

Corporate Criminal Offence Policy

It is the responsibility of all APEM Group employees to comply with this policy and to report concerns. APEM Group prohibits any form of retaliation for the reporting of such matters.

All staff will be made aware of this statement as part of their induction on appointment and subsequent on-going training. This policy is communicated and published on the company website for all interested parties.

Reference	Version	Date released	Approved by
T1-GP-013	2	01/08/2023	Leah McGimpsey, Chief Executive Officer, APEM Group
This policy is communicated and published on the company website for all interested parties.			
This policy is subject to periodic review and change to ensure it remains valid. The review period is annotated within the Version Control section, or the policy may be reviewed prior to this date when prompted by context, such as developments in legislation, industry practice, or the organisation.			
This Policy has been Equality Impact Assessed and no adverse impact has been identified.			

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1. Purpose

This policy sets out our zero tolerance to tax evasion and facilitation of tax evasion.

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 took effect on 30 September 2017.

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

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

2. Background

The Corporate Criminal Offences, enacted as Sections 45 and 46 of the Criminal Finances Act 2017, addresses 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 ours being able to demonstrate we can prevent the facilitation of tax evasion as part of our 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, reputational damage and the likelihood of regulatory sanction. Tax evasion and facilitation of tax evasion are also punishable for individuals with fines and custodial sentences. We therefore take our legal responsibilities very seriously.

Any individual who breaches this policy may face disciplinary action, potentially resulting in dismissal for misconduct or gross misconduct. Similarly, we may terminate our relationship with other individuals, organisations and other associated persons working on our 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 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 – personal and corporate tax – and includes other taxes such as VAT, Customs Duties, National Insurance Contributions etc.

Criminal prosecution of the business, unlimited financial penalties and reputational damage to the business can result if we fail to comply with this law (and individuals can be prosecuted for tax fraud or facilitating tax fraud under pre-existing criminal legislation).

3. Who this policy applies to

This policy applies to all persons associated with APEM Group, including our employees, contractors, agents, and any person acting on behalf of APEM Group.

4. Scope: Who is covered by this policy?

This policy applies to all employees, consultants, contractors or any other person associated with us. The policy also applies to Officers, Trustees, Board, and/or Committee members at any level.

In this policy, and as defined above, an associated person is defined as a person who performs services for or on behalf of our organisation. This can be an individual or an incorporated or unincorporated body. Typically, this includes suppliers, agency workers, outsourced service providers, contractors etc.

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

5. Scope: What is covered by this policy?

It is important to make sure we understand what we mean by 'tax evasion' and 'facilitation of tax evasion'.

5.1. What is 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 of your income, deliberately not filing an accurate tax return, hiding beneficial ownership and taxable assets from HMRC or diverting funds to hide income from local taxation authorities.

5.2. What is criminal facilitation of tax evasion?

Tax evasion was already a criminal offence at the time this legislation was introduced.

Similarly, it was already (and continues to be) a crime to deliberately and dishonestly facilitate tax fraud for or on behalf of another person.

Real life examples of facilitation of tax evasion could include deliberately and dishonestly changing invoices for customers that could impact the VAT amount, or assisting a supplier in not disclosing income (e.g. through making a payment into an undeclared overseas bank account) or 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, we may be criminally prosecuted for failing to prevent the facilitation offence.

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

6. How we are responding as a business

Our policy is to have a zero tolerance to tax evasion and facilitation of tax evasion.

This means we expect all of our employees and anyone who works for us – e.g. contractors, 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.

If a third party does not have a similar policy in place, they will be asked to work in accordance with APEM's 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.

As a group, we 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 first reported (see below) before making any decisions in relation to existing business relationships or committing the business to transact in the manner proposed.

We expect all parties acting with us or for us to adopt a similarly robust approach.

7. Your responsibilities

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

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

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

7.1. What to do if you have a suspicion or concern?

If at any time you have a reasonable belief, suspicion or concern that, in any way connected to our business, someone has been engaged in facilitation of tax evasion or other wrongdoing (however insignificant it may be and whether it involves an employee of a third party) you must raise this with your line manager for onward escalation.

7.2. What to do if you are a party to facilitation of tax evasion?

You must tell your line manager as soon as possible if you are asked to do something (either by someone else in the business or a third party) where you suspect there may be facilitation of tax evasion, or believe that you are a victim of another form of unlawful activity.

7.3. What to do if you feel threatened or vulnerable?

If you refuse to act on a request (either by someone else in the business or a third party) that you think may result in the facilitation of tax evasion, you may feel worried about potential consequences. We take this very seriously and will support anyone who raises concerns in good faith under this policy, even if investigation finds that they were mistaken.

8. Ongoing monitoring

We will maintain an effective system for monitoring compliance procedure to ensure we remain committed to our zero tolerance to facilitation of tax evasion. This includes training that forms part of the mandatory training programme for all employees.

Our zero-tolerance approach to facilitation of tax evasion must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter.