

## Corporate Criminal Office Policy

### 1 Purpose and scope

The A&P Group (A&P), including its overseas activities, is dedicated to conducting all of its commercial operations in a law-abiding and ethical manner and will not tolerate acts of criminal facilitation of tax evasion by its staff, subcontractors or any other of its associates anywhere in the world.

The purpose of this policy is to set out the responsibilities of A&P and of those working for it, whether as a Director, Manager, employee, subcontractor, agent or in any other capacity, in observing and upholding A&P's position on criminal facilitation of tax evasion.

This policy applies alongside A&P's Corporate Social Responsibility and Business Conduct Policy and its Anti-Bribery and Corruption Policy.

### 2 Criminal Finance Act 2017 (CFA 2017)

Part 3 of the CFA 2017, introduces a new corporate criminal offence of failure to prevent the facilitation of tax evasion.

This is applicable to A&P and applies to situations where A&P fails to prevent 'Associated persons' from assisting in the evasion of tax by another party.

'Associated Persons' includes A&P's Directors, Managers, employees, workers, agents, subcontractors or any other people or organisations that provide services for or on behalf of A&P.

It is of course, in any case, a criminal offence for anyone to evade paying tax of any kind, and equally it is a criminal offence to help someone to do so. Any individual found to be guilty of this could be subject to criminal proceedings under existing legislation.

However, under the CPA 2017 in the event of there being both:

- Criminal tax evasion by either a UK or overseas taxpayer (as an individual or an entity) under existing law AND
- Criminal Facilitation of this offence by an 'associated person' of A&P

A&P will **automatically** be charged with the offence of failing to prevent its representatives from committing the criminal act of facilitation unless it can demonstrate that it had reasonable procedures in place to prevent that facilitation

A&P, if found guilty, could face an unlimited fine, exclusion from tendering for public contracts, and damage to its reputation

Examples of situations where Associates could be considered to be assisting third parties to commit criminal tax evasion can be found in Annex A attached to this document.

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### 3 Obligations of Staff and other Associated Persons

Staff and associates are reminded that they are required at all times to abide by A&P's policies and procedures on Corporate Social Responsibility and Business Conduct and Anti-Bribery and Corruption.

Failure to comply with these policies and the obligations detailed in this Policy may result in disciplinary action for staff and termination of contract for associated persons.

Should staff and associates become concerned that a fellow employee or associate is facilitating a third party's tax evasion, they should immediately contact either:

- the Director of Finance; or
- a member of the finance team.

Members of staff may also raise concerns under the whistleblowing procedures as set out in AP Group (005) Whistleblowing Procedure.

### 4 Responsible Officer Group Finance Director

A&P has nominated a key officer responsible for information, training and queries on CFA 2017 within the organisation - the key officer for CFA 2017 is: Mr. Ian Carey, A&P Group Finance Director, while general queries regarding this Act, or any concerns about the facilitation of tax evasion should be directed to either Director of Finance, A&P Tyne Limited or Director of Finance, A&P Falmouth Limited in the first instance.

### 5. A&P Risk based approach to CFA 2017

The principle defence for a business is that it has 'reasonable prevention procedures' but what does this mean? The government has issued guidance on this, setting out six risk principles which all organisations are expected to consider when reviewing whether they have proportionate and reasonable risk protocols in place.

**The six most important risk principles outlined in current government draft guidance are:**

- 1 RISK ASSESSMENT - undertake a detailed assessment of risk**
- 2 PROPORTIONALITY - implement practical procedures that reflect the nature and complexity of the business**
- 3 TOP LEVEL COMMITMENT - senior management demonstrate commitment to the principles**
- 4 DUE DILIGENCE - perform due diligence procedures in respect of associated persons**
- 5 COMMUNICATIONS and TRAINING - embed policies effectively throughout the organisation**
- 6 MONITORING and REVIEW - monitor and review preventative procedures and make improvements where necessary**

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It is important to stress that the corporate criminal offences are part of a principles-based regime, not a rules-based regime. As such, the guidance, whether from HMRC or indeed elsewhere, such as guidance from industry bodies, does not represent a 'safe harbour' for businesses.

The terminology used in HMRC's risk guidance will be recognisable to those familiar with the Bribery Act., HMRC have also stated in conversations during the public consultation process that they envisage the potential for risk under the new corporate criminal offences to exist where there has been non-tax fraud.

A&P do not assume they can simply rely on existing processes and procedures to protect them. A&P has conducted a fresh review and have documented the thought processes in relation to the corporate criminal offences, albeit for some the conclusion will be that existing processes and procedures are indeed adequate under the new measure too.

Whilst all the principles set out above are important, the starting point for A&P has been around risk-based reviews, proportionality and senior-level commitment.

A&P has a senior team that are very experienced in carrying out risk reviews on the business formally every month as part of the A&P Management Review process.

There can be no standard response to the risks posed by the new corporate criminal offences. Instead, whilst responding to the risk principles set out in HMRC's draft guidance, A&P have considered what the impact of this new legislation is on our business.

**A&P approach has been in 3 main stages:**

1. A threat review and readiness assessment – within business COTO Risk Registers
2. A deep - dive risk assessment
3. Implementation of risk protocols, training programmes, etc.

**Stage 1** - A threat review and readiness assessment has provided a high-level view covering what services A&P offers, and to whom, where it operates and what the associate population is, what risk protocols exist and what senior level involvement exists as part of those protocols.

**Stage 2** - The results of the threat review have been followed up by a deep dive risk assessment on specific risk areas which have been identified.

**Stage 3** - In turn, the conclusions reached have involved detailed discussion and review to agree any new or revised risk procedures.

**6 Risk Assessment (AP(F) Criminal Finance Act Risk Assessment)**

A&P has completed a review of its risks and associated processes and procedures to ensure that all appropriate steps are taken to prevent facilitation of tax evasion. It will maintain a risk register of possible risks of the facilitation of tax evasion by its staff and associates, as well as listing controls to mitigate those risks, and any actions required to improve those controls. This risk register will be regularly reviewed and updated, as and when required. Latest copy available on shared drive.

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## 7 Publication of guidance

A&P regularly reviews guidance and legislation in relation to CFA 2017 to ensure it is maintaining an appropriate CFA 2017 policy. Within that review it will consider appropriate training for staff members.

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## ANNEX 1 - EXAMPLES OF AIDING AND ABETTING CRIMINAL TAX EVASION

For illustration purposes, examples are given below of when an Employee or Associate of A&P might themselves be guilty of committing an offence of criminal tax evasion, and thus exposing A&P to CFA 2017:

### 1. **Deliberately entering false or misleading information on the Employment Status Questionnaire:**

A Supplier wishes to be treated as a self-employed contractor so that payments made to them by the A&P are gross, and they can evade paying appropriate tax and national insurance liabilities.

Knowing this, an A&P employee helps the Supplier to evade tax by providing false information on the Supplier Questionnaire used by the Tax Team to assess whether such a Supplier may be considered as self-employed for tax purposes.

By supplying false information in this way, the A&P employee is committing a criminal offence as they have assisted a third party in criminal tax evasion.

### 2. **Employee agrees with a supplier to misrepresent the amounts paid on an invoice (e.g true amount paid being higher) leading to the supplier evading corporate income taxes:**

A Supplier requests that payments made to them by A&P are lower than what they actually receive so that they can evade paying appropriate tax.

Knowing this, an A&P employee helps the Supplier to evade income tax by providing false information on the invoices with incorrect sums paid.

By supplying false information in this way, the A&P employee is committing a criminal offence as they have assisted a third party in criminal tax evasion.

### 3. **UK company sell services to A&P, payment is approved but UK Co requests remittance to a bank account in a tax haven and an A&P employee agrees to do this**

A Supplier requests that payments due to be paid to them have a remittance to a bank account in a tax haven when actually it should be paid into a UK based bank account.

Knowing this, an A&P employee helps the Supplier to evade tax by allowing payment to an account in tax haven so avoiding payment of tax.

By providing payment in this way, the A&P employee is committing a criminal offence as they have assisted in criminal tax evasion.

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