

Anti-Bribery and Corruption Policy

1. Introduction

This Policy sets out the standards that are expected by Croudace Homes Group Limited and its subsidiary companies ("the Group") of all its employees, agents or consultants and any other person or body acting on its behalf. Further, the Group expects the same approach to doing business from suppliers and sub-contractors and any other third party dealing with the Group. When working for or with the Group, you are agreeing to and are obliged to ensure that you understand and comply with this policy.

Through its Directors, the Group takes steps to assess the risk to its business and the particular areas within it that may be particularly vulnerable to bribery and corruption. Appropriate training and procedures have been put in place on a targeted basis to prevent bribery and corruption. The anti-bribery and corruption policy will be reviewed in the light of changes in legislation or where events dictate (e.g. after any known attempted bribery) but in any event is the subject of periodic review at Group Board level.

Third parties working for or with the Group will be expected to provide additional information or clarification where requested to ensure that the Group is satisfied as to full compliance with its policies and procedures.

Compliance with this anti-bribery and corruption policy is mandatory.

2. Bribery and Corruption

Corruption is the misuse of office or power for private gain. Bribery is a form of corruption.

A bribe is defined in the Bribery Act 2010 as the receiving, offering, giving, providing, requesting or accepting of a financial or other advantage in order to:

- Seek to induce or induce a person to give improper assistance in breach of their duty; or
- Otherwise influence someone with the underlying purpose of obtaining or retaining business, or an advantage in the course of business

In practical terms, a financial or other advantage is likely to include cash or cash equivalent, gifts, meals, entertainment, services, loans, preferential treatment, discounts or anything else of value.

The timing of the bribe or corruption is irrelevant and payments or inducement made after the relevant event will still be caught, as will bribes or inducements that are given or received unknowingly.

It is not necessary for the individual or organisation to actually receive any benefit as a result of the bribe or corruption.

Common indicators of bribery and corruption include:

- Payments are for abnormal amounts or purposes (e.g. commission), or made in an unusual way, e.g. what would normally be a single payment is made in stages, through a bank account never previously used, or in a currency or via a country which has no connection with the transaction;
- Process is bypassed for approval or sign-off of terms or other commercial matters, or the Group is prevented from or hindered in monitoring commercial processes;
- Unusual gifts or benefits or which are substantial in value;
- Individuals are secretive about certain matters or relationships and/or insist on dealing with them personally; they may make trips at short notice without explanation, or have a more lavish lifestyle than expected;
- Decisions are taken for which there is no clear rationale; or
- Records are incomplete or missing.

For examples of bribery and corruption see Appendix 1.

3. Why is corruption and bribery prevention important

Bribery and corruption are criminal offences in most countries where the Group does business. UK businesses, which form part of the Group, are subject to the Bribery Act 2010 ("BA 2010"). Under BA 2010 it is illegal to:

- Pay or offer to pay a bribe;
- Receive or agree to receive a bribe; or
- Bribe a foreign public official.

The Group can also commit an offence if a person associated with it i.e. an employee or consultant bribes another and does so with the intention of obtaining or retaining business or a business advantage for the Group.

If the Group is found guilty of bribery or corruption, or if it fails to put in place adequate procedures to prevent it, the Group could face the following consequences:

- The Group could be subject to significant fines;
- An allegation of bribery or corruption would result in severe reputational damage;
- The cost of the Group's insurance cover could increase very significantly;
- Banking or supply facilities might be withdrawn or offered only on less favorable terms;
- The Group may be restricted in tendering for private and public sector contracts; and
- Good people will not want to work for the Group.

In addition to consequences to the Group, any individual guilty of bribery or corruption will be subject to criminal law which carries severe penalties fines and/or imprisonment (up to ten years under BA 2010).

It does not matter whether the bribery or corruption occurs in the UK or abroad. An act of bribery or corruption committed abroad may well result in a prosecution in the UK. Nor does it matter whether the act is done directly or indirectly.

Failing to comply with this policy, and related procedures, puts both the individual and the Group at risk. As such, the Group takes compliance with this policy and related procedures very seriously.

Because of the importance of this policy, failure to comply with any requirement of it may lead to disciplinary action under the Group's procedures, and this action may result in dismissal for gross misconduct. Any non-employee who breaches this policy is liable to have their contract with the Group terminated with immediate effect.

4. Policy

The Group and the Group Board do not tolerate bribery or corruption by its people or its third party representatives. Further, the Group does not directly or indirectly offer, promise, give, solicit or accept any bribe (whether cash, excessive gifts /hospitality or other inducement) or engage in any corruption in order to obtain or retain business.

The Group aims to limit its potential exposure to corruption and bribery by implementing various prevention procedures, including the following:

- The Group promotes employee awareness of its anti-bribery and corruption policy and procedures through targeted policies and training identified and reviewed by the Directors responsible for the respective departments. All staff identified as working within high-risk areas across the Group receive anti-bribery and corruption training periodically;
- The Group has a clear anti-bribery and corruption policy and reviews it and its procedures periodically at Director and Group Board level;
- The Group encourages staff to be vigilant and immediately report any suspicions of bribery or other corruption where either known to have taken place, or where the individual has a have a reasonable suspicion, that bribery or corruption has occurred or is likely to occur;
- The Group will rigorously investigate any instances of alleged or suspected corruption or bribery and will take any appropriate action (whether internal disciplinary action or external reporting to the relevant authorities) which may also lead to legal action and criminal sanctions. Please see section 9 for further details;
- The Group does not offer or agree to make improper payments to agents, contractors, public officials, or anyone that the Group does business with;
- The Group engages and remunerates agents consultants and other third parties only for legitimate services and requires third parties to comply with

appropriate due diligence checks to ensure appropriate transparency and minimise the chance of corruption or bribery. The Group may apply a higher level of due diligence to associated persons working in high risk areas;

- The Group's internal accounting systems are designed (and externally audited on an annual basis) with suitable checks in place to prevent individuals being able to process illegitimate payments or create false records; and
- The Group does not make inappropriate contributions to candidates for public office or to any political organisations.

This anti-bribery and corruption policy and its associated procedures do not operate in isolation; they form part of and should be read and followed alongside the Group's other crime prevention measures, including:

- Anti-bribery guidance note;
- Whistleblowing policy;
- Anti-fraud policy; and
- Expenses policy.

5. Responsibility

While the Group Board plays a leadership role in relation to corruption and bribery prevention, responsibility for the day-to-day operation of the anti-bribery and corruption policy and related procedures rests with the Directors of Croudace group companies. They have the full support of the Group Board, which will ensure direct access to our most senior people as they think necessary, even where their primary reporting lines differ.

Also managers have responsibility for preventing and identifying corruption and risks of corruption and in particular bribery.

Everyone associated with the Group, including staff, agents, contractors and other associated persons is responsible for understanding the terms of and complying with this policy including reporting corruption. The Group encourages colleagues and those it works with to challenge views that tend to support or seek to 'normalise' corruption or bribery.

The Group will not penalise anyone who loses business through not paying a bribe.

6. Anti-bribery and corruption prevention measures

Who can be involved in bribery and corruption and in what circumstances?

Bribery and corruption may be committed by any of the following associated persons relevant to the Group:

- Staff (employees, directors etc.) or anyone the Group authorise to do things on its behalf;

- Representatives and other third parties who act on the Group's behalf i.e. contractors;
- Suppliers; and/or
- Customers (because they might try to induce one of our people to give them more favourable terms).

Bribery or corruption can occur in both the public and private sectors. The person receiving a bribe is usually in a position to influence the award or the progress of business, sometimes a government or other public official and corruption may involve an inappropriate two way benefit or personal benefit and may be engaged in for either business and/or personal reasons.

Additional anti-bribery and corruption procedures:

The Group's assessment of risk recognises that different associated persons may present different corruption risks and the need for implementing procedures that are proportionate to the identified risks and the size and nature of the business, including carrying out the following procedures:

- The Group conducts due diligence on employees, contractors, and other associated persons to ensure they are trustworthy and understand their responsibilities;
- The Group manages anti-bribery and corruption risks throughout all procurement processes with associated persons, i.e. pre-tender, tender, contract management, during project delivery and project extension; and
- New and existing associated persons are subject to strict anti-bribery contractual terms, which are subject to review.

7. What is and is not permitted

Each individual must not:

- Give or offer any payment, gift, hospitality or other benefit that could amount to a bribe, e.g. in the expectation that a business advantage will be received, or to reward any business obtained or retained;
- Accept any offer from a third party that it knows or suspects is made with the expectation that the Group will provide a business advantage for them or anyone else;
- Provide gifts or hospitality which exceed the approved limits for bribery and corruption risks without having the relevant gifts or hospitality approved by the proper channels (see below); or
- Give or offer any payment to a government official in any country to facilitate or speed up a routine or necessary procedure.

This policy is not meant to prohibit the following practices, providing they are lawful in a particular market, are proportionate and are properly recorded:

- The Group does permit corporate entertainment (attended or provided by the members of the Group), gifts, hospitality and promotional expenditure that is provided, received or undertaken with a clear and legitimate business objective and:
 - for the purpose of establishing or maintaining good business relationships; and/or
 - to improve the image and reputation of the Group; and/or
 - to present the Group's product effectively.
- However it must always be the case that it is reasonable, appropriate and proportionate in the circumstances. If there is any doubt about this, an individual should seek guidance from a Director or the Group Legal Director, or in accordance with the Group's Whistleblowing Policy. In addition the Board may set (and adjust at any time) financial limits for gifts and/or hospitality above which specific approvals are required;
- In order to ensure effective monitoring the Group maintains Hospitality Registers and employees are required to apply to the relevant Director or Group Head of Department where any hospitality or gift is in excess of a level set by the Board.

8. Reporting concerns

Bribery and corruption are never acceptable. The Group encourages everyone to speak up early if they encounter bribes and/or corrupt practices, or have any ethical concerns, no matter how minor. It is essential that everyone promptly raises any concerns in relation to possible corrupt activity, of whatever nature. This also applies if you only suspect that corrupt activity is being carried on or may be carried out. If you have any concerns you should report them.

The correct reporting mechanism will depend on the nature of the suspected activity, e.g.:

- where an individual is concerned that a member of staff or agent has given or knowingly accepted a bribe or carried out any other form of corruption, a whistleblowing report will be appropriate. Please see the Group's Whistleblowing policy;
- where an individual is concerned that the Group has been the victim of bribery and/or other forms of corruption, please raise this with your immediate manager in the first instance.

You must make your report as soon as reasonably practicable and may be required to explain any delays. Concerns may be raised anonymously, if preferred.

To avoid the risk of committing a “**tipping off**” offence under section 333A or 342 of the Proceeds of Crime Act 2002 (POCA), no one else should be informed of your report without the approval of the Group Legal Director .

You must report any actual or suspected bribery and any other corruption. Failing to report corruption including bribes or suspicion is a disciplinary matter.

9. Responding to a corruption incident

Total protection from corruption including bribery is not possible. In the event that the Group falls victim to, or is used for corrupt activity, the Group has procedures for responding to that corruption to manage the incident swiftly and effectively.

Central to the Group's response procedures is early detection, so prompt reporting of any concerns or suspicions is vital.

The Group will investigate all internal concerns raised appropriately and in a timely manner.

Where a bribery or other corruption incident is confirmed, the specific actions the Group will take will depend on the nature of the bribery, but generally the Group may:

- Consider whether to take any legal action;
- Make necessary and appropriate notifications, e.g. to banks, insurers, customers, etc;
- Take disciplinary steps in relation to staff (which may lead to dismissal from employment) or in the case of third party contractors or agents then suspension or termination of their relevant contracts may be required;
- Seek external expert advice; and/or
- Consider whether it is necessary and appropriate to self-report to prosecution authorities such as the police.

The Group will then use any bribery events to inform subsequent risk assessments.

Please note that these procedures are policy guidelines and the Company reserves the right to amend them from time to time. They are a term of your employment or engagement and with which you must comply.

Appendix 1 – Examples of Bribery and Corruption

1. Bribes and corruption committed by the Group or its associated person

- A site manager offers a local authority officer or other official a cash payment or luxury hospitality in exchange for overlooking non-compliance with building regulations and/or overlooking safety violations or substandard work during an inspection.
- A member of staff accepts a personal payment or lavish gift from a supplier in exchange for awarding them a contract for building materials, despite the supplier not offering the best value or quality.
- A planning consultant working with the Group bribes a local council member to approve a development application that would otherwise be rejected.
- A member of staff accepts a bribe from a subcontractor to secure work on a development project, by-passing the competitive tendering process.
- A member of staff offers a bribe to a landowner's representative to influence the sale price or terms of a land deal in the company's favour.

2. Examples of bribes and corruption to the Group or its associated persons

- An agent offers a financial incentive to a sales manager of the Group to get early access to new plots or discounted pricing, which they then resell at a profit.
- A supplier of roofing materials offers a procurement manager a personal "commission" or luxury gift in exchange for being selected, even though their bid is more expensive or lower quality than competitors.
- A subcontractor offers cash or free services (e.g. home renovations) to a site manager in return for being awarded additional work or having their poor performance overlooked.

3. Kickbacks

A kickback is a form of bribery or corruption where a portion of the payment is returned to the person who facilitated the transaction.

- An employee of the Group receives a percentage of a vendor's fee in exchange for awarding them a contract.
- A sales representative offers a potential buyer a secret discount or incentive (e.g. paying part of their deposit under the table) in exchange for a personal kickback or referral fee.

4. Undisclosed Gifts or Hospitality

Accepting gifts, entertainment, or hospitality that could influence business decisions.

- A supplier of construction materials invites a site manager to an all-

expenses-paid weekend at a luxury resort. The site manager accepts the invitation but does not disclose it to the company. Shortly after, the supplier is awarded a large contract, despite not offering the most competitive pricing.

These examples constitute bribery and corruption, regardless of whether the offer is accepted or the outcome is influenced.