

PURPOSE OF THE POLICY

This policy outlines the process managers must follow when a potential regulatory, procedural, or conduct breach is identified within Impact Financial Services.

The purpose of this policy is to ensure that:

- breaches are identified promptly
- appropriate action is taken
- risks to clients are minimised
- regulatory obligations are met

This policy supports the firm's obligations under:

- FCA Principles for Businesses
- Consumer Duty
- SM&CR (Senior Managers & Certification Regime)

DEFINITION OF A BREACH

A breach is any situation where an adviser, employee, or process fails to comply with:

- FCA regulations
- internal firm procedures
- advice standards
- compliance requirements

Breaches may relate to advice quality, documentation, conduct, or regulatory obligations.

EXAMPLES OF POTENTIAL BREACHES

Examples may include:

- providing unsuitable advice
- incomplete fact find documentation
- failure to explain key product features
- failure to consider client vulnerability
- incorrect or misleading client information
- failure to follow the advice process
- inappropriate client communication
- conflicts of interest not disclosed

MANAGER RESPONSIBILITIES

Managers are responsible for:

- identifying potential breaches within their teams
- ensuring breaches are recorded
- escalating serious breaches to Compliance
- ensuring corrective actions are implemented

Managers must act promptly to protect client interests and maintain regulatory compliance.

BREACH IDENTIFICATION

Breaches may be identified through:

- file reviews
- client complaints
- adviser self-reporting
- manager supervision
- compliance reviews
- audit findings

All potential breaches must be taken seriously and reviewed appropriately.

BREACH RECORDING

Where a breach is identified, the manager must:

- record the breach in the firm's internal breach register
- document the nature of the breach
- identify the adviser involved
- record the date the breach was identified

The breach record should include sufficient detail to allow proper review.

BREACH ASSESSMENT

Once recorded, the manager should assess:

- the severity of the breach
- whether any client harm may have occurred
- whether regulatory obligations may have been breached
- whether the breach is isolated or systemic

If necessary, the case must be escalated to Compliance.

ESCALATION TO COMPLIANCE

Serious breaches must be escalated to the Compliance Director where:

- client detriment may have occurred
- regulatory rules may have been breached
- the breach involves misconduct
- there is repeated non-compliance by an adviser

Compliance will determine whether further action is required.

CORRECTIVE ACTIONS

Corrective actions may include:

- adviser coaching or training
- additional file reviews
- supervision of future cases
- correction of client documentation
- remedial client communication

The objective is to ensure client outcomes are protected and the issue does not reoccur.

SERIOUS BREACHES

Where a breach is considered serious, the Compliance Director may decide to:

- conduct a formal investigation
- impose disciplinary action
- report the matter to the FCA where required
- suspend the adviser from providing advice

All decisions must be documented appropriately.

MONITORING AND REVIEW

The firm will monitor breaches to identify patterns or recurring issues. This may involve:

- periodic breach reviews
- management discussions
- compliance reporting
- adviser training improvements

This process supports continuous improvement across the firm.

MANAGER ACCOUNTABILITY

Managers must ensure that:

- breaches are identified and addressed promptly
- records are maintained accurately
- advisers receive appropriate supervision

Failure to manage breaches appropriately may itself be considered a management issue.

POLICY REVIEW

This policy will be reviewed periodically to ensure it remains aligned with regulatory expectations and the firm's internal governance framework.

Impact Financial Services Ltd is committed to maintaining high standards of regulatory compliance. This Breach Management for Managers Policy ensures that all potential breaches are identified, recorded, assessed and escalated appropriately to protect client outcomes and meet the firm's regulatory obligations.