

# Fraud and Corruption Policy

May 2024

**US Masters Responsible Entity Limited**  
ACN 672 783 345, AFSL 553 794

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## Definitions

**Act or Corporations Act** means the Corporations Act 2001 (Cth)

**AFSL or AFS licence** means Australian Financial Services Licence

**ASIC** means the Australian Securities and Investments Commission

**ASX** means ASX Limited (ACN 008 624 691)

**Australian Law** includes, without limitation, Corporations Act, Corporations Regulations and ASIC regulatory guidance

**Board** means board of Directors of the Company

**Chairman** means the chairman of the Board

**Company** means US Masters Responsible Entity Limited (ACN 672 783 345, AFSL 553 794)

**Compliance Officer** means the Compliance Officer of the Responsible Entity

**Corporations Regulations** means Corporations Regulations 2001

**Director** means the director of the Company

**Fund** means US Masters Residential Property Fund (ARSN 150 256 161)

**Management Trust** means US Masters Residential Property Fund II (ARSN 676 798 468)

**Responsible Entity** means the Company

**Responsible Manager** means the responsible managers nominated by the Responsible Entity under its AFSL

**Retail Trust** means the Fund

**Stapled Security** means URF

**URF** refers to each unit in the Retail Trust stapled to a unit in the Management Trust to form the stapled vehicle

## 1. Background

US Masters Responsible Entity Limited ACN 672 783 345 (**Company**) is a wholly owned subsidiary of the **Management Trust** which is stapled to the Fund (**Retail Trust**) to form the stapled listed vehicle, URF.

US Masters Responsible Entity Limited is the responsible entity of both the Management Trust and the Retail Trust and is the holder of Australian Financial Services Licence Number 553 794.

## 2. Purpose

The purpose of this policy is to protect the assets and reputation of URF by:

- a) reinforcing the commitment and responsibility of the board of directors of the Company (**Board**) and the senior management to identify fraudulent and corrupt activities and for establishing policies, controls and procedures for prevention and detection of these activities;
- b) reinforcing the requirement for all employees and others to refrain from corrupt and fraudulent conduct and encourage the reporting of any instance of fraud or corrupt conduct;
- c) providing a framework for conduct of investigations to ensure that all suspected fraudulent and corrupt activity is dealt with appropriately; and
- d) assigning responsibility for the development of controls to prevent and detect fraud.

## 3. Scope

This policy applies to all officers, employees (including directors, executives and managers) and contractors of the Company and its subsidiary companies.

Any irregularity or suspected irregularity involving a shareholder, vendor, consultants or any other third-party agencies doing business with the Company or its officers, employees or contractors, is included in the scope of this policy.

The policy does not have regard to the officer's, employee's or contractor's length of service, title or relationship to the Company.

This policy does not limit any rights or obligations which the Company's officers, employees or contractors have at law.

## 4. Definition of fraud and corruption

**Corruption** is defined (for the purposes of this policy) as a dishonest activity in which a director, officer, executive, manager, employee or contractor of an entity acts in a manner that is contrary to the interests of the Company and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.

Examples of corrupt conduct include, but are not limited to:

- a) payment of secret commissions (bribes, facilitation payments or gratuities) in money, or

- some other value, to other businesses, individuals or public officials;
- b) receipt of bribes or gratuities from other businesses, individuals or public officials;
  - c) release of confidential information, for other than a proper business purpose, sometimes in exchange for either a financial or non-financial advantage;
  - d) an officer, employee or contractor of the Company manipulating a tendering process to achieve a desired outcome; or
  - e) a conflict of interest involving an officer, employee or contractor of the Company acting in his or her own self-interest rather than in the interests of the Company.

**Fraud** is defined as an intentional act by one or more individuals among management, those charged with governance, officers, employees, contractors or other third parties, involving the use of deception to obtain an unjust or illegal advantage.

A fraud can typically result in actual or potential financial loss to any person or entity however this is not always the case.

Examples of fraud could include, but are not limited to:

- a) misappropriation of funds, securities, or other assets including use of assets for private purposes;
- b) causing a loss to the Company or creating a liability for the Company by deception;
- c) impropriety in the handling or reporting of money or financial records;
- d) profiting from insider knowledge of the Company's activities or intended activities;
- e) accepting or seeking anything of value from contractors, vendors or persons providing services to the Company;
- f) false invoicing for services never rendered or backdating agreements;
- g) submission of exaggerated or wholly fictitious accident, harassment or injury claims; or
- h) misuse of personal leave.

## 5. Policy

The Company requires all officers, employees and contractors at all times to act honestly and with integrity and to safeguard the Company resources for which they are responsible. The Company and its related bodies corporate (**Group**) are committed to protecting all revenue, expenditure and assets from any attempt to gain illegal financial or other benefits.

Any fraud or corruption committed against the Company is a major concern and as a consequence all cases will be thoroughly investigated, and appropriate disciplinary action will be taken against any officer, employee or contractor of the Company who is found guilty of corrupt or fraudulent conduct. This may include referral to the appropriate law enforcement or regulatory agencies for independent investigation.

## 6. Code of conduct

The Company's code of conduct assists in preventing fraud and corruption within the Company and it specifically requires employees to comply with the code.

## 7. Fraud and corruption control

### Board and senior management responsibility

The Board and senior management are ultimately responsible for setting the tone at the top and have a responsibility to:

- ensure that there is an effective fraud and corruption risk management framework in place;
- understand the fraud and corruption risks to which the Company is exposed;
- maintain oversight of the fraud risk assessment and the controls in place to mitigate the risks identified; and
- monitor reports on fraud risks, policies and control activities that include obtaining assurance that the controls are effective.

Senior Management is responsible for ensuring that adequate procedures are in place that address:

- appropriate security screening and selection of officers and employees;
- disciplinary / dismissal procedures;
- employment contracts that include relevant conditions of employment relating to fraudulent and corrupt conduct;
- monitoring of annual leave entitlements to ensure that officers, employees and contractors do not accumulate excessive annual leave entitlements i.e. four weeks over and above their yearly entitlement; and
- clarification and formalisation of responsibilities / segregation of duties (where possible, these should be included in relevant position descriptions).

### Officers, employees and Contractors

All officers, employees and contractors are responsible for complying with Company policies and procedures, codes of personal conduct and ethics, management (including avoidance) of conflicts of interest and maintaining vigilance in early detection, reporting and prevention of fraud and corruption.

Managers and supervisors are responsible for:

- communicating and raising awareness of the risks relating to fraud and corruption with their employees and for ensuring compliance with Company policies and procedures, adequate rotation of employees and levels of staffing are in place; and
- establishing and maintaining adequate internal controls that provide for the security and accountability of Company resources and prevent/reduce the opportunity for fraud and corruption to occur.

### Compliance Officer

The Compliance Officer has the primary responsibility for:

- investigating internal and external fraud and corruption matters, including using external parties where required and notifying law enforcement or regulatory agencies as necessary;
- conducting periodic fraud and corruption risk assessments with the businesses to assess the adequacy and effectiveness of the Company's fraud risk management processes;
- ensuring that the risk of fraud and corruption is being appropriately managed and controlled by business units;
- analysing loss trends arising from fraud; and
- advising and assisting relevant business units in the implementation and maintenance of best practice techniques and controls to prevent and detect fraud and corruption.

The Compliance Officer will also be responsible for providing regular training in respect of this policy that will:

- assist with the identification of fraud and corruption risk;
- provide effective fraud and corruption mitigation techniques; and
- enforce the Company's zero tolerance policy on fraud and corruption.

## **Finance**

The Company's finance team must implement robust processes and controls in relation to expenditure, investments and transfers of money. Provisions, losses and write-offs in relation to fraud must be made in accordance with the Company's group accounting policies and procedures. The Board is responsible for making recommendations regarding the placement and maintenance of insurance cover for crime, fraud and fidelity risk for the Company.

## **Investigations**

The Company Secretary will provide advice and requisite management assistance regarding any prospective investigation or litigation linked to a fraud or corruption event.

## **8. Investigation protocols**

If an investigation identifies that fraud or corruption has occurred, the Compliance Officer will escalate the matter in accordance with the section 9 below.

Decisions to prosecute or refer the examination results to the appropriate law enforcement or regulatory agency will be made in conjunction with the Board.

In the event of an investigation, members of the investigating team will have free and unrestricted access to all the Company's records and premises. They will have the authority to examine, copy and remove any information within the scope of the investigation.

## **9. Reporting**

Any officer, employee or contractor who suspects fraud or corrupt activity has the ability to report the matter confidentially through one of the following options:

- notifying his or her immediate manager; or
- notifying the Compliance Officer; or

- notifying the Board.

It is the responsibility of all officers, employees and contractors to report all suspected, attempted or actual fraud or corruption incidents. All information received is treated confidentially.

Investigations will not be disclosed to, or discussed with, anyone other than those who have a legitimate need to know.

All suspected fraud or corruption incidents must be escalated to the Board.