

## **Introduction**

This is an introduction Bodycote's Anti-Tax Evasion Policy. Bodycote has a zero-tolerance policy to tax evasion. In the light of the UK Criminal Finances Act 2017, Bodycote is issuing this Group policy on anti-tax evasion. At Bodycote, 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 and tax evasion facilitation.

## **The principles:**

- We act with honesty, transparency, and deal openly
- We will not facilitate any tax evasion offence (domestic or foreign)
- We ensure employees are educated on tax avoidance ploys so that these activities can be recognised and avoided
- All employees have a personal responsibility for protecting our reputation

## **The overview:**

The policy prohibits tax evasion and the facilitation of tax evasion. This means knowingly taking steps towards the fraudulent evasion of tax (whether UK tax or tax in a foreign country) by an employee or another person, or aiding, counselling or procuring the commission of that offence. Tax evasion and the facilitation of tax evasion are criminal offences, where it is done deliberately and dishonestly. The following policy provides the details necessary to educate every stakeholder in Bodycote's anti-tax evasion policy.

## **1. About this Policy**

1.1 The purpose of this policy is to:

- 1.1.1 set out Bodycote's responsibilities, and of those working for Bodycote, in observing and upholding Bodycote's position on preventing the criminal facilitation of tax evasion; and
- 1.1.2 provide information and guidance to those working for Bodycote on how to recognise and avoid tax evasion.

## **2. Definitions relevant to this Anti-Tax Evasion Policy**

- 2.1 **Bodycote:** Includes Bodycote plc and all its subsidiary companies.
- 2.2 **Employees:** Includes all workers performing duties on behalf of Bodycote, whether or not employed directly by Bodycote.
- 2.3 **Foreign Tax Evasion Offence:** an offence under the law of a foreign country concerning a breach of duty relating to a tax imposed under the law of that country which would be regarded by the UK courts as amounting to being knowingly concerned in, or in taking steps with a view to, the fraudulent evasion of that tax.

- 2.4 **Tax Evasion Facilitation:** being knowingly concerned in, or taking steps with a view to, the fraudulent evasion of a tax by another person, or aiding, abetting, counselling or procuring the commission of a tax evasion offence. This includes being involved in the commission of an offence consisting of being knowingly concerned in, or taking steps with a view to the fraudulent evasion of tax.
- 2.5 **Tax:** all forms of taxation, including but not limited to corporation tax, value added tax, amounts for which the company is accountable under PAYE regulations, employee income tax, insurance premium tax, stamp duty land tax, stamp duty reserve tax, petroleum revenue tax, customs duties, excise duties and any other form of taxation (however described).
- 2.6 **Third Party / Parties:** Includes government / public officials, political parties, agents, brokers, partners, consultants, contractors, joint venture partners and other representatives performing work for the benefit of Bodycote.
- 2.7 **UK Tax Evasion Offence:** an offence of cheating the public revenue or an offence under the law of any part of the United Kingdom consisting of being knowingly concerned in, or in taking steps with a view to, the fraudulent evasion of tax.

### **3. Anti-Tax Evasion Policy – Responsibility of Bodycote Companies and Employees**

#### **Compliance with Law**

- 3.1 The Criminal Finances Act 2017 introduced a new criminal offence of failure to prevent facilitation of UK and/or foreign tax evasion offences. Under this legislation, Bodycote could be criminally liable where it fails to prevent those who act for it or on its behalf from facilitating tax evasion.
- 3.2 Bodycote's policy is to comply with Part 3 of the Criminal Finances Act 2017 (UK) and all other applicable anti-tax evasion laws in countries where Bodycote are present.
- 3.3 Accordingly, Bodycote companies and employees must take all steps necessary to conform to all relevant laws of the countries in which they do business.

#### **No Tax Evasion or Tax Evasion Facilitation**

- 3.4 Bodycote has a zero tolerance approach to all forms of tax evasion, whether under UK law or under the law of any foreign country. Bodycote companies and employees must not:
- 3.4.1 undertake any transactions which cause Bodycote to commit a tax evasion offence;
- 3.4.2 engage in any form of tax evasion facilitation;

- 3.4.3 aid, abet, counsel or procure the commission of a UK Tax Evasion Offence or Foreign Tax Evasion Offence by another person;
- 3.4.4 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;
- 3.4.5 engage in any other activity that might lead to a breach of this policy;
- 3.4.6 threaten or retaliate against another individual who has refused to commit a UK Tax Evasion Offence or a Foreign Tax Evasion Offence or who has raised concerns under this policy.

#### **Tax Avoidance**

- 3.5 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.

#### **4. Application of this Policy**

- 4.1 This policy applies to all employees of Bodycote and third parties performing duties for or on behalf of Bodycote whether or not directly employed by Bodycote.
- 4.2 This policy extends to all Bodycote's operations worldwide and employees wherever located, regardless of geographical location.
- 4.3 Any employee who has a suspicion or reason to believe that this policy is being breached or may be breached should immediately report the matter to their line manager, the Group Head of Treasury and Tax, the Group General Counsel or through the Open Door Line.

#### **5. Consequences for Breaches of Anti-Tax Evasion Laws**

- 5.1 Consequences may include Bodycote facing unlimited fines, damage to the corporate brand and reputation of Bodycote, loss of the ability to trade in certain jurisdictions, debarment from bidding for government contracts, loss of business, legal action by competitors, litigation and substantial investigation expenses.

#### **6. Enforcement and Discipline**

- 6.1 Bodycote views tax evasion and the facilitation of tax evasion very seriously. Bodycote will investigate all allegations of tax evasion and the facilitation of tax evasion and take legal and/or disciplinary action in all cases where it is considered appropriate. A breach of this policy may result in an employee (whether or not directly employed by Bodycote) facing disciplinary action, including dismissal. Where a case is referred to the police or other law enforcement agency, Bodycote will co-operate fully with the criminal investigation.

## **7. Potential Risk Scenarios: 'Red Flags'**

- 7.1 The following is a list of possible red flags that may arise during the course of an employee working for Bodycote 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.
- 7.2 If an employee encounters any of these red flags while working for Bodycote, the employee must report them promptly through the channels indicated at 4.3 above:
- 7.2.1 an employee becomes aware, in the course of their 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, HM Revenue & Customs (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;
  - 7.2.2 an employee becomes aware, in the course of their 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;
  - 7.2.3 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;
  - 7.2.4 an employee becomes aware, in the course of their work, that a third party working for Bodycote as an employee asks to be treated as a self-employed contractor, but without any material changes to their working conditions;
  - 7.2.5 a supplier or other subcontractor is paid gross when they should have been paid net, under a scheme such as the Construction Industry Scheme;
  - 7.2.6 a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
  - 7.2.7 a third party to whom Bodycote have provided services requests that their invoice is addressed to a different entity, where Bodycote did not provide services to such entity directly;
  - 7.2.8 a third party to whom Bodycote have provided services asks Bodycote to change the description of services rendered on an invoice in a way that seems designed to obscure the nature of the services provided;
  - 7.2.9 an employee receives an invoice from a third party that appears to be non-standard or customised;

- 7.2.10 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;
- 7.2.11 an employee notices that Bodycote have been invoiced for a commission or fee payment that appears too large or too small, given the service stated to have been provided;
- 7.2.12 a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to Bodycote.

If you have any further questions, please contact the Group Head of Treasury and Tax or the Group General Counsel at the Bodycote plc registered office [info@bodycote.com](mailto:info@bodycote.com).

<b>Policy owner:</b>	Group Head of Tax and Treasury
<b>Second policy owner:</b>	Group General Counsel
<b>Approved by:</b>	Group CEO
<b>Version number and date:</b>	3.0 24/09/2024
<b>Date of last review:</b>	17 November 2022