

**Emmi UK Ltd - Tax Evasion Facilitation Prevention Policy  
Issued July 2018. Reviewed November 2021**

**1 Introduction**

- 1.1 Tax evasion is a major issue in world trade, despite the many dedicated efforts to prevent it.
- 1.2 Tax evasion is very damaging to the societies in which it occurs. It diverts money and resources from those who need them most, hindering economic and social development.
- 1.3 Tax evasion affects us as a UK organisation if it is criminally facilitated anywhere in our business.
- 1.4 We run our business with integrity and in an honest and ethical manner. All of us must work together to ensure **it** remains untainted by tax evasion facilitation.
- 1.5 This policy is a crucial element of that effort. It has the full support of the Emmi UK board and leadership team. It sets out the steps all of us must take to prevent tax evasion facilitation in our business and to comply with relevant legislation. It does not form part of any employee's contract of employment and we may amend it at any time.

**2 What is tax evasion and how does this affect us?**

- 2.1 Tax evasion is the illegal non-payment or under-payment of taxes. It is usually perpetrated by falsely declaring or not declaring taxes due to the relevant tax authority. Tax evasion is a criminal offence. It can be committed by an individual, eg in relation to income tax or VAT, or a legal entity, eg in relation to corporation tax.
- 2.2 Circumstances in which tax evasion may occur in relation to our business include:
  - 2.2.1 A customer asking us to structure a transaction with them in a way that enables them to evade tax.
  - 2.2.2 a supplier asks us to pay them cash in hand or via some complex payment mechanism that allows them to evade tax;
- 2.3 The Criminal Finances Act 2017 (CFA 2017) is in force in the UK from 30 September 2017. It introduces a corporate offence of failure to prevent the criminal facilitation of tax evasion.
- 2.4 The offence has three ingredients, all of which must exist for criminal liability to arise:
  - 2.4.1 criminal tax evasion by a taxpayer, eg by a **client** or supplier of Emmi UK Ltd;
  - 2.4.2 criminal facilitation of that tax evasion by Emmi UK Ltd's employee, agent or any other person performing services for or on our behalf; and
  - 2.4.3 failure by Emmi UK Ltd to prevent our employee, agent etc from committing the criminal facilitation.
- 2.5 This corporate offence can be committed regardless of whether the tax evaded is owed in the UK or in a foreign country and can occur in both the public and private sectors.

2.6 There is only one relevant defence to the corporate offence of failure to prevent the criminal facilitation of tax evasion: when the tax evasion facilitation offence was committed, Emmi UK Ltd had reasonable prevention procedures in place. This policy is a central plank of those prevention procedures.

### 3 Emmi UK Ltd 's approach to the criminal facilitation of tax evasion

3.1 Involvement in the criminal facilitation of tax evasion exposes Emmi UK Ltd and the person facilitating the evasion to a criminal offence. It will also damage our reputation and the confidence of our **clients**, suppliers and business partners.

3.2 Our position is simple: we conduct our business to the highest legal and ethical standards. We will not be party to tax evasion or the facilitation of tax evasion any form. Such acts would damage our reputation and expose us, and our staff and representatives, to the risk of fines and imprisonment.

3.3 We take a zero-tolerance approach to tax evasion facilitation by our people and our third party representatives. We are committed to:

3.3.1 rejecting the facilitation of tax evasion; and

3.3.2 not recommending the services of others who do not have reasonable prevention procedures in place.

3.4 Tax evasion may be more widespread in some countries and business sectors than others. In some cases you may be told that unless we facilitate tax evasion we will not win business. That does not matter. If we were to be involved in even one instance of tax evasion facilitation, we would have shown that we engage in such conduct. We do not.

3.5 This ethical stance is good for our business and is non-negotiable.

3.6 The following table sets out some of the benefits of acting with integrity and some of the possible consequences of not acting with integrity:

<b>Benefits of acting with integrity</b>	<b>Consequences of not acting with integrity</b>
<p>Increased chances of being selected as a supplier in public and private sectors Other business will want to work with us Remain in good standing with our banks and own suppliers People will be more likely to want to work for us Protected reputation</p>	<p>A business that facilitates the evasion of tax is not in control of its dealings and is at risk of blackmail If the business is found guilty of tax evasion facilitation, or if it fails to put in place adequate procedures to prevent it, could be subject to large fines An allegation of tax evasion facilitation would result in severe reputational damage Our share price would almost certainly drop The cost of our insurance cover could increase very significantly Banking or supply facilities might be withdrawn or offered only on less favourable terms Being blacklisted for tendering for private and public sector contracts</p>

Benefits of acting with integrity	Consequences of not acting with integrity
	Good people will not want to work for us

#### **4 Who can be involved in tax evasion facilitation and in what circumstances?**

4.1 Tax evasion may be facilitated by our:

- 4.1.1 staff (employees, directors etc) or anyone they authorise to do things on our behalf;
- 4.1.2 agents, intermediaries, representatives and any other person who performs services for Emmi UK Ltd or on our behalf.
- 4.1.3 All employees should be familiar with the Emmi Code of Conduct, the Emmi Regulation on Antitrust law and the Emmi Compliance manual on Anti-trust law which provide guidance on required standards of behaviour and processes.

4.2 These are known as 'associated persons' and for criminal facilitation to occur, the associated person must:

- 4.2.1 deliberately and dishonestly take action to facilitate the taxpayer-level evasion;
- 4.2.2 do so in their capacity as an associated person of Emmi UK Limited.

#### **5 Common indicators of tax evasion facilitation**

Common indicators of tax evasion facilitation (ie red flags) include those listed below. There may well be others:

- 5.1 request for payment by cash;
- 5.2 overly-complex payment mechanisms;
- 5.3 Requests to provide goods or services to jurisdictions that do not subscribe to Common Reporting Standards,
- 5.4 services/good provided to jurisdictions that have a low OECD tax transparency rating,
- 5.5 transactions involving overly complex supply chains;
- 5.6 transactions involving private banking facilities; and/or
- 5.7 records are incomplete or missing.

## **6 Risk assessment**

- 6.1 We aim to ensure our tax evasion facilitation procedures are proportionate to the risks we face.
- 6.2 We have performed an assessment of the risk of our organisation being exposed to tax evasion facilitation. This Tax evasion facilitation prevention policy has been developed in response to the results of that risk assessment. Where necessary, we will review our risk assessment and make appropriate changes to this policy.
- 6.3 We have identified certain aspects of our business that present a higher risk than others of involvement in tax evasion facilitation. These include:
  - 6.3.1 Commercial pressures from customers and reward and recognition schemes may incentivise individuals to facilitate tax evasion of a customer.
  - 6.3.2 Smaller suppliers, agents or intermediaries may ask to be paid in cash or fail to provide appropriate documentation.

## **7 Records**

It is essential that we keep full and accurate records of all our financial dealings—transparency is vital. False or misleading records could be very damaging to us.

## **8 Overall responsibility for this policy**

- 8.1 The Managing Director has overall responsibility for this policy. They are responsible for ensuring this policy is adhered to by all staff.

## **9 Your responsibilities**

- 9.1 Everyone in the organisation is responsible for:
  - 9.1.1 reading and being aware of the contents of this policy;
  - 9.1.2 complying with this policy and any related policies, and
  - 9.1.3 reporting cases where you know, or have a reasonable suspicion, that tax evasion facilitation has occurred or is likely to occur.
- 9.2 We will not penalise anyone who loses business as a result of not facilitating the evasion of tax.

## **10 What to do if you think something is wrong**

- 10.1 Each of us has a responsibility to speak out if we discover anything corrupt or otherwise improper occurring in relation to our business. We cannot maintain our integrity unless we do this.
- 10.2 If you discover or suspect that tax evasion has been facilitated or may be facilitated, whether by:
  - 10.2.1 another staff member;
  - 10.2.2 a third party who represents us;
  - 10.2.3 one of our suppliers or competitors; or
  - 10.2.4 anyone else—perhaps even a clientyou must follow our whistleblowing policy.
- 10.3 You can do this anonymously.
- 10.4 You must make your report as soon as reasonably practicable. You may be required to explain any delays.

## **11 Training**

All staff will receive training on this and related policies. New joiners will receive training as part of the induction process. Further training will be provided at least every two years or whenever there is a substantial change in the law or our policy and procedure.

## **12 Monitoring and review**

- 12.1 Everyone must observe this policy. It will count for nothing unless we do.
- 12.2 The Managing Director has overall responsibility for this policy. They will monitor it regularly to make sure it is being adhered to. In doing this they act in the interest of our business as a whole, and it is therefore the responsibility of all of us to help them in this. The Managing Director will report to the Board on compliance with this policy.

### **13 Consequences of failing to comply**

- 13.1 We take compliance with this policy very seriously.
- 13.2 Failure to comply puts both you and the business at risk.
- 13.3 You may commit a criminal offence if you fail to comply with this policy. The criminal law relating to tax evasion carries severe penalties.
- 13.4 Because of the importance of this policy, failure to comply with any requirement of it may lead to disciplinary action under our procedures, and this action may result in dismissal for gross misconduct. Any non-employee who breaches this policy is liable to have their contract terminated with immediate effect.
- 13.5 If you have any questions or concerns about anything in this policy, do not hesitate to contact the Managing Director.