



Background

UK legislation, the Criminal Finances Act 2017, introduced the Corporate Criminal Offence ("CCO"), making the failure to prevent the facilitation of evasion of UK or overseas tax by relevant companies a criminal offence. The legislation applies to all taxes.

Failure to prevent facilitation of tax evasion may result in criminal prosecution of the UK business, be that a UK corporate or a foreign corporate doing business in the UK and could lead to unlimited fines, public record of conviction, significant reputational damage and adverse publicity.

This policy sets out Global Brands Group's ("GBG") requirements of all its employees and associates in order to comply with this legislation.

What is tax evasion?

Tax evasion involves the deliberate and dishonest use of illegal practices in order not to pay the right amount of tax. Examples include not reporting all of your income, deliberately mis-stating your tax return, falsifying expense claims that may also have a knock-on effect of evading tax, changing invoices for suppliers where this could affect the VAT amount or where income is recognised (e.g. in an overseas bank account), etc.

What is facilitation of tax evasion?

It is already a crime to deliberately and dishonestly facilitate tax evasion by another person. It is already a crime for a person to be knowingly involved in the fraudulent evasion of tax by another. This legislation creates a new responsibility at the company level making it a **criminal offence** not to have reasonable procedures in place to prevent the facilitation of tax evasion by an associated person.

Who are associated persons?

The actions of any person (whether in the UK or overseas) providing services 'for or on behalf of' a UK business will bring the UK business within the scope of the legislation. Associated persons include employees, contractors, third party service providers, suppliers and subsidiary companies.

GBG's approach to CCO

GBG takes a zero-tolerance approach to CCO.

GBG will not engage in any activity which evades, facilitates or may facilitate the evasion of tax by any person, be that UK taxes or overseas taxes. This includes not participating in transactions where tax evasion by a third party is suspected.

GBG requires all its employees and associated persons to take steps to ensure that they are not committing or facilitating others to commit tax evasion, either in the UK or overseas.

GBG UK employees and contractors are required to undertake mandatory training provided by GBG.

We expect all third parties to adhere to such a similarly robust approach and to adopt a reciprocal standard to our own if not already covered within their contractual terms.