

**Residential Secure Income plc**

**Anti-Bribery and Anti-Corruption Policy**

**Adopted originally by the Board on 13 December 2017 and most recently approved on 15  
September 2021**

## ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

### Introduction

Residential Secure Income (the "**Company**") has a zero-tolerance approach to bribery and corruption and this policy sets out the general rules and principles applicable to the Company and its subsidiaries (the "**Group**"). As an externally managed investment company with no employees, this policy applies to (i) the directors of the Company (the "**Board**"), (ii) the directors and any employees of the Company's subsidiaries, and (iii) the directors and employees of the Group's alternative investment fund manager (the "**AIFM**") and extends to all business dealings and transactions in all countries in which the Group operates.

This policy also applies to third parties. A "**third party**" includes any individual or organisation you come into contact with during the course of your work for the Group, and includes actual and potential clients, customers, suppliers, contractors, distributors, business contacts, agents, advisors, joint venture and business partners, consultants and government and public bodies, including their advisors, representatives and officials, politicians and political parties, and any person or entity carrying out a service for the Group or working for or on behalf of the Group.

This policy explains the procedures through which the Group can maintain its high ethical standards and protect its reputation against any allegations or incidents of bribery and corruption. This policy is non-contractual and the Group will keep its contents under review and so from time to time you may be issued with amendments to policies and procedures and you will be notified of any such changes.

Successful implementation of this policy requires pro-active adoption at the following levels:

- the Board, the directors of the Company's subsidiaries and the Company's AIFM are required to read and understand all aspects of this policy and abide by it as well as any applicable local laws. You are not required to be experts in the relevant laws but are expected to comply with the Group's ethical standards and to seek guidance from Alex Pilato, Managing Director of Housing and Capital Markets for the AIFM and its affiliates (the "**Compliance Contact**"), whenever any uncertainty regarding those laws or standards arises. You must review these guidelines carefully and discuss any questions you may have with the Compliance Manager;
- the Board will have overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that it is being complied with throughout the Group; and
- Geoff Lambert, as compliance manager of the Company's AIFM (the "**Compliance Manager**") has primary and day-to-day responsibility for implementing this policy, and for monitoring its use and effectiveness, dealing with any queries on its interpretation, and auditing internal control systems and procedures to ensure they are effective in countering bribery and corruption; and
- the AIFM are responsible for ensuring that its personnel are made aware of and understand this policy and are given adequate and regular training on it.

## Policy Statement

1. **It is the Group's policy to conduct business in an honest way and without the use of corrupt practices or acts of bribery to obtain an unfair advantage. Failure to comply with this policy may result in disciplinary action being taken.**

The Group is committed to ensuring adherence to the highest legal and ethical standards. This must be reflected in every aspect of the way in which we operate. We must bring integrity to all our business dealings and relationships wherever we operate.

We will uphold all laws relevant to countering bribery and corruption. Bribery is a criminal offence in many countries, and corrupt acts expose the Group to the risk of prosecution, fines and imprisonment, as well as endangering our reputation.

The Group attaches the utmost importance to this policy and will apply a “zero tolerance” approach to acts of bribery and corruption.

2. **Who is covered by this policy?**

This policy applies to the Group, the Board, the directors of the Company's subsidiaries, and the AIFM, and extends to all business dealings and transactions in all countries in which the Group operate. This policy also applies to third parties as described above.

3. **What is bribery and corruption?**

**Bribery** is the offer, promise, giving, demanding, receiving or acceptance of an advantage as an inducement or reward for an action, function or activity which is improper, illegal, unethical or a breach of trust.

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

Acts of bribery or corruption are designed to influence the individual in the performance of their duty and induce them to act dishonestly or improperly. For the purposes of this policy, whether the payee or recipient of the act of bribery or corruption works in the public or private sector is irrelevant.

The person being bribed is generally someone who will be able to obtain, retain or direct business. This may involve sales initiatives, such as tendering and contracting; or, it may simply involve the handling of administrative tasks. It does not matter whether the act of bribery is committed before or after the tendering of a contract or the completion of administrative tasks.

- 3.1 *What is a bribe?*

Bribes can take on many different shapes and forms, but typically they involve corrupt intent. There will usually be a 'quid pro quo' – both parties will or are expected to benefit.

A bribe could be:

- the direct or indirect promise, offering, or authorisation, of anything of value;
- the offer or receipt of (or agreement to receive) any kickback, loan, fee, reward, or other advantage; or

- the giving of aid, donations or voting designed to exert improper influence.

There need not be an immediate benefit: an expectation of a later benefit will make it a bribe. A third-party benefit will also constitute a bribe.

Therefore, bribes are not limited to cash payments. Job offers, gifts and entertainment (please also see sections 5.2 and 5.3 below), excessive business promotional activities, covering or reimbursing expenses, in-kind or political contributions, investment opportunities, subcontracts, stock options and similar items provided to third parties are all things of value that can constitute a bribe and contravene the applicable anti-corruption legislation. Bona fide introducer arrangement fees would not constitute a bribe.

### 3.2 *Who can engage in bribery or corruption?*

In the eyes of the law, bribery and corrupt behaviour can be committed by:

- an officer or director of the Company or any of its subsidiaries;
- any person acting on behalf of the Group (such as the AIFM and other service providers); and
- individuals and organisations where they authorise someone else to carry out these acts.

Acts of bribery and corruption may (but will not always as it can be anyone connected to the business), involve public or government officials. For the purposes of this policy, a government official could be: (i) a public official, whether foreign or domestic; (ii) a political candidate or party official; (iii) a representative of a government-owned/majority-controlled organisation; or (iv) an employee of a public international organisation.

Please note, there is no distinction between commercial parties and public or foreign officials and this policy prohibits bribes of any kind to anyone, whether they are employed by a commercial business or considered a public or foreign official. As a general guiding principle, you must not offer anything to, or receive anything from, third parties, whether or not you consider them to be foreign officials and whether directly or indirectly, in return for or in the expectation of favourable treatment.

## **4. What does the law say about bribery and corruption?**

Bribery is a criminal offence in a number of countries and penalties can be severe. In the UK, the Bribery Act 2010 not only makes bribery and corruption illegal, but also holds UK companies liable for failing to prevent such acts by those working for or on its behalf, no matter where the act takes place. In addition, current US legislation (Foreign Corrupt Practices Act or FCPA) offers similar prohibitions and potential penalties and is enforced with vigour by the US authorities. It is therefore in your interests, as well as those of the Group, that you act with propriety at all times and in compliance with other applicable international anti-corruption laws. Any corrupt acts committed abroad may well result in a prosecution at home.

You should never give or offer bribes to further the Group's business nor should you request, accept or agree to accept bribes to further the Group's business.

Any individual with a "connection" to the UK can commit an offence under the Bribery Act 2010. A connection will include working in the UK, working for a UK company, as well as those resident in the UK and British citizens. Any person found guilty of such an offence can be subject to a prison sentence and an unlimited fine in some countries.

In addition, the Group can also be held responsible if anyone “associated” with the Group, such as directors, officers and third parties, bribes another third party. A conviction for this offence could result in the Company or any of its subsidiaries receiving a potentially unlimited fine. The Group could also suffer reputational damage and loss of business.

## **5. What steps can we take to prevent bribery and corruption?**

We can take the following steps to assist in the prevention of bribery and corruption:

### **5.1 *Risk assessment***

Effective risk assessment lies at the very core of the success or failure of this policy. Risk identification pinpoints the specific areas in which we face bribery and corruption risks and allows us to better evaluate and mitigate these risks and thereby protect ourselves. Business practices around the world can be deeply rooted in the attitudes, cultures and economic prosperity of a particular region – any of which can vary. The Group must assess the vulnerability of its business to these risks on an ongoing basis, subject to review by the Compliance Manager and the Board.

### **5.2 *Accurate books and record-keeping***

Many serious global bribery and corruption offences have been found to involve some degree of inaccurate record-keeping. We must ensure that we maintain accurate books, records and financial reporting within the Group’s businesses and make good faith efforts to ensure that all third parties working on our behalf do the same. Our books, records and overall financial reporting must also be transparent. That is, they must accurately reflect each of the underlying transactions. False, misleading or inaccurate records of any kind could potentially damage the Group.

### **5.3 *Effective monitoring and internal control***

Our business must maintain an effective system of internal control and monitoring of our transactions. Once bribery and corruption risks have been identified and highlighted via the risk assessment process, procedures can be developed within a comprehensive control and monitoring programme in order to help mitigate these risks on an ongoing basis.

The Group must take the necessary steps to prevent bribery and corruption. As these steps will vary by geography and business unit, the Compliance Contact and Compliance Contact should consult with the Board who will make available guidelines, principles and methodologies for the identification, mitigation and monitoring of these risks.

## **6. Where do the bribery and corruption risks typically arise?**

Bribery and corruption risks typically fall within the following categories:

### **6.1 *Use of third party representatives***

The definition of a third party is broad, and could include agents, distributors, consultants and joint venture partners. Whilst the use of third parties can help us reach our goals, we need to be aware that these arrangements can potentially present the Group with significant risks.

Risks can be identified where a third party conducts business activities on the Group's behalf, so that the result of their actions can be seen as benefiting the Group. Third parties who pose significant risks and act on the Group's behalf must operate at all times in

accordance with this policy. The Compliance Manager is responsible for the evaluation of each third-party relationship and determining whether or not it falls into this category.

Where risk regarding a third-party arrangement has been identified, Compliance Manager must:

- evaluate the background, experience, and reputation of the third party;
- understand the services to be provided, and methods of compensation and payment;
- evaluate the business rationale for engaging the third party;
- take reasonable steps to monitor the transactions of third parties appropriately;
- retain all paperwork and records documenting the due diligence checks and evaluations carried out on a third party for five years; and
- ensure there is a written agreement in place which acknowledges the third party's understanding and compliance with this policy,
- and inform the Board accordingly.

The Board is ultimately responsible for ensuring that third parties who pose significant risks are compliant with this policy as well as any local laws. Ignorance or “turning a blind eye” is not an excuse. As the third party evaluation process will vary by business and type of third party, the Compliance Contact and Compliance Manager should be consulted and will make available guidelines, principles and methodologies for the evaluation and vetting of third parties. The Compliance Contact should consult with and inform the Board where necessary.

## 6.2 *Gifts, entertainment and hospitality*

This policy does not prohibit normal and appropriate hospitality (given and received) to and from third parties. Gifts, entertainment and hospitality include the receipt or offer of gifts, meals or tokens of appreciation and gratitude, payment of travel expenses, or invitations to events, functions, or other social gatherings, in connection with matters related to our business.

In the event of any doubt over the permissibility or propriety of accepting, offering or giving a gift or hospitality you should refrain from doing so or alternatively, contact the Compliance Contact as soon as possible to request guidance and advice in this regard. Nothing should be accepted or given which would bring the Group into disrepute. In circumstances where gifts or hospitality have to be refused, you should be tactful and let the sender know that such future gifts or hospitality are not appropriate to the Group's way of doing business.

Save for gifts of low value (on an individual and aggregate basis) and which are mere tokens (such as promotional pens, calendars and stationery), excluding money, you are not permitted to offer, give or accept any gifts to or from customers, suppliers or other third parties involved with the Group.

## 6.3 *How to evaluate what is 'acceptable':*

First, take a step back and ask yourself the following:

- What is the intent – is it to build a relationship or is it something else?
- How would this look if these details were on the front of a newspaper?

- What if the situation were to be reversed – would there be a double standard?

If you find it difficult to answer one of the above questions, there may be a risk involved which could potentially damage the Group's reputation and business. The action could well be unlawful. If at all uncertain, please contact the Compliance Contact to discuss your concerns.

Although no two situations are the same, the following guidance should be considered globally:

(a) *Never acceptable*

Circumstances which are never permissible include examples that involve:

- a 'quid pro quo' (offered for something in return);
- gifts in the form of cash/or cash equivalent vouchers; and/or
- entertainment of a sexual or similarly inappropriate nature.

The guidance and principles above should be followed when considering giving or accepting gifts on the Group's behalf. All such proposed gifts and hospitality should be notified to the Compliance Contact and approved by the Compliance Manager prior to being accepted or given or provided.

(b) *Facilitation payments*

We do not make, and will not accept, facilitation payments of any kind. Facilitation payments are typically small, unofficial payments made to secure or expedite a routine government action or process by a government official. They are not commonly paid in the UK, but are common in some other jurisdictions.

Facilitation payments as defined here are against the Group's policy and we take the view that they are illegal within the UK as well as within other countries in which we may have business dealings. UK legislation makes no distinction between facilitation payments and bribes, regardless of size or local cultural expectations, even if that is "how business is done".

However, in the event that a facilitation payment is being extorted, or if you are forced to pay under duress or faced with potential safety issues or harm, such a payment may be made, provided that certain steps are followed. If you are ever placed in such a situation, you must contact the Compliance Contact as soon as possible and for a record of such payment to be appropriately within the Company's books and records to reflect the substance of the underlying transaction.

If you are unsure whether certain payments which resemble the definition of facilitation payments are permissible, please contact the Compliance Contact.

(c) *Donations*

No political or charitable donation must be offered or made in the Company's or any of its subsidiaries' name without the prior approval of the Board.

## **7. How to raise a concern**

As individuals who work on behalf of the Group, we all have a responsibility to help detect, prevent and report instances not only of bribery, but also of any other suspicious activity or wrongdoing. You are encouraged to raise concerns about any issue or suspicion of bribery or corruption at the earliest possible stage.

It is important that you tell the Compliance Contact as soon as possible if you are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that you are a victim of another form of unlawful activity.

If you are unsure whether a particular act constitutes bribery or corruption, or if you have any other queries, these should be raised with the Compliance Contact immediately or if this is not possible, as soon as practicable.

If you are concerned that a corrupt act of some kind is being considered or carried out – either within the Group, by any of our third parties or by any of our competitors – you must report this to the Compliance Contact immediately or if this is not possible, as soon as practicable.

In the event that an incident of bribery, corruption, or wrongdoing is reported, action will be taken as soon as possible to evaluate the situation.

If you have any questions in relation to this policy, please contact the Compliance Contact as soon as practicable.

## **8. Conclusion**

It is the ultimate responsibility of the Board routinely to refresh and reinforce this policy and its underlying principles and guidelines. The Board, with the assistance of the Compliance Contact and Compliance Manager, are responsible for the establishment and ongoing monitoring of this policy.



## SCHEDULE

### Potential risk scenarios: "red flags"

The following is a list of possible red flags that may arise and which may raise concerns under various anti-bribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.

If you encounter any of these red flags, you must report them immediately or if this is not possible, as soon as practicable to the Compliance Contact:

- (a) you become aware that a third party engages in, or has been accused of engaging in, improper business practices;
- (b) you learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with foreign government officials;
- (c) a third party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us;
- (d) 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;
- (e) a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- (f) a third party requests an unexpected additional fee or commission to "facilitate" a service;
- (g) a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- (h) a third party requests that a payment is made to "overlook" potential legal violations;
- (i) a third party requests that you provide employment or some other advantage to a friend or relative;
- (j) you receive an invoice from a third party that appears to be non-standard or customised;
- (k) a third party insists on the use of side letters or refuses to put terms agreed in writing;
- (l) you notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided;
- (m) 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 us;
- (n) you are offered an unusually generous gift or offered lavish hospitality by a third party; or
- (o) you are invited to provide a facilitation payment to expedite the processing of a visa or goods through customs.