

## Tax Evasion Policy

### Policy statement

In many countries (including the UK), it is a criminal offence to dishonestly evade tax or to assist others to do so. This can deprive governments of the revenues needed to fund vital public services. Shareholders and the Board (“we”, “us”, “our” as appropriate) expect the businesses and people we engage with to comply with their tax obligations. Tax evasion or its facilitation has no place at Infirst and we do not tolerate any of our Directors, Officers or employees (together “Staff”), agents or business partners knowingly assisting or encouraging tax fraud by any of our customers, suppliers or others that we do business with.

### We are committed to the following principles:

- We will carry out business fairly, honestly and openly.
- We will not sell to parties where we know or suspect that the items sold will be misused or abused by a customer for the purposes of fraudulent tax evasion.
- We will not buy services or goods from any supplier where we know or reasonably suspect them not to be properly declaring their income and any relevant tax and duties in connection with those activities.
- Any member of staff found to be in breach of these principles will face disciplinary action up to and including dismissal.
- No member of staff will suffer demotion, penalty, or other adverse consequence for refusing to engage in the sale or purchase of services and goods where they reasonably 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.

### Purpose

The purpose of this policy is to provide clarity to all staff and suppliers to Infirst on our standards, processes and actions that it commits to take in order to eliminate to the maximum extent possible any tax evasion or its facilitation arising from our activities.

### Responsibilities

The Infirst Board has responsibility for implementing this policy statement and its objectives. It will provide adequate resources and investment to eliminate any tax evasion or its facilitation within the organisation or to the maximum extent possible within its supply chains. The Board will monitor the effectiveness of this policy and ensure that it is regularly reviewed and updated if necessary as new threats appear.

All staff must read and observe this Policy, act with integrity and comply with applicable laws. You should encourage others to report concerns and to ask questions regarding these issues. All staff responsible for managing significant customer and supplier contracts and financial management are responsible for the application of this policy and accompanying procedures within Infirst and for ensuring to the maximum extent possible that those organisations with which Infirst does business adhere to these principles.

## **Policy commitments**

### **1.Introduction**

This policy is intended to ensure that our staff, agents and business partners do not engage in the facilitation of tax evasion anywhere in the world.

We expect high standards from our staff and do not tolerate anyone engaging in tax evasion or helping others to do so. We will endeavour to ensure that others who perform services for or with us, for example, suppliers, advisers, consultants, licensees, JV Partners etc. (referred to as "Business Partners") do not facilitate tax evasion whilst performing those services. This Policy applies irrespective of where business is being conducted, regardless of jurisdiction. Where there are differences between the local law and this Policy, you must apply the highest standard of behaviour.

### **2.What is Tax Evasion and how might it be facilitated?**

Tax evasion occurs when a person knows they have an obligation to account for tax but dishonestly does not do so.

They may or may not try to take steps to disguise or misrepresent what they are doing. The key is that they know tax is due and deliberately do not pay it. It is possible to evade tax without involving others but in many cases others will be involved.

Examples include misrepresenting the services rendered or the location in which they took place, or who carried them out. If we were to accept and not challenge this, we could be facilitating the tax evasion and committing a criminal offence. Simply ignoring what is occurring or not reporting suspicions to the Managing Director or Chief Financial Officer is not acceptable.

Tax evasion is not the same as tax 'avoidance'. Tax avoidance is where a person, often acting on professional advice, has entered into arrangements designed to legally minimise their tax liabilities.

### **3.Why is this Policy important?**

Facilitation of tax evasion is a criminal offence and the penalties can be severe including fines or imprisonment. Infirst itself can also be guilty of an offence and may face prosecution. Having a conviction may bar Infirst from operating in certain sectors. Infirst could also have to pay a significant fine. Any of these consequences could be very damaging to Infirst.

### **4. Vigilance**

Staff should look out for potential "red flags". Red flags must be reported immediately to the Infirst Managing Director or another Director. Red flags include:

- a customer or supplier refuses or fails to confirm that it will comply with our additional due diligence checks;
- a customer or supplier operates or is resident in a country where tax evasion is more prevalent;
- a customer or supplier has unusual invoicing or documentation practices for example invoicing a different company to the one receiving the service;

- a customer or supplier requests for payments to be:
  - made in cash;
  - paid to or through another entity;
  - paid to bank accounts in another country;
  - paid in another currency; or
  - paid in advance where that is not accepted practice for that to occur.

## **5. Business Partners**

It is important that we only work with Business Partners who we believe will not engage in tax evasion or its facilitation. Before entering into a business relationship with them, a risk assessment should be conducted first to determine the appropriate level of due diligence. Appropriate due diligence should then be conducted.

You should expect our Business Partners to adhere to this Policy. Business Partners should be told where to access this Policy and asked to confirm they have understood it. We will ask all Business Partners to confirm they will apply our principles and that they have similar Policies. We reserve the right to inspect them.

New Business Partners should have an agreement that contains Anti-Facilitation of Tax Evasion wording. Contact the Managing Director if you need help with this. For existing significant Business Partners, we will ensure to the extent practicable that the wording will be updated to incorporate this at the next renewal.

We will improve our procedures and due diligence checks, to include the following:

- making it a condition of doing business with us that they will act diligently to account for any taxes owed.
- undertaking additional checks on their ownership structure or on where their business is managed.
- asking them to prove they are registered for tax.
- when we buy or sell goods or products, undertaking appropriate checks to ensure that tax has been paid.
- any other procedures we consider to be reasonable.

Business Partners will be reviewed for compliance not less than every 3 years. Staff should file a record of all such due diligence in the appropriate folder within the Flarin QA site on company IT systems.

## **6. Bookkeeping and Accounting**

Books, records and accounts must be kept which accurately and fairly reflect all transactions. No payments should be made, approved, or processed where there is any 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 showing a payment to one person when, in fact it was made to someone else;
- submitting inaccurate expenses;
- records that inaccurately characterise/describe the true nature of transactions or payments;
- claims for services, products or equipment not received;
- creating or maintaining unrecorded funds or assets of the company (including unrecorded "petty cash").

## **7. Disciplinary action**

Tax evasion and its facilitation is a serious criminal offence. You have a duty to Infirst and breaches of this policy will result in disciplinary action, up to and including dismissal/termination of contract. In addition, a member of staff who breaks the law may themselves face criminal proceedings, fines or imprisonment.

For Business Partners, non-compliance with this Policy and any applicable laws will be considered to 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.

## **8. Questions and concerns**

If you have a concern or suspect a violation of this policy we want you to speak up immediately. Speaking up can be a difficult thing to do, so be reassured that all information received will be treated seriously and investigated appropriately. If you act in good faith, believing your information is accurate, we will protect you even if you are wrong. Some concerns can be addressed by speaking to the person whose conduct is the cause for concern. We understand that this is not always possible, so we suggest that you speak to the Managing Director. If, for whatever reason, you do not feel comfortable doing this, you can contact any non-Executive Director

Philip Lindsell  
Managing Director  
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