

IP Group plc and its Group of companies

Anti-facilitation of tax evasion policy

Dishonest tax evasion deprives governments of the revenues they need to provide vital public services. We expect the businesses and people we engage with to comply with their tax obligations. We will not tolerate any of our employees, agents or business partners knowingly assisting or encouraging tax fraud by any of our customers, suppliers or others that we do business with anywhere in the world.

We are committed to the following principles:

- We will carry out business fairly, honestly and openly.
- We will not provide services or sell goods where we know or suspect them to be being misused or abused by a customer for the purposes of fraudulent tax evasion anywhere in the world.
- We will not buy services or goods from any supplier where we know or suspect them not to be properly declaring their income and/or any relevant tax and duties in connection with those activities.
- Any employee found to be in breach of these principles will face disciplinary action.
- No employee will suffer demotion, penalty, or other adverse consequence for refusing to engage in the sale or purchase of services and goods where they suspect or know tax evasion to be taking place. Our clear policy is not to engage in transactions where tax evasion is present or suspected to be present, even if it may result in us losing business.
- We expect our agents and others who represent us also to commit to these principles.
- We are committed to a programme to counter the risk of our being involved in the facilitation of tax evasion.

We also operate a strict policy and procedures to ensure that we do not assist our customers, suppliers, other business partners, employees and contractors to engage in aggressive tax avoidance. If we have any doubts we will refer the issue to the Chief Financial & Operating Officer.

Any concerns relating to a breach of this policy should be reported to the Chief Financial & Operating Officer.

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Anti-facilitation of tax evasion procedures

1. Introduction

The policy and these procedures are intended to ensure that our employees, agents and business partners do not engage in the facilitation of tax evasion anywhere in the world.

These Anti-Facilitation of Tax Evasion Policy & Procedures apply to our directors, officers and employees (referred to as "**Staff**"). We expect the highest standards from our Staff and will not tolerate anyone engaging in tax evasion or helping another person to do so.

We will also endeavour to ensure that people and businesses who perform services for us, for example, agents, advisers, consultants and contractors (referred to as "**Business Partners**") do not facilitate tax evasion whilst performing those services.

We also expect all companies or entities with whom we enter into a collaboration, partnership, joint venture, consortium or similar relationship (referred to as "**Contracting Partners**") to comply with our Anti-Facilitation of Tax Evasion principles.

These Policy & Procedures apply irrespective of the country in which business is being conducted. Where there are differences between the local law and these Policy & Procedures, you must apply either these Policy & Procedures or the local law, whichever sets the highest standard of behaviour.

2. What is Tax Evasion?

Tax evasion is when a person knows he or she has an obligation to account for tax but dishonestly does not do so.

That person may try to take steps to disguise or misrepresent what they are doing in order to conceal the liability but this is not essential. They may expressly know they have a liability or they may deliberately 'turn a blind eye' or kid themselves that they do not owe any tax.

Tax evasion needs to be contrasted with what is sometimes known as tax 'avoidance'. Avoidance is where a person, usually acting on professional advice, has entered into arrangements designed to minimise his or her tax liabilities. In many cases, the tax authorities accept that the arrangements are effective, but in many other cases they challenge the structure and may be successful in showing that tax is actually due. The attempt to avoid the tax liability is unsuccessful but provided the person had an honest belief that the planning was going to be effective, even if proved wrong, it does not amount to evasion.

3. What is facilitation of tax evasion?

In many cases, it is possible to evade taxes without involving another person. However, in many other cases it is inevitable that other people may be involved.

For example, the evasion may involve trying to go undetected by misdescribing the services that have been rendered to our business which generate the tax liability. This could involve misdescribing what the services were, the country in which they took place, or the person or entity which carried them out. If someone in our business were to accept or not challenge the misdescription that person may be 'facilitating' the tax evasion. If that person knew it was a misdescription, that would be criminal facilitation and that person is likely to be committing a criminal offence.

It is also important to bear in mind that the criminal law may treat a person as having knowledge if they 'turn a blind eye', particularly if there is an upside for them in doing so. If you suspect someone to be engaged in tax evasion you must report your suspicions to the Chief Financial & Operating Officer. If you don't, and it transpires that evasion was taking place, it may look like you were turning a blind eye.

4. Why are the Policy and Procedures important?

Facilitation of tax evasion is a criminal offence in most countries in which we operate, and the penalties can be severe. In many countries the penalty includes imprisonment, often with maximum sentences of 7, 10 or more years.

Equally, a business which employs or engages the facilitator of tax evasion may itself commit an offence. That business may face prosecution and have to pay significant fines. Having a criminal record may also bar it from operating in certain sectors or doing certain kinds of work or mean that other businesses will not work with it anymore. The overall effect would be very damaging to the strength or viability of that business.

Tax authorities around the world are working together to clampdown on evasion. We wish to ensure that our business does what it can to support this and guards itself from deliberate breaches of anti-facilitation of tax evasion laws.

5. What is expected of you?

All **Staff** must read and observe the requirements of the Anti-Facilitation of Tax Evasion Policy & Procedures. Staff must also act with honesty and integrity and comply with all applicable laws, whether or not specifically covered by the Anti-Facilitation of Tax Evasion Policy & Procedures or any of our other policies.

The Chief Financial & Operating Officer is responsible for the day-to-day oversight of the Anti-Facilitation of Tax Evasion Policy & Procedures.

Managers should work to create an environment that encourages compliance with the Anti-Facilitation of Tax Evasion Policy & Procedures. Supervision of responsible business practices is as important as supervision of performance. You should encourage those you manage to report any concerns and to ask any questions they have regarding facilitation of tax evasion issues.

Business Partners and Contracting Partners - we expect and encourage our Business Partners and Contracting Partners to adhere to our Anti-Facilitation of Tax Evasion Policy & Procedures. Business Partners and Contracting Partners must also act with honesty and integrity and comply with all applicable laws, whether or not specifically covered by the Anti-Facilitation of Tax Evasion Policy & Procedures or any of our other policies.

These Procedures cannot address every conceivable situation. In many circumstances, the law or the Anti-Facilitation of Tax Evasion Policy & Procedures will clearly dictate what you should do, but on other occasions the situation will require you to exercise judgement.

6. Customer and Supplier Tax Risks

Although the business may not have a legal obligation to ensure that its customers and suppliers are correctly accounting for their true tax liabilities, we have decided that we want to do what is reasonable to remind our customers and suppliers of their responsibility to account properly for tax.

We will improve our procedures by reserving the right to conduct additional due diligence checks, which may include some or all of the following:

- making it a condition of doing business with us that they will act diligently to correctly account for any taxes they may owe under the law;
- undertaking additional checks on their ownership structure or on where their business is managed so that we understand the country or countries in which they should be paying tax;
- asking them to prove they are registered for tax by asking for details of their tax registrations;
- when we buy goods, products or services, undertaking additional checks to ensure that tax has been paid on those goods as appropriate, in particular when the goods have been imported or are subject to internal excise taxes;
- when we sell goods, products or services, undertaking additional checks to make sure that tax is being paid on those goods as appropriate and that the goods are not being used for the purposes of carrying out fraud; and/or
- any other procedures which we consider it to be reasonable in the circumstances to undertake.

Red flags - Staff should look out for facilitation of tax evasion "red flags" (see below). Any red flags should be reported immediately to the General Counsel or Chief Financial & Operating Officer. The red flags include:

- the customer or supplier refuses or fails to confirm that it will comply with our additional due diligence checks;
- the customer or supplier operates or is resident in a market or country where there is a high risk of tax evasion;
- uncertainties exist about why the customer or supplier is buying our goods or services, or the price which they are prepared to pay;
- the customer or supplier has unusual invoicing or documentation practices;
- the customer or supplier refuses to give us access to its books and records when this is reasonably requested and required by us; or
- the customer or supplier requests for payments to be:
 - made in cash;
 - paid to or through another entity;
 - paid to bank accounts in countries other than the country where services are performed;
 - paid to offshore bank accounts;

- paid in a currency other than the local currency; or
- paid in advance of the services being performed.

7. Business Partners and Contracting Partners

We expect the same standards from our external Business Partners and Contracting Partners as we do from our Staff. Our business could be criminally liable if a Business Partner or Contracting Partner engages in facilitation of tax evasion when delivering those services.

Business Partners are people and businesses who perform services for us, for example agents, outsourcers, contractors, consultants, and advisers.

Contracting Partners are all companies or entities which we enter into a joint venture, consortium or similar relationship with.

Business Partners and Contracting Partners must be carefully selected, subject to contractual controls and monitored. It is important that we only work with Business Partners and Contracting Partners who we are confident will not engage in facilitation of tax evasion.

Any agreement entered into with a Business Partner or Contracting Partner must contain Anti-Facilitation of Tax Evasion wording. You should contact the General Counsel or UK Head of Legal if you need help with this.

Informing Business Partners and Contracting Partners about our Anti Facilitation Policy

All Business Partners and Contracting Partners (whether individuals or companies) should be told where to access our Anti-Facilitation of Tax Evasion Policy & Procedures on our website and asked to confirm in writing that they will comply with them.

The Company may decide to provide Anti-Facilitation of Tax Evasion training to higher risk Business Partners and Contracting Partners.

Contractual Controls for Business Partners and Contracting Partners

Any agreement entered into with a Business Partner or Contracting Partner must contain Anti-Facilitation of Tax Evasion wording. You should contact the General Counsel or UK Head of Legal if you need help with this.

Before entering into a joint venture, thorough due diligence should be conducted on any prospective partner. A risk assessment should be conducted first to determine the appropriate level of due diligence. You should contact the Legal Team for help with the form of risk assessment to use and the level of due diligence to conduct.

There may be Business Partners or Contracting Partners who are already engaged on contracts which do not include Anti-Facilitation of Tax Evasion clauses. At the next opportunity to review or break our contract with the Business Partner or Contracting Partner, or earlier if possible, the Business Partner or Contracting Partner should be informed that they will need to enter a new form of contract containing Anti-Facilitation of Tax Evasion wording.

Monitoring of Business Partners and Contracting Partners

Red flags – Staff should look out for facilitation of tax evasion "red flags" (see **below**). Any red flags should be reported immediately to the General Counsel or the Chief Financial & Operating Officer.

Reviews – Higher risk Business Partners and Contracting Partners (not just those which have been red flagged) will be reviewed for Anti-Facilitation of Tax Evasion compliance annually and lower risk Business Partners and Contracting Partners will be reviewed not less than every 3 years by the Chief Financial & Operating Officer. Results of this testing will be provided to IP Group plc's Audit and Risk Committee on a periodic basis.

Records of Business Partners and Contracting Partners

The Company will keep a record of its high-risk Business Partners and Contracting Partners and the date when due diligence was last conducted.

Red Flags

There are certain things which you may discover while gathering information on a current or prospective Business Partner or Contracting Partner, or which you may come across in the course of working with a Business Partner or Contracting Partner, which are recognised warning signs of facilitation of tax evasion. These are called "red flags".

Red flags may in themselves not be sufficient grounds for suspicion of wrongful activities but must be investigated further.

Any "red flags" should be reported immediately to the General Counsel or the Chief Financial & Operating Officer.

Red flags include:

- the Business Partner or Contracting Partner refuses or fails to confirm that it will comply with our Anti-Facilitation of Tax Evasion Policy & Procedures or refuses to accept an Anti-Facilitation of Tax Evasion clause in its contract with us;
- the Business Partner or Contracting Partner operates in jurisdictions or markets where tax evasion is considered to be a high risk;
- the Business Partner or Contracting Partner acts as an agent or intermediary but we know little about their customer or supplier or what we do know includes that their customer or supplier is located in a high-risk jurisdiction or a high-risk market;
- the Business Partner or Contracting Partner engages subcontractors to perform their services and those subcontractors operate in high risk markets or countries;
- the remuneration of a Business Partner or Contracting Partner that is substantially in excess of the going market rate, or not justifiable or commensurate with the work done;
- the Business Partner or Contracting Partner requests for payments to be:
 - in cash;
 - paid to or through another entity;
 - paid to bank accounts in countries other than the country where services are performed;
 - paid to offshore bank accounts;
 - paid in a currency other than the local currency; and/or
 - paid in advance of the services being performed.
- the Business Partner or Contracting Partner is considered to present a high risk of Bribery or Corruption, since tax evasion is often related to such activity.

8. Bookkeeping and Accounting

Books, records and accounts must be kept accurately and fairly reflect all transactions.

Staff, Business Partners and Contracting Partners must not make, approve, or process any payment which relates to our business with the intention, understanding or suspicion that any part of the payment is to be used for any purpose other than that described by the documents supporting the payment. No "off the books" or unrecorded funds or accounts are permitted.

Examples of prohibited record keeping activities include:

- making records appearing to show a payment to one person when, in fact the payment was made to, or intended for, someone else
- submitting inaccurate expenses
- records that inaccurately characterise or inaccurately describe the true nature of transactions or payments
- claims for services, products or equipment not received; and/or
- creating or maintaining any unrecorded funds or assets of the company, including unrecorded "petty cash".

9. Reporting Suspected Non-Compliance

Staff must report any breaches or potential breaches of the Anti-Facilitation of Tax Evasion Policy & Procedures as soon as possible. You can report your concerns to your Manager, the General Counsel or the Chief Financial & Operating Officer, or in accordance with the steps outlined in our Whistleblowing Policy.

Any Business Partner or Contracting Partner who suspects or is aware of any breaches of our Anti-Facilitation of Tax Evasion Policy & Procedures must immediately notify their contact at the company or the General Counsel or Chief Financial & Operating Officer.

We will take all reported concerns seriously and will confidentially investigate to determine if the law or the Anti-Facilitation of Tax Evasion Policy & Procedures has been contravened.

10. Consequences of Non-Compliance

We may take appropriate disciplinary action, up to and including termination of employment, against any member of Staff who fails to comply with the Anti-Facilitation of Tax Evasion Policy & Procedures, or applicable laws. In addition, a member of Staff who breaks the law may be reported to the police and may face criminal proceedings, fines or imprisonment.

For Business Partners and Contracting Partners, non-compliance with the Anti Facilitation of Tax Evasion Policy & Procedures and any applicable laws will be a material breach of contract and may result in the termination of any relationship with us and the matter being reported to the police or other appropriate regulatory authorities.

11. Effective Monitoring

We will establish and maintain an effective system for monitoring compliance with our Anti-Facilitation of Tax Evasion Policy & Procedures. We will set a regular monitoring plan to ensure that this is done.

12. Who can I contact if I have any questions?

If you have any questions about anything in our Anti-Facilitation of Tax Evasion Policy & Procedures or about any facilitation of tax evasion or corruption issue which is not covered in our Anti-Facilitation of Tax Evasion Policy & Procedures, please contact the General Counsel or Chief Financial & Operating Officer.