



Fragrance Oils

COMPANY

POLICY AND PROCEDURE

POLICY SCHEDULE

Policy Title	Criminal Finance Act 2017 Anti-Tax Evasion Policy
Policy Owner	Chief Executive – Martin Potts

Policy versions and Reviews

Version Number	Implemented	Reviewed	Signature
1	September 2017	-	
1	-	December 2018	

(This policy document will be reviewed at least annually and is held on our Company Website).

This policy does not form part of your contract of employment and may be revised at any time at managements discretion



Fragrance Oils

ANTI-TAX EVASION POLICY (Criminal Finance Act 2017)

POLICY STATEMENT

In light of the Criminal Finances Act 2017, Fragrance Oils Limited Group of Companies ("Fragrance Oils") has adopted a statement of our corporate value on anti-facilitation of tax evasion. It is our policy to conduct all of our business dealings in an honest and ethical manner. We take a zero-tolerance approach to facilitating tax evasion, whether under UK law or under the law of any foreign country.

We are committed to undertaking all of our business practices with integrity, in a fair and professional manner wherever we operate; and to implementing and enforcing effective systems to counter tax evasion facilitation.

The "Value Statement" below, governs all our business dealings and the conduct of all employees, associated persons or organisations who are appointed to act on our behalf.

We request anyone who has, or seeks to have, a business relationship with Fragrance Oils, our employees or associated persons to familiarise themselves with our Anti-Tax Evasion Value Statement and to act at all times in a way which is consistent with this statement.

We will uphold all laws relevant to countering tax evasion, including the Criminal Finances Act 2017, in all the jurisdictions in which we operate.

Anti-Tax Evasion Value Statement

Fragrance Oils Anti-Tax Evasion Value Statement

Fragrance Oils and its subsidiaries, has a **zero tolerance** approach to all tax evasion, whether under UK law or under the law of any foreign country.

All employees and associated persons, who undertake business on our behalf, must not undertake any transactions which:

- (a) cause the Company to commit a tax evasion offence: or
- (b) facilitate a tax evasion offence by a third party

We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter tax evasion facilitation.

At all times, business should be conducted in a manner such that the opportunity for, and incidence of, tax evasion is prevented.



ANTI-TAX EVASION POLICY (Criminal Finance Act 2017)

Purpose and Scope of the Document

The purpose of this policy is to:

- Set out our responsibilities and the responsibilities of those working for us, in observing and upholding our position on preventing the facilitation of tax evasion; and
- Provide information and guidance to those working for us on how to recognise and avoid tax evasion.

Who must comply with this policy?

This policy applies to all persons working for the Company or any subsidiary company or on our behalf in any capacity, including employees at all levels, Directors, and Associates (as defined below), including but not limited to agency workers, seconded workers, volunteers, interns, contractors, external consultants, third-party representatives and business partners or any other person associated with us, wherever located.

Who is responsible for this policy?

The Board of Directors of the Company has overall responsibility for ensuring that this policy complies with our legal obligations, and that our employees and associates comply with it. This policy is adopted by Fragrance Oils. It may be amended or withdrawn at any time at the Company's absolute discretion.

Directors and Heads of Departments are responsible for ensuring all those reporting to them understand and comply with this policy and are given adequate and regular training on it.

What is the facilitation of tax evasion?

For the purpose of this policy:

Associates: includes company employees or an agent of the Company (other than an employee) who is acting in the capacity of an agent, distributor, or any person who performs services for and on behalf of the Company, who is acting in the capacity of a person or business performing such services.

Tax Evasion: means an offence of cheating the public revenue services or fraudulently evading UK tax which is a criminal offence. This is a fraudulent offence, which means there must be deliberate action, or omission with dishonest intent.

Foreign Tax Evasion: means evading tax in a foreign country, as a result, is an offence in that country and would also be a criminal offence in the UK. As with tax evasion, the element of fraud means there must be deliberate action, or omission with dishonest intent.

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



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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).

Tax means all forms of UK taxation, including but not limited to corporation tax, income tax, 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).

Company responsibilities

The Company has introduced risk assessments and has established procedures governing certain transactions with third parties designed to prevent specific areas of possible tax evasion by a third party.

The Company is responsible for ensuring employees appropriate training to understand tax evasion, and actions to take to prevent tax evasion. The training programme can be requested at any time during employment with Fragrance Oils from the Personnel Department.

Your responsibilities

You must ensure that you read, understand and comply with this policy.

The prevention, detection and reporting of tax evasion and foreign tax evasion are the responsibility of all those working for us or under our control. You are required to avoid any activity that might lead to, or suggest a breach of this policy.

You must notify your head of department as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.

What team members and associates must not do?

Employees and Associates must at all times adhere to the Fragrance Oils Anti-Tax Evasion Value **Statement and must ensure that they read, understand and comply with this policy.**

It is not acceptable for employees and Associates to:

- a) engage in any form of facilitating **Tax Evasion** or **Foreign Tax Evasion**
- b) aid, abet, counsel or procure the commission of a **Tax Evasion** offence or **Foreign Tax Evasion** offence by another person.
- c) fail to promptly report any request or demand from any third party to facilitate the fraudulent **Evasion of Tax** by another person, in accordance with this policy, or;
- d) engage in any other activity that might lead to a breach of this policy; or
- e) threaten or retaliate against another individual who has refused to commit a **tax evasion** offence or a **foreign tax evasion** offence or who has raised concerns under this policy.
- f) an offence under the law of any part of the UK consisting of being knowingly concerned in or taking steps with a view to, the fraudulent **evasion of tax.**



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Prevention through vigilance

This is not an exhaustive list of tax evasion opportunities. At a more general level, the best defence against tax evasion and facilitation of tax evasion remains the vigilance of our employees and the adoption of a common sense approach supported by our clear whistleblowing procedure. In applying common sense, employees and Associates must be aware of the following:

- Is there anything unusual about the manner in which the Associate of the Company is conducting their relationship with the third party (usually the customer)?
- Is there anything unusual about the customer's or Associates conduct or behaviour in your dealings with them?
- Are there any unusual payment methods?

Unusual payment methods and unusual conduct of third parties with Company Associates can be indicative that a transaction may not be as it seems.

How to raise concerns

Our employees have a responsibility to take reasonable action to prevent harm to Fragrance Oils and we hold our employees accountable for their actions and omissions. Any actions that breach the Criminal Finances Act and Tax Laws of wherever we operate brings harm to Fragrance Oils and will not be tolerated.

You are responsible for properly following Fragrance Oils policies and procedures. Employees are encouraged to raise concerns about any issue or suspicion of tax evasion or foreign tax evasion as soon as possible. If there is any intention that an employee or Associate or third party is attempting to, or committing tax evasion or foreign tax evasion, the details of the parties and the transaction must be reported to the Company's Accounts Department Director who will report the circumstances to the relevant parties.

What happens if the employee prefers, for commercial reasons, not to report their suspicions?

This should never happen, if there is any suspicion of any intention to evade tax and the transaction is nevertheless finalised, the Company can be criminally prosecuted, subject to a large fine and be publically named and shamed.



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Breaches of this Policy

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

The Company may terminate our relationship with other individuals and organisations working on our behalf if they breach this policy.

Attached Appendix

Appendix 1: Red Flag examples



ANTI- TAX EVASION POLICY

Appendix 1: Potential Risk Scenarios: “Red Flags”

- The following is a list of possible red flags that may arise while you work for the Fragrance Oils and which may raise concerns related to tax evasion or foreign tax evasion. The list is not intended to be exhaustive and is for illustrative purposes only. If you encounter any of these red flags (or other activity likely to fall under this policy) while working for Fragrance Oils, you must report them promptly to the Head of your Department.
- you become aware, in the course of your work, that a third party has made or intends to make a false statement relating to tax; has failed to disclose income or gains to, or to register with, HMRC (or the equivalent authority in any relevant non-UK jurisdiction); has delivered or intends to deliver a false document relating to tax; or has set up or intends to set up a structure to try to hide income, gains or assets from a tax authority;
- you become aware, in the course of your work, that a third party has deliberately failed to register for VAT (or the equivalent tax in any relevant non-UK jurisdiction) or failed to account for VAT;
- a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- you become aware, in the course of your work, that a third party working for Fragrance Oils as an employee asks to be treated as a self-employed contractor, but without any material changes to their working conditions;
- a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- a third party to whom the Fragrance Oils has provided services requests that their invoice is addressed to a different entity, where the Company did not provide services to such entity directly;
- a third party to whom Fragrance Oils has provided services asks for the description of services rendered on an invoice in a way that seems designed to obscure the nature of the services provided;
- an invoice from a third party that appears to be non-standard or customised;
- a third party insists on the use of side letters or refuses to put terms agreed in writing or asks for contracts or other documentation to be backdated;
- Fragrance Oils has been invoiced for a commission or fee payment that appears too large or too small, given the service stated to have been provided;
- Payment to another bank account other than that usually used and detailed in the agreement.