

ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY

1. Policy Statement

- 1.1 LHIL Manager Limited (the “**Trustee Manager**”) as the trustee-manager of Langham Hospitality Investments (the “**Trust**”) of Langham Hospitality Investments Limited (the “**Company**”) is committed to upholding high standards of business integrity, honesty and transparency in all its business dealings. Both the Company and the Trustee Manager strictly prohibit any form of fraud, bribery and corruption, and is committed to the prevention, deterrence, detection and investigation of all forms of bribery and corruption.
- 1.2 The Board of the Trustee Manager is accountable to the implementation of the anti-fraud, bribery and corruption efforts (including core values, code of conduct, risk management, internal controls, communication and training, oversight and monitoring) of the Company. Directors and senior management of the Trustee Manager are responsible for ensuring the effective implementation and in particular, the monitoring and investigation of any material fraudulent, bribery or corruption activities committed within the Company.
- 1.3 This Policy applies to the Company, and to all directors, officers and employees of Langham Hospitality Investments Limited, its wholly owned subsidiaries (together as “**Langham Group**”), and joint ventures or companies in which the Group holds a controlling interest and the Trustee Manager (which for these purposes includes temporary, part-time or contract staff both inside and outside Hong Kong) (collectively as the “**Employees**”). All our business partners, including joint venture partners, associated companies, contractors and suppliers are encouraged to abide by the principles of this Policy.
- 1.4 Fraud, bribery or corruption damages a company’s reputation and undermines its relationship with its regulators and its unitholders, business partners and competitors. It may lead to criminal prosecution of or regulatory action against a company and/or its employees, resulting in the imposition of criminal or civil penalties, including fines and imprisonment, and could damage a company’s business. Definition of fraud and some examples of fraudulent behaviour that may impact the Group are set out in Appendix 1.
- 1.5 All Employees are required to:
- (a) adhere to this Policy, as well as any additional requirements set by their employing company or by local law (which may be stricter than those set out in this Policy), the breach of which may lead to disciplinary action that might ultimately result in termination of employment and/or personal civil or criminal sanctions;
 - (b) comply with the Company’s policies and procedures and the internal controls

requirements; and

(c) report details of suspected fraud to the Internal Audit in a timely manner.

1.6 This Policy sets out the minimum standards of conduct to which all Employees are required to adhere. This Policy should be read in conjunction with the Company's Code of Conduct.

1.7 Questions in relation to this Policy should be directed to the Company Secretary Team.

2. Prohibition on Improper Payments, Kickbacks and Other Forms of Bribery

2.1 Guidance on what could constitute bribery is contained in Appendix 2 to this Policy.

2.2 Employees are strictly prohibited (whether acting in their own capacity or on behalf of the Company) from:

(a) offering, promising, giving or authorising, directly or indirectly, any bribe or kickback to or for the benefit of any person (whether in private or public office) in order to obtain any improper business or other improper advantage for the Company;

(b) soliciting, accepting or receiving (whether for the benefit of the Company, their own benefit or that of their family, friends, associates or acquaintances) any bribe or kickback from any person (whether in private or public office) in return for providing any improper business or other improper advantage in relation to the business of the Company;

(c) otherwise using illegal or improper means (including bribes, favours, blackmail, financial payments, inducements, secret commissions or other rewards) to influence the actions of others; or

(d) acting as an intermediary for a third party in the solicitation, acceptance, payment or offer of a bribe or kickback.

2.3 In addition to complying strictly with the provisions in this Policy, Employees must exercise common sense and judgment in assessing whether any arrangement could be perceived to be corrupt, illegal or otherwise inappropriate.

3. Political and Charitable Contributions and Sponsorships

3.1 Charitable donations and sponsorships may in some circumstances constitute a disguised form of bribery. Therefore, such activities should strictly follow the procedures set out in Company's Code of Conduct.

4. Facilitation Payments

4.1 Facilitation payments (i.e. unofficial payments demanded in return for speeding up or securing the performance of routine government actions, such as obtaining visas, permits or licences) are prohibited.

5. Gifts and Hospitality (“Business Courtesies”)

- 5.1 Business gifts and hospitality are customary courtesies designed to build goodwill among business partners. In some cultures, they play an important role in business relationships. However, a problem may arise when such courtesies compromise, or appear to compromise, the ability to make objective and fair business decisions. Offering or receiving any gift, gratuity or hospitality that might be perceived to unfairly influence a business relationship should be avoided. The following guidelines apply at all times.
- 5.2 Business Courtesies must comply with the following principles:
- (a) they must be reasonable and not excessive;
 - (b) they must be of modest value, both in isolation and when considered in the context of other gifts and hospitality offered;
 - (c) they must be appropriate and consistent with reasonable business practice;
 - (d) they must be provided with the intent only to build or maintain a business relationship or offer normal courtesy, rather than to influence the recipient’s objectivity in making a specific business decision;
 - (e) they should never be offered in return for financial or personal gain or favour; and
 - (f) they must be permissible under all applicable laws, rules and regulations. When dealing with a public official, the official’s country will often have laws imposing limits on the level of hospitality and gifts which can be accepted, and those laws must be strictly adhered to. When dealing with the private sector, gifts or hospitality should not exceed any limits imposed by the recipient’s organisation.
- 5.3 Employees should use good judgment; “everyone else does it” is not sufficient justification. Consider whether public disclosure of the Business Courtesy would cause embarrassment to the Company or the recipient; if so it should not be provided or accepted. In determining whether a specific business courtesy lies within the bounds of acceptable business practice, Employees are encouraged to discuss the issue with their supervisor and/ or business unit head.
- 5.4 The Company has a procedure in place whereby Business Courtesies outside the normal course of business are documented and recorded, whenever accepted, given or rejected. The record must expressly state the nature, purpose, value (if known) and date of the Business Courtesy and also details of the giver and receiver of the Business Courtesy.

5.5 The Company is to adhere to the Company's Code of Conduct for the maximum allowable limit of giving, and receiving, of gifts (including gift cards and gift certificates or vouchers) and advantages, above which prior written approval must be sought from department heads of the Company. In determining whether to approve gifts or advantages of a value higher than the maximum allowable limit, the department heads shall follow the principles set out in paragraphs 5.2 and 5.3 above.

6. Procurement of Goods and Services by the Company and Other Business Partners

6.1 The Company is committed to dealing with its customers and suppliers in a fair, honest and professional manner, while seeking best value for the business. Potential suppliers are treated on an equal basis and no unmerited favouritism is to be shown in the procurement of goods and services. The Company conducts its procurement practices in a fair and transparent manner and Employees must act with due care and diligence when evaluating prospective customers and suppliers.

6.2 The Company will not deal with customers and suppliers and other potential business partners known to be paying bribes and/or engaging in corrupt activity. Appropriate levels of diligence are to be conducted by adequately skilled persons in the selection and renewal of new and existing customers and suppliers and other business partners (such as a joint venture partner) commensurate with the fraud and/or bribery risk associated with a particular relationship.

6.3 Please also refer to the Company's Code of Conduct for more details.

7. Third Party Representatives

7.1 Anti-bribery legislation in some countries imposes criminal liability for a company's failure to prevent bribery by anyone providing services for or on behalf of the company. The Company is committed to promoting anti-bribery practices amongst any third party representatives it engages ("**Third Party Representatives**"). Third Party Representatives could include amongst others, advisers, agents, introducers and finders, consultants and political lobbyists. The prohibitions in this Policy apply to Third Party Representatives engaged to represent the interests of the Company, a breach of which could result in termination of their engagement.

7.2 To minimise the risk of Third Party Representatives engaging in inappropriate conduct, relevant departments should:

- (a) always act with due care and diligence in selecting Third Party Representatives and in monitoring their activities;
- (b) ensure that Third Party Representatives are aware of and respect the this Policy;
- (c) consider that the contractual agreements with Third Party representatives should allow for termination of their engagement if this Policy is breached;
- (d) ensure that all fees and expenses paid to Third Party Representatives represent appropriate and justifiable remuneration, which is commercially

reasonable under the circumstances, for legitimate services rendered by the Third Party Representative; and

(e) keep accurate financial records of all payments.

8. Communication and Training

- 8.1 The Company should ensure that Employees are informed about and understand this Policy, including applicable local procedures and requirements, and that there is a clear escalation procedure for reporting actual or suspected breaches of this Policy and suspicious activity. The Company is to make this Policy available to all Employees (whether in hard copy or online) and to provide briefings to new Employees thereon. Regular trainings relating to the fraud and bribery risks faced by the organisation, as well as compliance with laws, regulations and standards of conduct, which are relevant for their field of business, are available to Employees. For reporting of actual or suspected breaches of this Policy and/or suspicious activity, Employees should refer to the Company's Code of Conduct.
- 8.2 It is every Employee's responsibility to counter bribery by adhering to this Policy.
- 8.3 It is the responsibility of every manager to communicate this Policy to Employees. Managers should ensure that all Employees reporting to them, and external parties within their area of responsibility working on behalf of their respective companies, understand and comply with the prohibitions in this Policy.
- 8.4 No Employee will suffer demotion, penalty, or other adverse consequences for refusing the pay bribes even if such refusal may result in the Company losing business.

9. Books and Records

- 9.1 The Company should establish a robust financial and accounting control system, including adequate segregation of duties, authorisation controls and logging of entries or changes to ensure the accuracy and completeness of its books of account, as well as to prevent or detect any irregularities. Such system is subject to regular review and audit.
- 9.2 Accurate records of all company transactions and (where required under paragraph 5.4) Business Courtesies must be kept. All receipts and expenditures must be supported by documents that describe them accurately and properly. The falsification of any book, record or account of any company within the Company is prohibited.
- 9.3 Employees must not pay for Business Courtesies personally as a means of evading the requirements of this Policy.

10. Reporting of Fraud and Suspicious Activity

- 10.1 If an Employee becomes aware of any actual or suspected breach of this Policy, he/she must report such incidents in accordance with the Company's Code of Conduct. Please also refer to the Whistleblowing Policy which provides a mechanism for Employees and those who deal with the Company to raise concerns on any suspected impropriety, misconduct or malpractice through confidential reporting channels.
- 10.2 As further set out in the Company's Code of Conduct, the timely reporting of actual or suspected breaches of this Policy lies with the managers-in-charge having responsibility for the operation in which the incident occurs, who is to report actual or suspected incidents of bribery, theft, fraud or similar offences to the Internal Audit.
- 10.3 To facilitate the formal risk review and assessment by the Company, all the relevant information related to such cases should be made readily available for review and follow up by the Internal Audit.
- 10.4 Employees are actively encouraged to report any concerns regarding bribery. The Internal Audit is responsible to ensure that such complaints are logged, investigated and appropriate action is taken. All reports of fraud or bribery are to be investigated and appropriate sanctions employed. Complaints are to be treated confidentially to the extent possible, and Employees raising legitimate concerns in good faith are to be protected; retaliation of any kind against any Employee for making good faith reports about actual or suspected violation of this Policy is not permitted.
- 10.5 If there is sufficient evidence to suggest that a case of possible criminal offence or corruption exists, the matter will be reported by the Group to the relevant local authorities (for instance, Independent Commission Against Corruption (ICAC) in Hong Kong). In some situations (e.g. in case of possible criminal offence), the Company may have to refer the matter together with the relevant information to the authorities. Please note that once the matter is referred to the authorities, the Company will not be able to take further action on the matter until the investigation by the authorities is complete.
- 10.6 Employees must cooperate fully and openly with any investigation into alleged or suspected corrupt activity or breach of this Policy. Failure to cooperate or to provide truthful information may also lead to the Employee being subject to disciplinary action, up to and including dismissal.

Fraud

- 1 The term “fraud” commonly encompasses deceptive conduct with the intention of making some form of financial or personal gain, or causing another person suffers a loss. It includes, but is not limited to, deception, bribery, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.
- 2 Examples of general types of fraudulent behaviour that may impact the Group include but not limited to:
 - (a) obtaining financial advantage or any other benefit by deception or abuse of authority granted by virtue of official position or duty;
 - (b) unauthorised trading activities involving conflict of interest and/or gaining of personal interests;
 - (c) improper use of business information not released to the public and/or commercially sensitive information;
 - (d) theft, unauthorised use and/or disposal of Group assets or resources;
 - (e) false accounting and/or misleading disclosures;
 - (f) false declaration of work performed or misstatement of materials used in projects; and
 - (g) false payroll, false invoicing or false expense claims.
- 3 There is no set monetary threshold that defines a fraud. It is not necessary for the fraud to be successful to be viewed as a fraud.

Bribery

- 1 Bribery involves giving or offering to give any advantage, directly or indirectly, to a public servant (i.e. officers, members and employees of public bodies) or any employee of a company or other person connected with a business, as an inducement or reward for or otherwise on account of such person's conduct in relation to the affairs of their employer or principal. It also involves soliciting or accepting bribes.
- 2 Bribery usually occurs where a person offers advantages to another as an inducement or reward for the recipient's improper performance of duties (usually to win or retain business or advantages), or where the recipient abuses his authority or position for personal gain. Bribery can also take place where the offer or payment is made by or through a third party.
- 3 Bribes and kickbacks can consist of anything of value (i.e. an "advantage"), including:
 - gifts, excessive entertainment and hospitality, sponsored travel and accommodation;
 - cash payments, whether by or to employees or business partners such as agents, finders, introducers or consultants;
 - other favours provided by or to public officials, suppliers or customers, such as engaging a company owned by a member of a public official or customer's family;
 - free use of a company's services, facilities or property; and
 - loans, loan guarantees or other extensions of credit on preferential terms, or other intangible forms of preferential treatment.
- 4 If any dealings with a person/entity with whom the Group does or proposes to do business that arouse suspicion of bribery, they should report the matter in accordance with the Company's Code of Conduct or any other reporting and escalation procedures established by their employing company.
- 5 Some countries, for example, the United Kingdom and the United States, have enacted anti-bribery laws which apply to the actions of citizens and domestic companies even if the activity takes place outside the United Kingdom or the United States. The anti-bribery laws in the United Kingdom can also apply to companies wherever incorporated which carry on a business or a part of a business in any part of the United Kingdom. Breach of these laws can lead to severe penalties for companies and individuals.