



**MCBRIDE PLC**

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**PREVENTING THE FACILITATION  
OF TAX EVASION  
COMPLIANCE POLICY**

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## STATEMENT FROM MARK STRICKLAND, CHIEF FINANCIAL OFFICER

McBride plc has a **zero-tolerance policy in relation to tax evasion and to the facilitation of tax evasion**. We are committed to carrying out business fairly, honestly, and openly. We conduct our business in accordance with the highest business standards and will not act in any way which might reflect adversely upon the integrity and goodwill of the Group.

***It is a criminal offence to be knowingly concerned in the fraudulent evasion of tax. Activity intended to facilitate tax evasion is never acceptable. You must not under any circumstances engage in activity or behaviours intended to lead to tax evasion or the facilitation of tax evasion.***

As well as individual criminal liability, the facilitation of tax evasion by and employee or associate of the Group could result in criminal prosecution of the Group itself, leading to unlimited fines and serious damage to the Group's business and reputation.

The purpose of this Compliance Policy is to make you aware of the type of behaviour that could put the Group at risk of criminal prosecution.

The Compliance Policy extends to all the Group's business dealings and transactions in all countries in which it or its subsidiaries and associates operate. All directors and employees are required to comply fully with this Compliance Policy.

If you suspect tax evasion or the facilitation of tax evasion is taking or has the potential to take place, you should contact one of the Group's Anti-Corruption Compliance Officers.

The Group also has a Whistle-blowing Policy under which disclosures of any criminal offences, including the facilitation of tax evasion may be made. A copy of this policy is available on the Company's intranet.

**All employees are responsible for the success of this policy and should ensure that they use it to disclose any suspected tax evasion or facilitation of tax evasion.**

**Mark Strickland**  
**Chief Finance Officer**



## COMPLIANCE POLICY

**Tax evasion** is the illegal act or practice of failing to pay taxes which are owed.

It is a criminal offence to be knowingly concerned in the fraudulent evasion of tax. If, when acting in the capacity as an employee or associate of the Group, you engage in deliberate and dishonest activity intended to facilitate tax evasion, the Group could be subject to criminal proceedings under the Criminal Finance Act 2017 (the "Act").

It is the Group's objective to comply with the relevant provisions of the Act in relation to the prevention of the criminal facilitation of tax evasion. The purpose of this Compliance Policy is to make you aware of the type of behaviour which is considered to facilitate tax evasion and cause the Group to foul of the Act.

You are not expected to become experts in the Act, but you are required to become familiar with this Compliance Policy. Failure to do so may lead to disciplinary action.

### Corporate Criminal Offence

The Group could be liable to criminal prosecution under the Act where there is:

1. Criminal tax evasion by a taxpayer (either an individual or legal entity)<sup>1</sup>;
2. The criminal facilitation of the tax evasion by an **Associated Person** of the Group<sup>2</sup>;

### Associated Person

The Act applies to UK and foreign taxes and specifically to the actions of **Associated Persons**. It is therefore important to understand the definition of an **Associated Person**.

A person is "associated" with a company if that person is an employee, agent, consultant or other person who performs services for or on behalf of the company. The associated person can be an individual or an incorporated body. The concept of a person who 'performs services for or on behalf of' the organisation is intended to be broad in scope, to embrace the whole range of persons who might be capable of facilitating tax evasion whilst acting on behalf of the company. Please note an entity which simply supplies goods, as opposed to services, is unlikely to fall within the definition of an Associated Person.

Given the broad scope of this definition, it is essential that the Group knows with whom it is doing business. The Group's Anti-Bribery and Corruption Compliance Policy sets out the Group policy on due diligence when appointing and conducting business with agents, suppliers and third parties. The principle and steps outlined in that document are equally relevant when considering the risk of facilitation of tax evasion and should be read in conjunction with this policy.

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<sup>1</sup> A successful criminal prosecution is not a pre-requisite to committing an offence under the Act nor does the tax evasion itself need to have been successful.

<sup>2</sup> The Associated Person must deliberately and dishonestly take action to facilitate the taxpayer-level evasion. Accidental, ignorant or negligent actions that facilitate tax evasion do not fall within the offence.



Examples of the types of behaviour which facilitate tax evasion are given in Appendix 1. The examples are illustrative and are not intended to, nor can they, cover all areas and types of risk. Specific training will be given in areas assessed to be at highest risk. If you have any questions or concerns in relation to the examples given, please speak to the Group Tax Manager in the first instance.

**Responsibilities**

The Chief Finance Officer is ultimately responsible for ensuring that the Group operates in accordance with this policy. Managers of other employees with supervisory responsibility have a duty to ensure that not only they but also those under their supervision are aware of and comply with these guidelines.

***Your time spent reviewing this Policy is very much appreciated by the Group, and your colleagues, and your adherence to the rules and procedures described here are a key requirement of your role at McBride***



## Appendix 1

### **The scenarios below could result in criminal proceedings against a Group entity for failure to prevent the facilitation of tax evasion by an Associated Person**

#### Examples of facilitation of tax evasion where the Associated Person is an employee

- An employee deliberately falsifies information relating to a worker such that the worker is treated as a contractor rather than an employee deducting PAYE at source;
- An employee deliberately collaborates with a supplier to falsify the amount paid on an invoice so that the supplier evades income or corporation tax;
- An employee deliberately conspires with a supplier to disguise to conceal the true country of origin of goods to evade Customs duties;
- An employee deliberately diverts a worker's salary to an offshore account in a tax haven to evade income tax.

#### Examples of facilitation of tax evasion where the Associated Person is a distributor or contractor

- Manufacturer A enters into a distribution agreement with a Distributor B.

Distributor B conspires with a customer to create a false invoicing scheme allowing the customer to evade UK taxes on the purchase of goods in the UK. Distributor B has therefore deliberately and dishonestly facilitated tax evasion.

As Distributor B provides services for or on behalf of Manufacturer A and is therefore an Associated Person under the Act, the actions of Distributor B could lead to criminal prosecution of Manufacturer A.

- Company A, a UK incorporated entity, contracts for services with Company B, a French incorporated entity.

Company B engages Madame X as a contractor. Madame X deliberately fails to declare all her income in France.

Company B is aware that Madame X has failed to declare her income and agrees to issue invoices to Madame X's Cayman Island registered company thereby deliberately and dishonestly facilitating the evasion of French tax.

As Company B provides services to Company A and is an Associated Person under the Act, the actions of Company B could lead to criminal prosecution of Company A.