

# Corporate Criminal Offence Policy

## 1. Introduction

1.1 It is the policy of the ARO Group (“ARO”) to conduct all of our business in an honest and ethical manner and to maintain the highest ethical standards. The purpose of this policy is to set out the Group standards and policy in respect of the Criminal Finances Act 2017 and the corporate criminal offence (CCO).

1.2 ARO takes a zero-tolerance approach to tax evasion. This type of conduct is prohibited whether committed or facilitated by employees or anyone else acting on behalf of ARO.

1.3 The purpose of this policy is to: a). Set out ARO’s responsibilities, and the responsibilities of those working for ARO, in observing and upholding ARO’s position on the facilitation of tax evasion; and b). Provide information and guidance to those working with ARO on how to recognise and deal with tax evasion issues.

1.4 In this policy, associated person means employees, agents and other persons who perform services on behalf of ARO such as contractors, suppliers, agents and intermediaries. Third party means any individual or organisation that is not an associated person.

## 2. What is the Corporate Criminal Offence (CCO)

2.1 The UK enacted the Criminal Finances Act effective 30 September 2017. The Act creates a corporate criminal offence for the failure to prevent the facilitation of tax evasion. The penalties under CCO include an unlimited financial penalty and/or ancillary orders such as confiscation orders or serious crime prevention orders. Non-compliance could result in criminal investigation by HMRC with any UK prosecutions being brought by the Crown Prosecution Services (CPS). Any offence committed outside of the UK under CCO will be investigated by the Serious Fraud Office (SFO) or National Crime Agency and prosecutions will be brought by either the SFO or the CPS.

2.2 The CCO rules make it a specific criminal offence to facilitate tax evasion, whether this involves UK taxes or those of a non-UK jurisdiction. Broadly, if a person “associated” with ARO facilitates criminal tax evasion, ARO could be liable to prosecution and face an unlimited fine and serious reputational damage.

2.3 Any breach of this policy may result in disciplinary actions as well as a potential personal criminal liability.

## 3. Definition of Tax Evasion

3.1 Fraudulent tax evasion is a crime and involves dishonest behaviour. A person behaves dishonestly if they know or ignore a liability to pay tax but decide not to declare or pay it. Dishonest behaviour may involve a person simply deciding not to declare the money they make or may involve someone deliberately trying to hide the source of money, or even intentionally misrepresenting where money came from. Fraudulent tax evasion does not arise where a person makes a mistake or is careless. There needs to be dishonest intent. **Tax evasion is the illegal non-payment or underpayment of tax, through cheating the public revenue or fraudulently evading tax in the UK and other jurisdictions; it is a criminal offence.**

3.2 To comply with the Criminal Finances Act and other associated legislation and regulation, Employees or associated persons must not:

- engage in any form of facilitating tax evasion in the UK or abroad;
- aid, abet, or procure the commission of a tax evasion offence either in the UK or abroad;

- fail to report any request or demand from any party to facilitate tax evasion or suspected fraudulent activity pursuant to the evasion of tax by any other party;
- engage in any activity that might lead to a breach of this Policy;
- threaten or otherwise retaliate against someone who has refused to commit a tax evasion offence in the UK or abroad or who has raised concerns under this Policy; or
- engage in any offence under the law consisting of being knowingly concerned in, or taking steps with a view to, the fraudulent evasion of tax.

## 4. Definition of the Facilitation of Tax Evasion

4.1 CCO offences can apply to ARO where there has been fraudulent tax evasion facilitated by an associated person. The facilitation comprises being knowingly concerned in, or taking steps with a view to, the fraudulent tax evasion of another as well as aiding, abetting, counselling or procuring another person's offence of tax evasion.

The associated person does not commit a tax evasion offence when they inadvertently facilitate another's tax evasion provided reasonable steps have been taken in order to identify that evasion taking place.

Generic examples of the facilitation of tax evasion could include:

- i. An associated person knowingly processing invoices from a supplier showing a false VAT number;
- ii. An associated person agreeing to invoice a different offshore customer entity who did not receive the supply who obtains a VAT advantage from doing so;
- iii. Gross payments to a contractor who is actually an employee under the UK off payroll working regulations where NIC and PAYE should have been withheld.

## 5. Responsibilities of Employees, Shareholders and associated persons

5.1 All Employees, Shareholders and associated persons have a personal responsibility to ensure that they have read, understood, and comply with this Policy. Employees must notify their line manager or report under our Whistleblowing Policy, as soon as possible, if they believe or suspect a breach of this Policy has occurred.

5.2 For example, if you receive a request for assistance in circumstances where you know or suspect that another party intends to use that assistance to enable them to evade tax fraudulently, you should resist responding to the request immediately, and state that you will need to consult your line manager, and then report as above as soon as possible.

5.3 Employees or Shareholders who breach this Policy will face disciplinary action that could result in dismissal for gross misconduct.

5.4 Employees or Shareholders who refuse to be complicit in tax evasion, or those who raise concerns or report another party's wrongdoing, might worry about possible repercussions. ARO is committed to ensuring that no one suffers any detrimental treatment because of refusing to take part in illegal tax evasion or corruption, or because of reporting in good faith their suspicion about a potential breach of this Policy. Detrimental treatment includes dismissal, disciplinary action, threats, or other unfavourable treatment connected with raising a concern. Employees or Shareholders who believe that they have suffered any such treatment should inform their HR Advisor or another appropriate member of management.

## 6. Promoting the Corporate Criminal Offence (CCO) Policy

6.1 ARO shall ensure that:

- this Corporate Criminal Offence policy is available to all Employees and Associates of ARO;
- awareness training on the Policy is undertaken as part of the induction process for all new Employees and Shareholders; and
- its zero-tolerance position and expectation of compliance, together with this Policy, are communicated to all associated persons at the start of a business relationship and as appropriate after that.

6.2 This Policy ensures all Employees and Associates are aware of:

- What Corporate Criminal Offence is and how it applies to ARO;
- Their responsibilities to prevent the facilitation of tax evasion;
- The risks of engaging in criminal tax evasion;
- How to report suspected instances of tax evasion.

6.3 ARO will provide induction training to all its Employees, and in particular to Employees engaged in internal control and financial systems.

## 7. Compliance and Reporting

Any suspected breaches of the policy or suspected cases of the facilitation of tax evasion should be reported to the CEO or CFO or via the whistleblowing procedures.

## 8. Responsibility for the Policy

The CEO on behalf of the Board, has overall responsibility for ensuring this policy complies with the obligations. The policy is owned by ARO with implementation, monitoring and training being provided by the Board. Management at all levels are responsible for ensuring that those reporting to them are made aware of and understand the policy and are given adequate and regular training.

## 9. Monitoring and Review

The Board will monitor the effectiveness of the policy and will regularly consider its suitability, adequacy and effectiveness.