



Veriflo
Water Asset Management

POLICY 002: Anti-Tax Evasion Policy

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ANTI-TAX EVASION POLICY

1 Purpose

Veriflo undertakes to conduct all business dealings in an honest and ethical manner. With this policy and associated ethical business practices policies (Equity, Anti-Slavery, Corporate Social Responsibility) and supporting procedures, the Company sets out to establish a corporate culture founded on ethical trading.

To ensure that these goals and commitments are understood at all levels, these policies shall be reviewed by all employees. The indicated policies and procedures form the core of Veriflo's ethical trading guidance, they are distributed for mandatory review to all employees via Breathe HR, they form part of the induction requirements, and they shall be available for employees to review at any time via Breathe HR.

In accordance with ethical trading standards, the Anti-Tax Evasion policy has been established to raise awareness both internally and externally of the risks of criminal tax evasion and resulting business and reputational damage which it may bring, and to set out the Company's position regarding this. Tax evasion is a serious offence, which can carry an unlimited fine. The Company takes this issue seriously and has a zero-tolerance approach to the practice or the facilitation of tax evasion by its employees.

2 The Law

The Anti-Tax evasion Policy sets out the Company's arrangements for complying with the Criminal Finances Act 2017 with reference to the guidance established in "Tackling Tax Evasion: Government guidance for the corporate offences of failure to prevent the criminal facilitation of tax evasion."

This document helps to interpret the legislation and offer guidance for organisations in compliance.

3 Compliance statement

In view of the Criminal Finances Act 2017, Veriflo has adopted an Anti-Tax Evasion Policy which affirms our commitment to preventing persons associated with the business from engaging in the criminal facilitation of tax evasion in the UK or in a foreign country. The Company will conduct all business dealings in an honest and ethical manner.

All employees should familiarise themselves with this anti-tax evasion policy and to act at all times in a way which is consistent with it. The Company's compliance with his legislation embodies the 6 guiding principles;

- Proportionality – Operational controls will be appropriate to the identified level of risk
- Top-Level commitment – Policy & arrangements have the full support of the Executive Directors
- Risk Assessment – Identified risks to the organisation are assessed
- Due diligence – Suitable, proportionate investigation of potential clients / suppliers is carried out
- Communication / training – The policy and associated guidance is reviewed by all employees
- Monitoring and review – Relevant systems and processes are subject to periodic review

Veriflo has a zero-tolerance approach to all forms of tax evasion, whether under UK law or under the law of any foreign country. Employees and associates of the Company must not undertake any transactions which:

- cause the Company to commit a tax evasion offence; or
- facilitate a tax evasion offence by a third party who is not an associate of the Company.

Veriflo is committed to acting in a fair and professional manner in all aspects of business and business relationships. The Company will implement systems to counter the risk of tax evasion facilitation. At all times, business shall be conducted in a manner such that the opportunity for tax evasion is prevented.

Where any such risk has been identified, or where potential vulnerabilities are found, they shall be managed as Non-Conformance through the business management system; actions to be taken and records kept accordingly. This information will be made available where appropriate to interested stakeholders annually.

4 Scope

This policy applies to all persons working for the Company or on its behalf in any capacity, including employees, Directors and associates (including but not limited to agency workers, volunteers, interns, contractors, external consultants, third-party representatives) wherever they are located.

5 Potential Risks and Indicators of Risk

In the interests of educating employees to the risks and signs of tax evasion, the following is a list of possible “red flags” that may be identified and raise concerns of potential tax evasion or foreign tax evasion. The list is not exhaustive; if employees encounter any of these red flags (or other activity likely to fall under this policy) while working for the Company, they are required to report them promptly to the Directors:

- employees become aware that a third party:
 - has made or intends to make a false statement relating to tax
 - has failed to disclose income or gains to, or to register with, HMRC
 - has delivered or intends to deliver a false document relating to tax
 - has set up or intends to set up a structure to try to hide income, gains or assets from a tax authority
- employees become aware that a third party has deliberately failed to register for VAT or failed to account for VAT
- a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made
- employees become aware that a third party working for the Company as an employee asks to be treated as a self-employed contractor, but without any material changes to their working conditions
- a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business
- a third party to whom the Company has provided services requests that their invoice is addressed to a different entity, where the Company did not provide services to such entity directly
- a third party to whom the Company has provided services asks for the description of services rendered on an invoice in a way that seems designed to obscure the nature of the services provided
- an invoice from a third party that appears to be non-standard, edited or customised
- 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
- employees are overly secretive or defensive about their dealings with clients or third party entities

6 Facilitating Tax Evasion

Tax means all forms of UK taxation, including but not limited to corporation tax, income tax, value added tax, stamp duty, stamp duty land tax, national insurance contributions (and their equivalents in any non-UK jurisdiction) and includes duty and any other form of taxation

Tax evasion* is the criminal offence of cheating public revenue or fraudulently evading UK tax requirements. The offence requires an element of fraud, which means there must be deliberate action, or omission with dishonest intent.

Foreign tax evasion is the evasion of tax in a foreign country, provided that the conduct is an offence in that country and would be a criminal offence if committed in the UK.

Facilitating Tax evasion means being knowingly concerned in the fraudulent evasion of tax (whether UK tax or tax in a foreign country) by another person, or aiding, abetting, counselling or procuring the commission of that offence. Facilitating Tax evasion is a criminal offence, where it is done deliberately and dishonestly.

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

7 Company Responsibility

Veriflo assess the likelihood of tax evasion occurring during operations. Protocols have been established to govern certain transactions with third parties in order to prevent possible tax evasion by a third party.

Where significant risks are identified, the Company undertakes to provide additional guidance for employees in the subject of tax evasion, to cover the risks, signs and correct action to take if tax evasion activity is suspected in the business. An understanding and acceptance of this policy is the first requirement of this awareness.

The Company demonstrates clear and unambiguous opposition to all forms of tax-evasion, with the full support of Executive Directors. The Company shall ensure that all employees are aware of this commitment. The Company shall maintain a secure procedure for whistleblowing.

This policy, the relevant protocols and risk assessment, and the effectiveness of such shall be reviewed periodically, or immediately in the event of any reported tax evasion/ facilitation or risk identified.

8 Individual Responsibilities

Employees must ensure that they read, understand and comply with this policy and any supplemental training or briefings provided by the Company. The prevention, identification and reporting of tax evasion and foreign tax evasion are the responsibility of all employees. Employees are required to avoid any activity that might lead to a breach of this policy.

Employees should be aware of the possibility of, and where appropriate take action to avoid and report tax evasion and corrupt business practices.

Employees must notify senior personnel if you believe or suspect that a breach or conflict with this policy has occurred (or may occur in the future). For example, if a supplier asks to be paid in cash, indicating that this will mean the payment is not subject to applicable tax.

9 Prevention

It is not possible to define and prevent every potential opportunity for tax evasion. Employees are encouraged to be vigilant and consider:

- Is there anything unusual about the manner in which an associate of the Company is conducting their relationship with the Company or the third party (supplier or client)
- Is there anything unusual about the client's or associate's behaviour in your dealings with them?
- Are there unusual payment methods?

10 Making Disclosure

Should any employee or associated person become concerned that a fellow team member or associated person is facilitating a third party's tax evasion they should immediately contact either:

- the Directors of Veriflo Limited (Neil Scott and/or Kirsty Scott)
- the HMRC fraud hotline on 0800 788 887

11 Actions to Avoid

It is not acceptable for employees and associates to:

- Engage in any form of facilitating tax evasion or foreign tax evasion
- Aid, abet, counsel or procure the commission of a tax evasion offence or foreign tax evasion offence by another person;
- Fail to report promptly any request or demand from any third party to facilitate the fraudulent evasion of tax by another person, in accordance with this policy; or
- Engage in any other activity that might lead to a breach of this policy; or
- Threaten or retaliate against another individual who has refused to commit a tax evasion offence or a foreign tax evasion offence or who has raised concerns under this policy.

12 Associated Documents

- PROC 004 Grievance
- PROC 008 Responsible Procurement
- PROC 009 Proactive Risk Management
- PROC 012 Supply Chain Assurance
- POL 001 Anti-Bribery & Corruption
- POL 004 Corporate Social Responsibility
- POL 009 Equity & Dignity
- POL 015 Modern Slavery and Human Trafficking
- POL 020 Whistleblowing