

FORFARMERS CORPORATE CRIMINAL OFFENCE POLICY

This policy sets out ForFarmers **zero tolerance to tax evasion and facilitation of tax evasion**

UK legislation, the Criminal Finances Act 2017, introduced two Corporate Criminal Offences ('CCO'):

- The failure to prevent facilitation of UK tax evasion, and
- The failure to prevent facilitation of foreign tax evasion.

The legislation taking effect on 30 September 2017.

This policy applies to all ForFarmers employees, agents, contractors and any third party who provides services for or on behalf of ForFarmers (defined as 'associated persons' under this legislation).

This policy sets out the background of this legislation and expectations of all ForFarmers personnel and other 'associated persons' in meeting the requirements of this legislation.

Background

The Corporate Criminal Offences, enacted as Sections 45 and 46 of the Criminal Finances Act 2017, address the perceived gap in the law that made it difficult to hold a corporation to account when its representatives committed the criminal offence of facilitating tax evasion.

In summary, the legislation is all about businesses such as ForFarmers being able to demonstrate they can prevent the facilitation of tax evasion as part of their day-to-day operations. Specifically, the legislation means that if an "associated person" of a business does criminally facilitate tax evasion, and the business is unable to demonstrate that it had reasonable procedures in place to prevent such facilitation, the business is guilty of a criminal offence. "Associated person" is defined very widely and includes any person (individual or corporate) who represents (or provides a service for or on behalf of) the business - employees, contractors, agents, and in certain circumstances external suppliers.

The consequences of a prosecution for the business include **unlimited fines** and **adverse reputational impact**. Tax evasion and facilitation of tax evasion are also punishable for individuals with fines and custodial sentences.

ForFarmers take their legal responsibilities very seriously, any individual who breaches this policy may face disciplinary action, potentially resulting in dismissal for misconduct or gross misconduct. Similarly, ForFarmers may terminate the relationship with other individuals, organisations and other associated persons working on ForFarmers behalf if they breach this policy.

The HMRC Guidance in respect of the CCO legislation states:

"The Government believes that [businesses] should be criminally liable where they fail to prevent those who act for, or on their behalf from criminally facilitating tax evasion.

The new offences will be committed where a relevant body fails to prevent an associated person criminally facilitating the evasion of a tax, and this will be the case whether the tax evaded is owed in the UK or in a foreign country."



The legislation applies to all taxes including (but not limited to) Income tax, Corporation tax, payroll taxes, National Insurance Contributions, VAT, Customs Duties and Stamp Duties.

Who is in scope of this policy

This policy applies to all employees, including officers, directors, senior managers, employees (whether permanent, fixed-term or temporary), consultants, contractors, casual workers and agency staff, interns, agents, or any other person associated with ForFarmers, any of ForFarmers subsidiaries or their employees wherever located.

In this policy, and as defined above, an associated person is defined as a person who performs services for or on behalf of ForFarmers. This can be an individual or an incorporated or unincorporated body.

This policy also applies to all ForFarmers employees in how they manage their relationships with anyone they meet during the course of work for ForFarmers, and this includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials.

Requirements of the legislation

For a prosecution to proceed under the legislation, three elements are required:

1. There must be criminal **tax evasion** by a taxpayer; and
2. There must have been criminal **facilitation of tax evasion** by an “associated person” of ForFarmers, acting in that capacity; and
3. ForFarmers failed to prevent the “associated person” committing the criminal facilitation

It is important to understand what is meant by **tax evasion** and **facilitation of tax evasion**.

Tax evasion involves the deliberate and dishonest use of illegal practices in order not to pay the right amount of tax. This could include not reporting all income, deliberately not filing an accurate tax return, hiding beneficial ownership and taxable assets from HMRC or diverting funds to hide income from overseas fiscal authorities.

Tax evasion is, and remains, a criminal offence, as is the deliberate and dishonest facilitation of tax evasion for or on behalf of another person. Examples of **facilitation of tax evasion** could include:

- deliberately and dishonestly changing invoices for customers that could impact the VAT amount;
- assisting a supplier in not disclosing income (e.g. through making a payment into an undeclared overseas bank account);
- deliberately overstating group cross-border intercompany charges where this may impact the Corporation Tax due either in the UK or overseas.

This legislation creates a responsibility at the company level such that, if an associated person were to facilitate tax evasion, ForFarmers may be criminally prosecuted for failing to prevent the facilitation offence.



There would be a defence from prosecution if ForFarmers are able to demonstrate having reasonable procedures in place to try and prevent this facilitation of tax evasion from happening.

Appendix 1, at the end of this policy, details examples of matters that would raise concerns under this policy and warrant further consideration of the approach to be adopted by the company.

ForFarmers response to legislation

The zero tolerance policy means ForFarmers expect all employees and anyone who works for, or on behalf of, ForFarmers, not to engage in any activity which evades tax or facilitates or may facilitate the evasion of tax by any other person (company or individual). It does not matter whether the taxes are UK taxes or are due to an overseas fiscal authority.

Further, ForFarmers will not engage with any third party or will reconsider its position (including those who contract with us or otherwise provide services to us) where it becomes apparent that they do not follow a similar policy.

Specifically, we expect all employees and associated persons to be able to identify and take steps to prevent any scenarios where there may be a risk that they are facilitating others to commit tax evasion, either in the UK or overseas.

ForFarmers support the questioning and eventual declining of business where there are any suspicions of tax evasion or the facilitation of tax evasion.

All cases of suspicion in relation to future or existing business should be reported (see below) before making any decisions in relation to existing business relationships or committing the business to transact in the manner proposed.

ForFarmers expect all parties acting with or for them to adopt a similarly robust approach.

ForFarmers employees responsibilities

The prevention, detection and reporting of facilitation of tax evasion is the responsibility of all employees throughout the organisation.

This means employees must read, understand and comply with all the information contained within this policy, and with any training or information relating to the Criminal Finances Act.

Any individual who breaches this policy may face disciplinary action potentially resulting in dismissal for misconduct or gross misconduct. Similarly, we may terminate ForFarmers relationship with other individuals, organisations and other associated person working on ForFarmers behalf if they breach this policy.

Reporting obligations

If you have any suspicions or concerns regarding potential tax evasion or facilitation of tax evasion, or are asked to do something that you suspect may facilitate tax evasion, irrespective of the amounts



involved, you should report these to your line manager or ***the Legal Department or Compliance Officer***

Whistle-Blower Policy

The ForFarmers' Code of Conduct comprises guidelines and principles for day-to-day activities. ForFarmers believes that it is vital that these guidelines and principles are upheld and that any suspicion of wrongdoing or the discovery of wrongdoing is reported. ForFarmers encourages stakeholders to make use of the whistle-blower policy in order to raise any concerns they might have about the conduct of others or the way in which the company deals with certain issues which may entail (suspicion of) wrongdoing, including issues relating to tax evasion. The normal procedure as mentioned above would be to bring such issues to the attention of their manager. The company can then take appropriate action. The whistle-blower policy provides a procedure for cases in which this is not possible or desirable. For more information reference is made to this policy which can be found on ForFarmers website:

https://www.forfarmersgroup.eu/en/bestanden/ForFarmers_Group/PDF/Overig/15227-3/Whistle-blower_policy.pdf

Ongoing commitment

ForFarmers will maintain an effective system for annually monitoring compliance to ensure the organisation remains committed to zero tolerance to facilitation of tax evasion. This includes training (both face-to-face and online as appropriate) and forms part of the induction process for all new employees.

All existing employees receive regular, relevant training on how to adhere to this policy. ForFarmers zero-tolerance approach to facilitation of tax evasion must be communicated to all suppliers, contractors and business partners at the outset of ForFarmers business relationship with them and as appropriate thereafter.



Appendix 1: Examples of matters to consider under this policy

Examples could include, but are not restricted to the following:

- A supplier, contractor or anyone in your role within ForFarmers business asking you to do something that does not match up with official documentation – for example, paying into a different account than that specified on the invoice
- Feeling under pressure to process or approve an invoice (or make changes to contractual terms) that you don't feel makes sense, for example in terms of changing the payment details or VAT amount
- You receive an invoice from a third party that appears to be non-standard or customised or is different to what you expected
- Turning a blind eye to someone doing continued productive work while on furlough
- Contracts where invoices are not exchanged for the face value of services/good exchanged
- You are aware of any short cuts in ForFarmers Supplier or Customer Take On procedures (e.g. someone you know circumventing the supplier set-up and P2P process which means that there are no checks on the company/person they were purchased from or contract in place)
- Someone who works for a third party supplier offering you what seems like a discount, e.g. because they tell you they don't need to charge you VAT - without giving a reason
- Being concerned about the set up and/or supporting paperwork of a particular transaction that you think may not reflect the true commercial reality or fact pattern
- Someone at work (for example an employee or a contractor) claiming to have found a 'short cut' in how much tax they pay or you are aware that tax is not being declared
- Someone at work (for example an employee or a contractor) claiming illegitimate expenses
- Someone asking for a favour that is not in line with our company policy
- Any other knowledge or suspicion that anyone in ForFarmers business, either in the UK or any other country, is evading or facilitating tax evasion.

