions of the Compliance Manual are circulated to all employees and Anti-Money Laundering training is provided to employees every two years.

5. Due diligence

Heritage will adopt a risk based approach when undertaking due diligence procedures on new clients or any other new business.

6. Monitoring and Review

As mentioned above, on an on-going basis, Heritage undertakes informal risk assessments to assess the likely risks of corruption arising in the Heritage's business.

Raising a Concern

Heritage's Employees must raise a concern if they are offered a bribe or an inducement by a third party, asked to make one or have a suspicion of malpractice at the earliest possible stage to Heritage's Compliance Officer, Rayman Wong. Any concerns raised will remain confidential.

Heritage's employees are all made aware of the following warning signs (not limited to these) which must be reported promptly if encountered:

- The third party insists on receiving a commission or fee payment before committing to sign up to contact;
- The third party requests payment in cash or refuses to sign up a formal commission or fee agreement;
- The third party has a reputation of engaging in improper business practices;
- The third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- The third party requests an unexpected additional fee to facilitate a service; and
- Heritage employees are offered an unusually generous gift or offered lavish hospitality by the third party.

Heritage's Compliance Officer's Responsibilities

Rayman Wong is Heritage's Compliance Officer and Money Laundering Reporting Officer (MLRO). Being the Compliance Officer and MLRO, Rayman Wong is responsible for analysing any bribes or suspicious reports made by Heritage's employees and formally filing any Suspicious Activities Reports.