



Froneri Group Anti-Facilitation of Tax Evasion (otherwise known as ‘not helping others to evade their taxes’) Policy

Policy Owner: Chontelle Wright (Group General Counsel)

Approval: Froneri International Ltd Board

Policy Audience: All colleagues

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Anti-Facilitation of Tax Evasion (otherwise known as 'not helping others to evade their taxes') Policy

Froneri is committed to maintaining the highest standards of ethics and integrity in the conduct of our business worldwide.

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 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 where we know or suspect them to be being 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 suspect them not to be properly declaring their income and any relevant tax and duties in connection with those activities.
- Any Colleague or third-party performing services for or on behalf of Froneri found to be in breach of these principles will face disciplinary action or sanction.
- No Colleague 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; nor will they suffer such adverse consequence by reporting such suspected conduct. 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 other third parties who represent us also to commit to these principles.
- We are committed to an ongoing programme to counter the risk of our being involved in the facilitation of tax evasion.

Any concerns relating to a breach of this policy may be reported via the Froneri whistle blower line (See the Froneri Group Integrity Call Policy for local contact numbers in your country or visit: www.safecall.co.uk/report).

A handwritten signature in blue ink, appearing to read "Ibrahim Najafi".

Ibrahim Najafi, Chief Executive Officer

12th February 2024



1. Purpose and Objective

- 1.1** This Policy is intended to ensure that our employees, agents and those who provide services on our behalf do not engage in the facilitation (aiding / assisting) of tax evasion anywhere in the world.
- 1.2** This Policy applies to our directors; officers; and employees (referred to as "Colleagues"). We expect the highest standards from our Colleagues and will not tolerate anyone engaging in tax evasion or helping another person to do so.
- 1.3** We will also take steps designed to ensure that people and businesses who perform services for us, for example, agents, sub-agents, advisers, consultants, contractors, and freight forwarders (referred to as "Service Providers") do not facilitate tax evasion whilst performing those services.
- 1.4** This Policy applies irrespective of the country in which Froneri is conducting its business and sets out minimum requirements. Where there are differences between the local law and this Policy, you must comply with the highest standard of behaviour.
- 1.5** This Policy is an internal document and cannot be shared without prior authorisation from Group Legal.
- 1.6** We reserve the right to change this Policy at any time and the updated Policy will be published to Country Managers and made available on the Froneri intranet.

2. Policy Requirements

- 2.1** Each Froneri Group business must implement their own local Anti-Facilitation of Tax Evasion Policy which incorporates these minimum Policy requirements. Copies of such policies must be available for inspection by Group Legal at any time. Related policies and guidelines as well as template documents referenced in this Policy are available from Group Legal to help Froneri businesses to implement their own local policies.
- 2.2** Country Managers, Heads of Finance, departments, and managers are responsible for implementing their own local policies including appropriate practices, processes, controls, and training.

3. What is Tax Evasion?

- 3.1** Tax evasion is when a person knows he or she has an obligation to account for tax but dishonestly does not do so.
- 3.2** 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 convince themselves that they do not owe any tax.
- 3.3** Tax evasion has 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 technically 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 may be 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.

4. What is Facilitation of Tax Evasion?

- 4.1 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.
- 4.2 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.
- 4.3 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 may be engaged in tax evasion you must report your suspicions to your line manager or Country Manager who must immediately review your report and decide if the matter should be reported to the Group Head of Tax. If you don't, and it transpires that evasion was taking place, it may look like you were turning a blind eye.

5. Why is This Policy Important to Froneri?

- 5.1 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 to 10 or more years.
- 5.2 Equally, a business which employs or engages the facilitator of tax evasion may itself commit an offence. Froneri may face prosecution and have to pay significant fines for failing to prevent those associated with us from criminally facilitating the tax evasion of a third party. Having a criminal record may also bar a business 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 any business.
- 5.3 Tax authorities around the world are working together to clampdown on evasion. We wish to ensure that we do what we can to support this and guard ourselves from deliberate breaches of anti-facilitation of tax evasion laws.

6. What is Expected of You?

- 6.1 All **Colleagues** must read and observe the requirements of this Policy. They must also act with honesty and integrity, and comply with all applicable laws, whether or not specifically covered by this Policy, the *Froneri Anti-Bribery and Corruption Policy* or any of our other policies.
- 6.2 **Froneri Managers** should work to create an environment that encourages compliance with this Policy. Supervision of responsible business practices is as important as supervision of performance. You should encourage those you manage to attend the training Froneri



provides, report any concerns and to ask any questions they have regarding facilitation of tax evasion issues.

6.3 Service Providers are expected and encouraged to adhere to the principles of this Policy and to act with honesty and integrity and comply with all applicable laws, whether or not specifically covered by this Policy, or any of our other policies.

7. Customer and Supplier Tax Risks

7.1 Although Froneri may not have a legal obligation to ensure that our 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.

7.2 We will therefore undertake appropriate due diligence to ensure we know who we are doing business with. Colleagues should look out for facilitation of tax evasion "red flags" (see Appendix). Any red flags should be reported immediately to the Group Head of Tax.

7.3 In cases where a customer or supplier presents two or more Red Flags or one Country Red Flag and one other Red Flag (see Appendix), we will undertake additional due diligence checks to assess any specific risks relating to potential tax evasion.

7.4 Such checks may include 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 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 as appropriate and that the goods are not being used for the purposes of carrying out fraud
- any other procedures which we consider it to be reasonable in the circumstances to undertake

8. Service Providers

8.1 Service Providers are people and businesses who perform services for or on our behalf, for example, agents, outsourcers, freight forwarders, contractors, consultants, and advisers. We expected Service Providers to comply with applicable laws and not to put Froneri at risk through their actions.



- 8.2 Froneri could be criminally liable if a Service Provider engages in facilitation of tax evasion when delivering those services.
- 8.3 As a result, we must take extra care when dealing with Service Providers. Service Providers must be carefully selected, subject to appropriate due diligence and to a written contract and monitored. Records evidencing the completion of due diligence must be maintained and available for inspection at any time.
- 8.4 In cases where a Service Provider presents two or more Red Flags or one Country Red Flag and one other Red Flag (see Appendix), we will undertake additional due diligence checks to assess any specific risks relating to potential tax evasion.

Informing Service Providers about our Policy

- 8.5 All Service Providers (whether individuals or companies) should be provided with our Supplier Code of Conduct which sets out minimum standards for working with Froneri, including the standards of this Policy. Through our contractual controls we will require all Service Providers to apply our principles and that, in so far as they employ their own staff, they will have similar Policies in place. We will reserve the right to inspect those Policies.

Contractual Controls for Service Providers

- 8.6 All new Service Providers should enter into a written agreement with us which contains our standard contractual clauses which set out minimum compliance requirements (copies are available from Group Legal on request).
- 8.7 There may be Service Providers who are already engaged on contracts which do not include our standard clauses, for example, because the contract has been in place for a number of years. At the next opportunity to review or amend our contract with the Service Provider, the *Froneri standard contractual clauses* must be incorporated into the contract.

Monitoring of Service Providers

- 8.8 **Red flags** - Colleagues should look out for facilitation of tax evasion "red flags" (see Appendix) when dealing with Service Providers. Any red flags should be reported immediately to the Group Head of Tax.
- 8.9 **Reviews** – If we identify or hold a reasonable suspicion that a Service Provider has not complied with applicable laws or has been engaged in tax evasion or has otherwise behaved inappropriately from a business ethics perspective, including as a result of our own enquiries or as a result of any reports we receive from third parties (such as whistleblowing reports), the Service Provider will be deemed 'high-risk'. All high-risk Service Providers will be periodically reviewed for anti-facilitation of tax evasion compliance. These review cycles will be set and undertaken in accordance with the compliance risk that is presented.
- 8.10 **Audits** - Group Internal Audit will carry out audits on a periodic basis to assess the controls in place with respect to anti-facilitation of tax evasion. The due diligence information gathered for Service Providers will be sampled during these audits.



Records of High-Risk Service Providers

8.11 Each department must keep a register of all High-Risk Service Providers (see 8.9 above) and the date when due diligence/additional due diligence and the periodic review of tax evasion compliance was last conducted.

9. Joint Venture Partners

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

9.2 We could be criminally liable if a Joint Venture Partner engages in the dishonest facilitation of tax evasion.

9.3 Joint Ventures are not permitted at Froneri without the approval of the Group General Counsel and only then following a full review of the hallmarks of facilitation of tax evasion risk, bribery risk, and other compliance risks.

10. Bookkeeping and Accounting

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

10.2 Colleagues and Service Providers 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.

10.3 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 or timing of transactions or payments;
- claims for services, products or equipment not received; and
- creating or maintaining any unrecorded funds or assets of the company, including unrecorded "petty cash".

11. Training and Audit

11.1 Froneri businesses must regularly review all the systems and processes under their control to ensure they comply with this Policy and check that adequate governance controls and resources are in place to ensure that minimum requirements are being met.

11.2 As a minimum, each Froneri business must ensure colleagues are trained on the requirements of this Policy and applicable laws periodically (at least every two years, or more frequently, if circumstances require). Group Legal may deliver training throughout the year. However local businesses should also deliver additional training where appropriate, e.g. to address specific risks and knowledge gaps, or to explain local legal requirements. Records should be kept to



evidence who received training and when. *Froneri Template Training Materials* are available from Group Legal and Group Legal may also deliver training directly from time to time.

- 11.3 From time to time Group Legal, supported by the Group Head of Internal Audit, will assess compliance with the requirements of this Policy.

12. Reporting Suspected Non-Compliance

- 12.1 Colleagues must report any breaches or potential breaches of this Policy as soon as possible. Colleagues can report concerns directly to their line manager or Country Manager, who must immediately review the report and decide if the matter should be reported to the Group Head of Tax. Colleagues may also make a confidential report using the Froneri whistle blower line (see the Froneri Group Integrity Call Policy for local contact numbers in your country or visit: www.safecall.co.uk/report).
- 12.2 Any Service Provider or Joint Venture Partner who suspects or is aware of any breaches of our Supplier Code must immediately notify their Froneri contact.
- 12.3 We will take all reported concerns seriously and will confidentially investigate to determine if the law or this Policy has been contravened.

13. Scope and Exceptions

- 13.1 This Policy applies to all Froneri businesses and colleagues.
- 13.2 This Policy does not override any applicable laws in countries where Froneri operates. If a local Froneri business is subject to more stringent local laws, the higher standard will apply.
- 13.3 Any local variations to or derogations from this Policy are only permitted with the prior written approval of the Group General Counsel.

14. Roles and Responsibilities

- 14.1 Country Managers and Heads of Finance are responsible for ensuring local Froneri business compliance with this Policy.
- 14.2 Local business colleagues are responsible for complying with any Froneri policies and procedures implemented to ensure compliance with this Policy and applicable laws.
- 14.3 Group Tax and Group Legal are responsible for providing advice and guidance on compliance with this Policy and applicable laws.

15. Froneri Delegation of Authority References (DOA)

N/A

16. Consequences for Non-Compliance

- 16.1 We may take appropriate disciplinary action, up to and including termination of employment, against any Colleague who fails to comply with this Policy, or applicable laws. In addition, any Colleague who breaks the law may be reported to the appropriate local enforcement authorities and may face criminal proceedings, fines or imprisonment.



16.2 For Service Providers and Joint Venture Partners, non-compliance with our Supplier Code 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 appropriate authorities.

17. Contacts

Should you have any questions about the content of this Policy, please contact Group Legal.