

## Group Policy - Anti-facilitation of tax evasion

Approved by Board on 31 August 2022

### 1. Introduction and purpose

This Policy has been approved by, and has the full support of, The Pebble Group (“**Group**”) Audit Committee and the Group Board (the “**Board**”). The purpose of this Policy is to:

- a) set out the Group’s responsibilities, and those working for us, in observing and upholding our position on preventing the criminal facilitation of tax evasion; and
- b) provide information and guidance to those working for us on:
  - how to recognise tax evasion;
  - how to avoid any involvement in tax evasion; and
  - the procedures to be followed to minimise the risk of facilitating tax evasion.

In this Policy, “**third party**” means any individual or organisation you come into contact with during the course of your work for the Group, and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisers and representatives.

References to the “**Nominated Officer**” are to the Group General Counsel and Company Secretary.

### 2. Our Responsibilities – who must comply with this Policy?

The Group Chief Financial Officer (“**CFO**”) has primary responsibility for establishing and maintaining proportionate and effective prevention of tax evasion compliance within the Group. Ultimately the Board has overall responsibility for ensuring that this Policy complies with our legal, regulatory and ethical obligations, and that all those under our control comply with it.

Then it is the responsibility of each Divisional Lead (Group MD of Brand Addition or President of Facilisgroup, as applicable) and their leadership teams, to ensure the effective implementation and operation of the details outlined in this Policy by their respective businesses.

Managers at all levels are responsible for:

- supporting fraud prevention in the workplace;
- ensuring that relevant staff reporting to them understand and apply applicable policies and procedures relating to the prevention of tax evasion, so far as relevant to their role and duties;
- encourage staff to speak freely and report any suspicion of inappropriate behaviour by another Group Employee (defined below); and
- escalate any violation or potential violation of applicable policies and procedures relating to the prevention of tax evasion, as per the provisions below.

All directors, officers, and employees, as well as other personnel who have the status of employees of the Group and its subsidiaries (collectively “**Group Employees**”) have to follow the requirements of this Policy, so far as they are relevant to their role and their duties. This extends to all our business dealings and transactions in all countries in which we operate.

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This Policy and the related procedures also apply to all persons working for Group or its subsidiaries or on our behalf in a relevant capacity, including agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, sponsors, or any other person associated with us, wherever located.

Employees must:

- be alert to the possibility of becoming involved in tax evasion;
- attend training provided on the prevention of tax evasion and applicable policies and procedures if they are in a Relevant Team (defined below);
- report any cases where there is knowledge or suspicion that tax evasion has occurred or is likely to occur; and
- report any breach or suspected breach of applicable policies and procedures relating to the prevention of tax evasion.

This Policy is directly applicable to each Group business. It is the responsibility of each Divisional Lead to either incorporate it directly as one of their own working documents or ensure their business has its own equivalent policy and procedures in place. Such policies and procedures must be adapted to the businesses' own needs and the requirements of applicable local laws and regulations. However, they must also be consistent with, and a more detailed continuation of, the principles and provisions of this Policy.

### 3. Questions on this Policy - who to go to for advice and guidance?

If you have questions or concerns regarding any aspect of this Policy or wish to seek guidance on its interpretation and application in a specific situation, you should raise and discuss this with your manager, or alternatively the Nominated Officer.

### 4. Policy statement

- It is the Group's policy to conduct all business in an honest and ethical manner. We take a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country. Under no circumstances should anyone engage in such conduct. This is non-negotiable.
- We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter tax evasion facilitation.
- We will uphold all laws relevant to countering tax evasion in all the jurisdictions in which we operate, including the Criminal Finances Act 2017.

### 5. Consequences of failure to comply with this Policy

It is important to comply with this Policy not only because of the effect that tax evasion has on both businesses and the wider community, but also because the consequences of non-compliance for the Group and its subsidiaries and their respective employees are potentially very serious:

For the Group and its subsidiaries, as employers, if we fail to prevent our employees, workers, agents or service providers from facilitating tax evasion, we can face:

- criminal, civil or regulatory sanctions including unlimited fines;
- Confiscation Orders or Serious Crime Prevention Orders; and/or
- serious reputational damage.

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We therefore take our legal responsibilities seriously.

For employees, any individual who criminally facilitates tax evasion risks:

- criminal investigation and prosecution for the substantive tax evasion offence; and
- disciplinary action, up to and including dismissal.

It is therefore extremely important that the policies and procedures are followed by everyone.

As the Group's businesses operate in many countries, each of which has its unique business, legal and regulatory environment, this Policy does not define a uniform set of sanctions for failure to comply with its requirements. Each business' own internal policies governing employee relations, and disciplinary measures in the event of misconduct of the type described in this Policy, will apply.

However, any such case will be taken very seriously and the Group will not hesitate to take appropriate disciplinary action, which could result in dismissal for gross misconduct. In the most serious cases, the Group will consider reporting the matter to the relevant authorities, as appropriate.

In addition, we may terminate our relationship with other individuals and organisations working on our behalf if they breach this Policy.

## 6. What is tax evasion?

'**Tax evasion**' is the criminal offence of **deliberately** not paying taxes, for example by not reporting income, by claiming expenses not legally allowed, or by not paying taxes owed. It applies to all kinds of taxes, including but not limited to Income Tax, National Insurance, Corporation Tax, Capital Gains Tax, Inheritance Tax, Value Added Tax and Stamp Duty Land Tax. It can be committed both by private individuals and entities such as companies, partnerships and trusts. **The offence requires an element of fraud, which means there must be deliberate action, or omission with dishonest intent.**

Tax evasion is not the same as tax avoidance or tax planning. Tax evasion involves **deliberate and dishonest conduct**. Tax avoidance is not illegal and involves taking steps, within the law, to minimise tax payable (or maximise tax reliefs).

In this Policy, all references to tax include national insurance contributions (and their equivalents in any non-UK jurisdiction).

'**Foreign tax evasion**' means evading tax in a foreign country, provided that conduct is an offence in that country and would be a criminal offence if committed in the UK. As with tax evasion, the element of fraud means **there must be deliberate action, or omission with dishonest intent.**

Circumstances in which tax evasion may occur in relation to our business include:

- structuring a transaction on behalf of a client in such a way as to evade tax, for example, a client asking for an invoice to be raised to another company, without justification.
- a supplier asking us to pay them via a complex payment mechanism that allows them to evade tax.
- a contractor making unusual payment requests or being reluctant to provide identification or meet face to face.

## 7. What is tax evasion facilitation?

'**Tax evasion facilitation**' means being knowingly concerned in, or taking steps with a view to, the fraudulent evasion of tax (whether UK tax or tax in a foreign country) by another person, or aiding, abetting,

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counselling or procuring the commission of that offence. Tax evasion facilitation is a criminal offence, where it is done deliberately and dishonestly.

Common indicators or “**Red Flags**” of tax evasion facilitation can be found in the **Annex** to this Policy.

## The “Failure to Prevent” Offences

Under the *Criminal Finances Act 2017* (“**CFA 2017**”) it is an offence for a company or partnership, wherever in the world it is incorporated or formed, to:

- (a) fail to prevent the facilitation of UK tax evasion offences (the “**UK Offence**”);
- (b) fail to prevent the facilitation of foreign tax evasion offences (the “**Foreign Offence**”),

by a person with whom they are associated (“**Associated Person**”).

***The company does not have to have deliberately or dishonestly facilitated the tax evasion itself, or even have knowledge of it; the fact that the associated person has done so creates the liability for the company.***

“**Associated Persons**” - includes not only employees but also consultants, agents and any other person or entity who performs services for or on behalf of the company (such as contractors and sub-contractors).

For criminal facilitation to occur, the Associated Person must:

- (a) deliberately and dishonestly take action to facilitate the taxpayer-level evasion; and
- (b) do so in their capacity as the company’s Associated Person. The company will not be liable for the actions of an employee or other Associated Person acting in a private capacity on a “frolic” of their own.

## 8. The Defence

There is only one defence which is that the Company has reasonable prevention procedures in place. This Policy is an part integral of our prevention procedures.

## 9. Risk Assessment

The Group’s tax evasion facilitation procedures must be proportionate to the risk of our Group and its subsidiaries being exposed to tax evasion facilitation. An assessment of that risk has been undertaken and this Policy has been developed in response to the results. The risk assessment identified certain aspects of our businesses that pose inherent risks of us or our Associated Persons being exposed to instances of actual or attempted facilitation of tax evasion.

For your awareness, the following aspects of the Group’s businesses create an **inherent risk** rating of **medium** or **high**:

- Operations/suppliers in high-risk jurisdictions.
- Customers and/or Associated Persons in high-risk jurisdictions or operating in high-risk sectors or with high-risk products.
- Company and/or Associated Persons involvement in transactions with high-risk indicators.
- Projects/joint ventures involving many parties, jurisdictions or intermediaries.
- Exposure to high risk Associated Persons or intermediaries.

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However, following implementation of appropriate procedures and controls, including those referred to in this Policy, the **residual risk** in respect of all areas (including the examples of high or medium inherent risk above) is assessed to be **low**.

## 10. Reporting - how to raise a concern or suspicion of tax evasion

The prevention, detection and reporting of tax evasion and foreign tax evasion are the responsibility of all those working for us or under our control.

You are encouraged to raise concerns about any proposed course of action which may contravene or contradict the principles contained in this Policy, or about any belief or suspicion of potential tax evasion or foreign tax evasion, or the facilitation of tax evasion by another (a staff member, agent, contractor, supplier or a customer), at the earliest possible stage, both to protect our business and yourself.

"Red flags" that may indicate potential tax evasion or foreign tax evasion are set out in the **Annex** to this Policy. If you are unsure about whether a particular act constitutes tax evasion or foreign tax evasion, raise it with the Nominated Officer as soon as possible. This can be done orally or via email.

A deliberate failure to report suspected tax evasion or foreign tax evasion, or "turning a blind eye" to suspicious activity, could amount to criminal facilitation of tax evasion.

You must notify the Nominated Officer about this, or alternatively report it through our Group Whistleblowing Portal **as soon as possible**. Employees will receive the Group's full support when raising any such concerns.

## 11. Reporting a breach of this Policy

Employees must report any breach of this Policy whether by themselves, a member of staff or other Associated Person to the Nominated Officer immediately. There will be no recrimination for reports made in good faith. Line managers should encourage employees to report their concerns.

The applicable Divisional Lead, the Nominated Officer or the CFO, as applicable, will report any purported or potential breach of this Policy to the Group Executive Committee. The CFO will report all serious or continued non-compliance with this Policy to the Group Audit Committee and/or ultimately the Group Board for its awareness and monitoring on an ongoing basis.

All matters surrounding inappropriate conduct or malpractice will be thoroughly investigated and dealt with in line with the relevant subsidiaries' disciplinary and/or reporting procedures.

## 12. Record Keeping

The Nominated Officer is responsible for maintaining a register of all reports, to include a record of the investigation and the outcome of those investigations.

## 13. Due Diligence – employees, agents and intermediaries

You must follow all Due Diligence policies and procedures on all Associated Persons where these are in place within your business, in order to identify risks and take measures to mitigate or avoid such risks. Your manager will communicate these to you, where applicable to your role.

All permanent employees and contractors will be screened by obtaining and confirming:

- proof of identity;
- references; and
- employment history and, where relevant, qualifications.

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In addition, permanent employee and contractors employed or engaged in the USA or Canada are also screened for criminal convictions.

## 14. Communication and Training

This Policy and training will be provided to staff in the following departments to help them to identify circumstances which could be used to facilitate tax evasion:

- Finance
- Purchasing
- Sales
- HR
- Management

The HR team within each Group business will be responsible for ensuring the communication of this Policy and that training on this Policy forms part of the induction process for individuals joining the above teams and ongoing training will be provided whenever there is a substantial change in the law or the policies and procedures.

Employees, workers and associated persons who have been identified as being at a high risk of exposure to criminal tax evasion, will be required to complete training at least every two years.

Attendance at training is compulsory.

## 15. Compliance monitoring and review

The CFO in conjunction with the Nominated Officer will be responsible for ensuring the suitability, adequacy and effectiveness of this Policy and for making improvements, as appropriate.

This Policy and the Risk Assessment will be reviewed for suitability and updated where necessary on at least an annual basis, and:

- if there is a substantive change in the nature of the work carried out by the Group or any subsidiary, for example, we begin to operate in new markets, in new territories or in new sectors; or
- following any substantive breach of this Policy.

Such review will include:

- The training that has been delivered and its effectiveness.
- An overview of any reports made.

Major updates will be publicised through business wide communications.

## 16. Internal controls and audit

On a biannual basis, the Pebble Group Audit Committee will receive a report of any non-compliance with this Policy. At those meetings, the Audit Committee will also review the scope, adequacy and effectiveness Group's systems and controls for the prevention of facilitation of tax evasion.

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## ANNEX

### "Red flags" that may indicate potential tax evasion or foreign tax evasion

If you encounter any of these red flags while working for us, you must report them promptly to the Nominated Officer:

- a) You become aware that a third party has made/intends to make a false statement relating to tax, has failed to disclose income or gains to, or to register with, HMRC (or the equivalent authority in a non-UK jurisdiction), has delivered or intends to deliver a false document relating to tax, or has set up or intends to set up a **structure to try to hide income, gains or assets from a tax authority**.
- b) You become aware that a **third party has deliberately failed to register for VAT (or the equivalent tax in any relevant non-UK jurisdiction) or failed to account for VAT**;
- c) A third party **requests payment in cash and/or refuses to sign a formal contract relating to the payment, or to provide an invoice or receipt for a payment made**;
- d) You become aware that a third party working for us as an employee **asks to be treated as a self-employed contractor, but without any material changes to their working conditions**;
- e) A supplier or other subcontractor is **paid gross when they should have been paid net, under a government scheme**.
- f) A third party requests that payment is **made to a country or geographic location different from where the third party resides or conducts business**.
- g) A third party to whom we have provided services **requests that their invoice is addressed to a different entity**, where we did not provide services to such entity directly.
- h) A third party to whom we have provided services **asks us to change the description of services rendered on an invoice** in a way that seems designed to obscure the nature of the services provided.
- i) You receive an **invoice from a third party that appears to be non-standard or customized**.
- j) A third party **insists on the use of side letters or refuses to put terms agreed in writing or asks for contracts or other documentation to be backdated**.
- k) You notice that we have been **invoiced for a sum that appears too large or too small**, given the service stated to have been provided.
- l) A third party requests or requires the use of an **agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us**.
- m) A transaction involves **overly-complex payment mechanisms or supply chains**.
- n) Services/goods are provided to **jurisdictions that do not subscribe to Common Reporting Standards**, e.g.: Algeria, Belarus, Benin, Bosnia and Herzegovina, Botswana, Cambodia, Cameroon, Djibouti, Dominican Republic, Egypt, El Salvador, Guatemala, Guinea, Haiti, Honduras, Liberia, Madagascar, Mali, Mauritania, Mongolia, Myanmar, Panama, Papua New Guinea, Paraguay, Senegal, Serbia, Togo, Vietnam.
- o) Services/goods provided to **high risk tax jurisdictions** or jurisdictions that have a **low OECD tax transparency rating**, e.g.: Andorra, Austria, Botswana, British Virgin Islands, Costa Rica, Curacao, Cyprus, Dominican Republic, Ghana, Guatemala, Indonesia, Israel, Jamaica, Kazakhstan, Liberia, Luxembourg, Malta, Panama, Trinidad and Tobago, Turkey, United Arab Emirates.
- p) Transactions involving **private banking facilities**.
- q) **Incomplete/missing records**.

Please note that this list is not intended to be exhaustive and is for illustrative purposes only.

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