

Bluefield Solar Income Fund (BSIF)

Anti-Bribery and Corruption Policy & Procedures

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1 Introduction

Achieving the highest possible standards to maintain our reputation for lawful, ethical and honest business behaviour can only be upheld if BSIF follow sound and fair business practices. Therefore, the firm has a zero-tolerance position in relation to bribery and corruption, wherever and in whatever form that may be encountered both in respect of employees and in respect of any third parties that we engage who are deemed to act on our behalf.

This document is intended to clearly state the BSIF's policy and procedures to avoid bribery and corruption and help our people deliver the highest possible standard of service. It should be read in conjunction with the Compliance Manual.

Whilst responsibility for anti-bribery and corruption controls ultimately reside with the board, the board has delegated day to day responsibility to the MLRO, the compliance officer of the investment advisor, Bluefield Partners LLP ("Bluefield"), who are authorised and regulated by the Financial Conduct Authority and so have an explicit legal obligation (as well as a strict FCA requirement) to have effective procedures to detect, prevent and deter financial crime which includes bribery and corruption.

Furthermore, the individuals connected with BSIF's business such as Board members, employees and contractors have a strict personal legal obligation (as well as being an FCA requirement) to follow the company's policies and procedures.¹

In terms of Senior Management Certification Regime definitions, these policies and procedures apply to all Senior Management Functions (SMF), Certified Staff, Conduct Staff and Ancillary Staff.

This document contains BSIF's Policy and Procedure. The policy and procedures are written to be in line with the latest legal requirements and compulsory industry guidance.

This document is part of BSIF's Compliance Documentation.

BSIF has appointed Kevin O'Connor, the compliance officer of Bluefield, as the Money Laundering Reporting Officer ("MLRO") who is responsible for bribery and corruption controls. If you have any queries whatsoever or any concerns that bribery and corruption is occurring or could occur due to systems issues you should discuss the matter with the MLRO.

BSIF's Bribery & Corruption Policy must be followed at all times.

¹ The criminal penalty for an individual can be up to 14 years imprisonment.

2 Legal and Regulatory Framework

Since July 1st, 2011, the Bribery Act 2010 (the “Act”) has been the UK’s main bribery and corruption legislation and as the Firm is incorporated in the UK the bribery law applies to its senior management, employees, and associated persons such as third-party contractors.

The Act creates offences which can be committed by an individual such as offering or accepting a bribe as an inducement to do something improper or offering a bribe to a foreign official for any party’s business advantage. Any legal action against an individual for these offences would also attract the FCA’s attention and would almost certainly mean that the individual no longer meets the fitness and propriety requirements.

The Act also creates a corporate offence which the Firm can commit by failing to prevent bribery if any of its employees, subsidiaries, agents or service providers (or other “associated persons”) attempt to obtain or retain business or a business advantage anywhere in the world. It is not necessary for the associated person to have been successfully prosecuted for bribery before the Firm can be successfully prosecuted.

Action against the firm for the corporate offences may mean that FCA take the view that members of the senior management team no longer meet the requirements of fitness and propriety to be an approved person.

Differing laws in other countries and regions where activities take place, differing cultural differences, local practice and business custom will only be considered if it is formally enshrined in that jurisdiction’s law.

It should be noted that “facilitation payments” (so called “grease payments”), which are allowed to a limited extent under the US’s own bribery and corruption laws (FCPA) are strictly prohibited under the UK Bribery Act 2010.

The statutory defence set out in the Act is that the Firm has “adequate procedures” designed to prevent it. What is “adequate” will be determined by the court on a case by case basis and in part will be a matter of how effectively a firm has followed the Bribery Act’s six principles which are:

- **Principle 1** - Proportionate procedures
- **Principle 2** - The involvement of the organisation’s top-level management
- **Principle 3** - Risk assessment procedures
- **Principle 4** - Due diligence of existing or prospective associated persons

- **Principle 5** - The communication of the organisation's policies and procedures, and training in their application
- **Principle 6** - The monitoring, review and evaluation of bribery prevention procedures

3 Scope of Anti-Bribery Policy

The Act covers offences committed inside the UK and outside the UK where the person committing them has a close connection with the UK by virtue of being a British national or ordinarily resident in the UK or a body incorporated in the UK such as our firm.

3.1 Allowable behaviour

Bona fide hospitality and promotional, or other business expenditure which seeks to improve the image of a commercial organisation, better to present products and services, or establish cordial relations.

3.2 Prohibited Behaviour

Bribery is committed when an inducement or reward (financial or any other advantage) is provided in order to gain any commercial, contractual, regulatory or personal advantage for BSIF or another party.

For example, this could be when an inducement or reward is offered to bring about the improper performance by another person of a relevant function or activity or to reward such improper performance.

Another example is where hospitality is offered with the intention to induce conduct that amounts to a breach of an expectation that a person will act in good faith, impartially, or in accordance with a position of trust.

Unless allowed for in the written law of country of a public official, any offers, promises or other advantage to a foreign public official with the intention of influencing the official in the performance of his or her official functions to obtain or retain business or an advantage in the conduct of business by doing so is a bribe.

Local customs and practice do not entitle us as a firm or any employee on behalf of the firm to offer a bribe or any other kind of facilitation payment.

4 Individual Responsibilities

Individuals face criminal penalties if they are involved in bribery and corruption, or if they do not report their knowledge or suspicion of bribery and corruption where there are reasonable grounds for their knowing or suspecting such activity.

All individuals at BSIF must be aware of their obligations and are required to follow the Firm's policies and procedures at all times.

All individuals are required to make a formal disclosure (as set out later in this Policy) to the BSIF's Money Laundering Reporting Officer ("MLRO") where there is a reasonable grounds of knowledge or suspicion that another person is engaged in bribery or corruption.

5 The Risk Based Approach

Whilst adhering to legal and regulatory requirements BSIF systems and controls will be comprehensive and proportionate to the size and complexity of the business so that it can identify, assess, monitor and manage bribery and corruption risk.

In order for systems and controls to be comprehensive and proportionate BSIF will carry out a risk-based approach. A risk-based approach means carrying out a risk management process to identify money laundering and/or terrorist financing risks that are relevant to BSIF.

BSIF has carried out a risk assessment based on relevant factors including their customer base, business and risk profile. The Policy considered each of the six Principles set out in the Bribery Act 2010 and has structured its policy to meet them.

6 Bribery & Corruption Principles

6.1 Principle 1: Proportionate Procedures

BSIF will always have proportionate procedures to counter the risks it identifies. The procedures will be to a certain extent dictated by the size of the organisation and the nature and complexity of the business at the time of the risk assessment.

However, BSIF recognises that size and complexity are not the only determinants for proportionate procedures and will therefore include the following in its procedures when appropriate:

- The involvement of the organisation's top-level management (see Principle 2).
- Risk assessment procedures (see Principle 3).
- Due diligence of existing or prospective associated persons (see Principle 4).

- The provision of gifts, hospitality and promotional expenditure; charitable and political donations; or demands for facilitation payments.
- Direct and indirect employment, including recruitment, terms and conditions, disciplinary action and remuneration.
- Governance of business relationships with all other associated persons including pre and post contractual agreements.
- Financial and commercial controls such as adequate bookkeeping, auditing and approval of expenditure.
- Transparency of transactions and disclosure of information.
- Decision making, such as delegation of authority procedures, separation of functions and the avoidance of conflicts of interest.
- Enforcement, detailing discipline processes and sanctions for breaches of the organisation's anti-bribery rules.
- The reporting of bribery including 'speak up' or 'whistle blowing' procedures.
- The detail of the process by which the organisation plans to implement its bribery prevention procedures, for example, how its policy will be applied to individual projects and to different parts of the organisation.
- The communication of the organisation's policies and procedures, and training in their application (see Principle 5).
- The monitoring, review and evaluation of bribery prevention procedures (see Principle 6).

All procedures put in place to implement an organisation's bribery prevention policies will be designed to mitigate identified risks as well as to prevent deliberate unethical conduct on the part of associated persons.

6.2 Principle 2: Top level Commitment

As with the entire BSIF 's policies and procedures the board fully endorse the Anti-Bribery and Corruption Policy. In particular, the Senior Management aims to create and support a culture where there is a commitment to carry out business fairly, honestly and openly and a commitment to zero tolerance towards bribery.

The MLRO will have overall responsibility for anti-bribery and corruption. This will include implementing the policy and general oversight of breaches of procedures and the provision of feedback to the board or equivalent, where appropriate, on levels of compliance.

The MLRO will provide the board with adequate Management Information (MI) to monitor and supervise the policy. This MI will include information about third parties, including (but not limited to) new third party accounts, their risk classification, higher risk third party payments for the preceding period, changes to third party bank account details and unusually high commission paid to third parties. MI also includes changes in regulatory or legal requirements.

The board will work with the MLRO to coordinate a senior management-led response to significant bribery and corruption events.

6.3 Principle 3: Risk Assessment

BSIF will assess the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment will be periodic, informed and documented.

The risks the Firm will consider (where relevant) are:

- Country risk: this is evidenced by perceived high levels of corruption, an absence of effectively implemented anti-bribery legislation and a failure of the foreign government, media, local business community and civil society effectively to promote transparent procurement and investment policies.
- Sectoral risk: some sectors are higher risk than others. Higher risk sectors include the extractive industries and the large-scale infrastructure sector.
- Transaction risk: certain types of transaction give rise to higher risks, for example, charitable or political contributions, licenses and permits, and transactions relating to public procurement.
- Business opportunity risk: such risks might arise in high value projects or with projects involving many contractors or intermediaries; or with projects which are not apparently undertaken at market prices, or which do not have a clear legitimate objective.
- Business partnership risk: certain relationships may involve higher risk, for example, the use of intermediaries in transactions with foreign public officials; consortia or joint venture partners; and relationships with politically exposed persons where the proposed business relationship involves, or is linked to, a prominent public official.

6.4 Principle 4: Due Diligence

A person performing services for BSIF is considered an “associated person” under the Bribery Act 2010 and therefore the firm has to have adequate procedures in place to prevent that from person carrying out any form of bribery or corruption.

BSIF will take considerable care in entering into certain business relationships, if the circumstances in which the relationships come into existence increase the risk that a third party has a higher risk of being involved in bribery or corruption.

Where relevant (and whilst accepting jurisdiction is not the only factor to consider) will reference the most recent Transparency International Corruption Perception Index.

The 2019 index states that the risk of corruption is (from lowest to highest) is included at the end of this report for reference.

6.5 Principle 5: Communication (and Training)

BSIF training will establish and maintain the knowledge and skills needed to employ the organisation’s procedures and deal with any bribery related problems or issues that may arise. Training will emphasize the Firm’s zero tolerance to bribery and corruption to staff and where necessary other associated persons also reduces the risk of bribery and corruption.

6.6 Principle 6: Monitoring and Review

BSIF will monitor and review procedures designed to prevent bribery by persons associated with it and make improvements where necessary. All Compliance and internal audit

All compliance and internal audits will challenge not only whether processes to mitigate bribery and corruption have been followed but also the effectiveness of the processes themselves.

Where the MLRO considers necessary BSIF will implement an independent checking of compliance’s operational role in approving third party relationships and accounts, where relevant. Routine compliance and/or internal audit checks of higher risk third party payments to ensure there is appropriate supporting documentation and adequate justification to pay.

BSIF will be keeping records and copies of internal suspicion reports which are not forwarded as SARs for future reference and possible trend analysis.