



Culture and Conduct

The issue of culture is one that has rightly been getting increased focus within the regulated financial services environment. The PRA and FCA have started to collaborate on the issue and the Lloyd's market has already seen much stricter rules introduced for its market participants. The regulators are making a clear correlation between the culture within firms and matters of conduct, financial performance and business resilience.

The link between an organisation's culture and its approach to environmental, social and governance (ESG) matters is also becoming much stronger and if one thing is clear, it is that the obligations imposed on regulated firms will only become more onerous.

Other issues have perhaps slowed down the pace of regulatory change on this subject in the last 24 months or so, with the last major Discussion Paper being issued jointly by the Bank of England, PRA and FCA in July 2021, followed by some more specific guidance on diversity and inclusion on company boards and executive management. That pause in activity is likely to conclude in 2023, with a formal consultation on change in the rules around Diversity & Inclusivity expected.

It is also worth noting that the issue of culture is one regularly covered by senior FCA executives in their speeches to City organisations. The message is clear: the pace of regulatory change may not have been fast, but the issue remains of importance to regulators. It should be of importance to firms too.

Some of the typical support services we can offer firms around the issues of culture and conduct are shown on the reverse of this document. Please contact us if you would like to discuss your requirements, or any specific issues, in complete confidence.



Kenneth Underhill
Director

kenneth.underhill@icsr.co.uk
07715 655745

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ICSR can assist regulated insurance firms with:

- Understanding the impact of culture on a business and helping firms develop a strategy to implement change where it is appropriate to do so, in line with regulatory expectations;
- Conducting a culture health check, either as an independent piece of work or as part of a Board Effectiveness Review;
- The development of bespoke learning programmes for staff at all levels to help clients meet their regulatory obligations and address the need for cultural change;
- Support with all aspects of the Senior Manager & Certification Regime, including issues that relate to culture and conduct at an individual or organisational level;
- The development, review and implementation of new or updated policies on all HR matters, including culture, equality, diversity and inclusivity;
- Understanding the impact of various rules on ESG matters, along with the implementation of any change required to meet the evolving rules and obligations;
- Understanding the various rules on individual and corporate conduct, including COCON, FIT, the Senior Managers Regime and the Certification Regime;
- Drafting and reviewing 'Statement of Responsibilities' to ensure there is clear accountability for the issues of culture and conduct within the firm;
- Addressing the issues of any regulatory investigation, including those that relate to culture and conduct matters.

The work we undertake on culture, equality, diversity and inclusivity brings together the expertise from across our firm, including our HR, Risk and Compliance specialists. Please speak with Kenneth Underhill or any of our Subject Matter Experts for more information on how ICSR can assist your firm.

ICSR Subject Matter Experts

[Niki Underwood](#) Head of HR (niki.underwood@icsr.co.uk or [+44 \(0\) 7860705881](tel:+44207860705881))

[Claire King](#) Head of Risk (claire.king@icsr.co.uk or [+44 \(0\) 7376942456](tel:+44207376942456))

