



CRIMINAL FINANCES ACT (ANTI-TAX EVASION POLICY)

1. INTRODUCTION

Hull Culture and Leisure is committed to the prevention, deterrence and detection of the criminal facilitation of tax evasion. This document sets out the Company's policy for preventing the criminal facilitation of tax evasion and the standards and procedures required to ensure compliance with the Policy.

2. BACKGROUND

The Criminal Finances Act 2017 came into force on 30th September 2017. It has introduced a new corporate criminal offence of failing to prevent tax evasion.

This offence is aimed at companies who have failed to put in place reasonable procedures to prevent the facilitation of tax evasion. Under the new law, the company could be found guilty of a criminal offence if an employee or associated person assists in another person's tax evasion and the Company fails to have adequate procedures in place to prevent this occurring. There are serious criminal penalties for committing an offence under the Act that could have significant consequences for the Company's reputation and business relationships.

3. SCOPE

The provisions of this policy will apply to all employees and associated persons of the Company. 'Associated persons' is a broad term that applies to both individuals and businesses. It includes, but is not limited to, employees, agents and other persons/bodies that perform services for or on behalf of the business.

4. ANTI TAX EVASION VALUE STATEMENT

It is our policy to conduct all our operations in an honest and ethical manner and Hull Culture and Leisure Ltd operates a zero tolerance approach to all forms of tax evasion. We are committed to acting with integrity in all our operations and implementing and enforcing effective systems and processes to prevent tax evasion facilitation, whether under UK law or under the law of any foreign jurisdiction.

5. THE OFFENCE

In general terms, the criminal offence of tax evasion is committed where a person knowingly takes steps to fraudulently reduce the amount of tax that they should otherwise have paid.

Under the Criminal Finances Act 2017, a separate criminal offence is committed by an organisation where the tax evasion is facilitated by a person acting in the capacity of an associated person to that body. For the offence to apply, the associated person must deliberately and dishonestly take action to facilitate the tax evasion by the taxpayer. If the associated person accidentally, ignorantly, or negligently facilitates the tax evasion, then the corporate offence will not have been committed. This applies equally whether the facilitation activity is committed in the UK or overseas if UK tax is evaded, irrespective of whether it would be illegal under local law.

A successful prosecution could lead to:

- An unlimited fine
- Public record of the conviction
- Significant reputational damage and adverse publicity
- Exclusion from tendering for public contracts
- Significant regulatory impact.

6. DEFINITIONS

For the purposes of this policy:

Tax Evasion means an offence of cheating the public revenue or fraudulently evading UK tax, and is a criminal offence. 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).

Foreign Tax Evasion means evading 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.



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

Tax means all forms of UK taxation, including but not limited to, Corporation Tax, Income Tax, VAT, 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 (however described).

7. RESPONSIBILITY AND RISK ASSESSMENT

The Company is committed to the prevention of the criminal facilitation of tax evasion in the workplace and in all its operations. The Company's directors ("the Board") are responsible for this policy and are fully committed to its implementation and ensuring that business relationships are conducted in accordance with its terms. The Board will receive reports of any contravention of this Policy.

The Managing Director of Hull Culture & Leisure is responsible for ensuring that this policy is implemented and proposing changes where reported concerns indicate that this is required. The Finance Director is responsible for undertaking an annual review of the policy and proposing changes where identified risks or changes to legislation indicate that this is required. Service Directors are responsible for implementation of this policy and any associated management arrangements within their area of responsibility and ensuring that any changes to identified risks are addressed. All employees are responsible for complying with the policy and reporting any concerns that they identify.

The company's operations are risk-assessed in terms of the impact and likelihood of the occurrence of tax evasion and the facilitation of tax evasion. The Board may make changes from time to time in order to address any further risks identified or any concerns reported to it.

8. PRINCIPLES

The following principles will apply:-

The Company will not tolerate any form of criminal facilitation of tax evasion by any director, officer, employee or third party dealing with the Company, including contractors, consultants, agency workers, agents, service providers and partners. This applies to all operations and transactions in all jurisdictions.

The Company will actively investigate all breaches or suspected breaches of this policy and, if appropriate, invoke disciplinary measures against any employee found to be involved in the criminal facilitation of tax evasion and take prompt action to



remedy and/or report the matters giving rise to the breach and prevent any repetition.

In appropriate circumstances, the Company will also invoke contractual sanctions against any associated person who is found to have criminally facilitated tax evasion.

It is recognised that there are a wide range of different business relationships with associated persons, whatever those relationships, the Company is committed to acting in accordance with its anti tax evasion value statement and will take appropriate steps in each case to ensure that it has assessed any risk inherent in the relationship and has addressed that risk. Because of the range of operations and relationships, this Policy cannot be prescriptive about how such risks will be addressed in any particular case, steps may include, for example:

- confirmation that the associated person has receipt of and compliance with this policy
- confirmation that equivalent policies are in place and complied with to prevent the facilitation of tax evasion by associated persons and their associates
- requests for additional information required to assess risk or to carry out due diligence
- contractual provisions to provide assurance that the terms of this Policy are complied with.

No employee or associated person of the Company should feel pressured into offering or agreeing to provide assistance to enable another person to unlawfully evade tax in order to secure business with, or on behalf of, the Company and no employee or associate will suffer adverse consequences for refusing to agree to facilitate tax evasion or for taking steps to report any concerns that an offence has been committed.

All employees must ensure that they are familiar with this Policy and must act in accordance with it. Breaches of this Policy are regarded seriously and may result in disciplinary action or the Company seeking appropriate contractual or other remedies.

9. PREVENTION AND DETECTION

It is not acceptable for employees and associated persons to:

- be knowingly concerned in, or in taking steps with a view to, the fraudulent evasion of a tax by another person
- aid, abet, counsel or procure the commission of a tax evasion offence



- fail to report any request or demand from a third party to assist in the facilitation of a tax evasion offence
- threaten or retaliate against another individual who has refused to commit a tax evasion offence or has raised concerns under this policy

Any employee who breaches this policy may face disciplinary action, which may result in dismissal for misconduct or gross misconduct.

Officers and employees involved in engaging or otherwise dealing with associated persons, must consider the nature of business relationship and the associated risk of the facilitation of a tax evasion offence. Additional steps may be required to ensure that the associated person is obliged to act in way that is consistent with this Policy or to demonstrate that it has an equivalent policy of its own in place.

Hull Culture and Leisure Ltd may terminate our relationship with other individuals and organisations working on our behalf if they breach this policy.

10. RAISING CONCERNS

All concerns about whether a particular transaction or activity may amount to tax evasion, criminal facilitation of tax evasion or a breach of this Policy, should be reported at the earliest possible opportunity via line managers, the Company's finance team or via the Company's whistleblowing procedure, which can be found on the intranet.

11. TRAINING AND INFORMATION

The following related policies are available on the Company's intranet or via line management:

- Board Member Relations Protocol
- Employee Code of Conduct
- Anti-Fraud and Corruption Policy Whistleblowing Policy
- Scheme of Delegation
- Corporate Feedback Scheme
- Cash Handling Procedures



Directors have been briefed on the requirements of The Criminal Finances Act 2017. Further guidance is available from the Hull Culture and Leisure Ltd Finance Team and will be made available on the intranet. New employees will be provided with a copy of the policy within their induction pack and further training may be requested via line management.

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