

Lutterworth Area Community Projects Limited (LACPL)

Anti Tax Evasion, Financing Terrorism and Bribery, Corruption Policy

1. Policy statement

- 1.1 It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery, corruption and facilitation of tax evasion whether under UK law or under the law of any foreign country.
- 1.2 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 bribery, corruption and tax evasion facilitation.
- 1.3 We will uphold all laws relevant to countering bribery, corruption and tax evasion in all the jurisdictions in which we operate. However, we remain bound by UK laws, including the Bribery Act 2010 and the Criminal Finances Act 2017, in respect of our conduct both at home and abroad.

2. About this policy

- 2.1 The purpose of this policy is to:
 - (a) set out our responsibilities, and of those working for and on our behalf, in observing and upholding our position on bribery and corruption; and
 - (b) provide information and guidance to those working for and on our behalf on how to recognise and deal with bribery and corruption issues.
- 2.2 It is a criminal offence to offer, promise, give, request, or accept a bribe. Individuals found guilty can be punished by up to ten years' imprisonment and/or a fine. As an employer if we fail to prevent bribery we can face an unlimited fine, exclusion from tendering for public contracts, and damage to our reputation. We therefore take our legal responsibilities very seriously.
- 2.3 In this policy, third party means any individual or organisation you come into contact with during the course of your work for us, and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

3. Who must comply with this policy?

This policy applies to all persons working within LACPL or on our behalf in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, sponsors, or any other person associated with us, wherever located.

4. Who is responsible for the policy?

- 4.1 The board of directors has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.

5. What are bribery and corruption?

- 5.1 Bribery is offering, promising, giving or accepting any financial or other advantage, to induce the recipient or any other person to act improperly in the performance of their functions, or to reward them for acting improperly, or where the recipient would act improperly by accepting the advantage.
- 5.2 An advantage includes money, gifts, loans, fees, hospitality, services, discounts, the award of a contract or anything else of value.
- 5.3 A person acts improperly where they act illegally, unethically, or contrary to an expectation of good faith or impartiality, or where they abuse a position of trust. The improper acts may be in relation to any business or professional activities, public functions, acts in the course of employment, or other activities by or on behalf of any organisation of any kind.
- 5.4 Corruption is the abuse of entrusted power or position for private gain.

6. What you must not do

- 6.1 It is not acceptable for you (or someone on your behalf) to:
 - (a) give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that an advantage will be received, or to reward a an advantage already given;
 - (b) give or accept a gift or hospitality during any grant application or funding process, if this could be perceived as intended or likely to influence the outcome;
 - (c) accept a payment, gift or hospitality from a third party that you know or suspect is offered with the expectation that it will provide an advantage for them or anyone else in return;
 - (d) accept hospitality from a third party that is unduly lavish or extravagant under the circumstances;
 - (e) offer or accept a gift to or from government officials or representatives, or politicians or political parties;
 - (f) threaten or retaliate against another individual who has refused to commit a bribery offence or who has raised concerns under this policy; or
 - (g) engage in any other activity that might lead to a breach of this policy.

7. Facilitation payments and kickbacks

- 7.1 We do not make, and will not accept, facilitation payments or "kickbacks" of any kind.
- 7.2 Facilitation payments, also known as "back-handers" or "grease payments", are typically small, unofficial payments made to secure or expedite a routine or necessary action (for example by a government official). They are not common in the UK but are common in some other jurisdictions.

- 7.3 Kickbacks are typically payments made in return for a favour or advantage.
- 7.4 You must avoid any activity that might lead to a facilitation payment or kickback being made or accepted by us or on our behalf, or that might suggest that such a payment will be made or accepted. If you are asked to make a payment on our behalf, you should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. You should always ask for a receipt which details the reason for the payment.

8. Gifts, hospitality and expenses

- 8.1 This policy allows reasonable and appropriate hospitality or entertainment given to or received from third parties, for the purposes of:
- (a) establishing or maintaining good business relationships;
 - (b) improving or maintaining our image or reputation; or
 - (c) marketing or presenting the Lutterworth Area Community Fund effectively.
- 8.2 The giving and accepting of gifts are allowed if the following requirements are met:
- (a) it is not made with the intention of influencing a third party to obtain or retain an advantage, or to reward the provision or retention of an advantage, or in explicit or implicit exchange for favours or benefits;
 - (b) it is given in our name, not in your name;
 - (c) it does not include cash or a cash equivalent (such as gift certificates or vouchers);
 - (d) it is appropriate in the circumstances, taking account of the reason for the gift, its timing and value. For example, in the UK it is customary for small gifts to be given at Christmas;
 - (e) it is given openly, not secretly; and
 - (f) it complies with any applicable local law.
- 8.3 Promotional gifts of low value such as branded stationery to or from suppliers and business partners will usually be acceptable.
- 8.4 Reimbursing a third party's expenses or accepting an offer to reimburse our expenses (for example, the costs of attending a business meeting) would not usually amount to bribery. However, a payment in excess of genuine and reasonable business expenses (such as the cost of an extended hotel stay) is not acceptable.
- 8.5 We appreciate that practice varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift, hospitality or payment is reasonable and justifiable. The intention behind it should always be considered.

9. What is tax evasion facilitation?

9.1 For the purposes of this policy:

- (a) Tax evasion means the offence of cheating the public revenue or fraudulently evading UK tax, and is a criminal offence. The offence requires an element of fraud, which means there must be deliberate action, or omission with dishonest intent;
- (b) Foreign tax evasion means evading tax in a foreign country, provided that conduct is an offence in that country and would be a criminal offence if committed in the UK. As with tax evasion, the element of fraud means there must be deliberate action, or omission with dishonest intent; and
- (c) 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, abetting, counselling or procuring the commission of that offence. Tax evasion facilitation is a criminal offence, where it is done deliberately and dishonestly.

9.2 Under the Criminal Finances Act 2017, a separate criminal offence is automatically committed by a corporate entity or partnership where the tax evasion is facilitated by a person acting in the capacity of an "associated person" to that body. For the offence to be made out, the associated person must deliberately and dishonestly take action to facilitate the tax evasion by the taxpayer. If the associated person accidentally, ignorantly, or negligently facilitates the tax evasion, then the corporate offence will not have been committed. The company does not have to have deliberately or dishonestly facilitated the tax evasion itself; the fact that the associated person has done so creates the liability for the company.

9.3 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).

9.4 In this policy, all references to tax include national insurance contributions [(and their equivalents in any non-UK jurisdiction)].

10. What you must not do

10.1 It is not acceptable for you (or someone on your behalf) 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 (whether UK tax or tax in a foreign country), or any suspected fraudulent evasion of tax (whether UK tax or tax in a foreign country) by another person, in accordance with this policy;
- (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.

11. Anti-Financing Terrorism

- 11.1 We renounce all forms of terrorism and will never knowingly support, tolerate or encourage terrorism or the activities of those who embrace and or finance terrorism.
- 11.2 It is our policy to ensure as far as is reasonably possible that none of the Lutterworth Area Community Fund monies are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. Accordingly, we undertake due diligence through reputable watchlist screening service providers on all applicants for grant funding to safeguard as far as possible against any diversion of funds into terrorist activities.

12. Donations

- 12.1 We do not make contributions to political parties.
- 12.2 We only make charitable donations that are legal and ethical under local laws and practices and which are approved by the board.

13. Record-keeping

- 13.1 We must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.
- 13.2 You must declare and keep a written record of all hospitality or gifts given or received, which will be subject to board review.
- 13.3 You must identify all expenses claims relating to hospitality, gifts or payments to third parties and record the reason for the expenditure.
- 13.4 All accounts, invoices, and other records relating to dealings with third parties should be prepared with strict accuracy and completeness. Accounts must not be kept "off-book" to facilitate or conceal improper payments.

14. Your responsibilities

- 14.1 You must ensure that you read, understand and comply with this policy.
- 14.2 The prevention, detection and reporting of tax evasion, foreign tax evasion, bribery and other forms of corruption 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.
- 14.3 You must notify the board as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.

15. How to raise a concern

15.1 You are encouraged to raise concerns about any issue or suspicion of bribery or corruption at the earliest possible stage.

15.2 If you:

- (a) become aware of any fraudulent evasion of tax (whether UK tax or in a foreign country) by another person in the course of your work;
- (b) or you are asked to assist another person in their fraudulent evasion of tax (whether directly or indirectly);
- (c) if you believe or suspect that any fraudulent evasion of tax has occurred or may occur, whether in respect to UK tax or tax in a foreign country;
- (d) are offered a bribe, or are asked to make one; or
- (e) if you believe or suspect that any bribery, corruption or other breach of this policy has occurred or may occur

you must notify the board as soon as possible.

15.3 If you are unsure about whether a particular act constitutes tax evasion, foreign tax evasion, bribery or corruption, raise it anyway with the board. You should note that the corporate offence is only committed where you deliberately and dishonestly take action to facilitate the tax evasion or foreign tax evasion. If you do not take any such action, then the offence will not be made out. However, a deliberate failure to report suspected tax evasion or foreign tax evasion, or "turning a blind eye" to suspicious activity could amount to criminal facilitation of tax evasion.

16. Protection

16.1 Individuals who refuse to accept or offer a bribe, or who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

16.2 We are committed to ensuring no one suffers any detrimental treatment as a result of:

- (a) refusing to take part in, be concerned in, or facilitate tax evasion or foreign tax evasion by another person;
- (b) refusing to aid, abet, counsel or procure the commission of a tax evasion offence or a foreign tax evasion offence by another person;
- (c) reporting in good faith their suspicion that an actual or potential tax evasion offence or foreign tax evasion offence has taken place or may take place in the future;
- (d) refusing to take part in bribery or corruption; or

- (e) because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future.
- (f) Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the board immediately.

17. Training and communication

- 17.1 Training on this policy forms part of the induction process for all individuals who work for us, and regular training will be provided as necessary.
- 17.2 Our zero-tolerance approach to tax evasion, foreign tax evasion, bribery and corruption must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter and we may terminate our relationship with any such organisations if they breach this policy.

18. Potential risk scenarios: "red flags"

- 18.1 The following is a list of possible red flags that may arise during the course of you working for us and which may raise concerns related to tax evasion or foreign tax evasion or under various anti-bribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.
- 18.2 If you encounter any of these red flags while working for us, you must report them promptly to the board:
 - (a) 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;
 - (b) 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;
 - (c) 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;
 - (d) a supplier or other subcontractor is paid gross when they should have been paid net, under a scheme such as the Construction Industry Scheme;
 - (e) a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;

- (f) a third party to whom we have provided services requests that their invoice is addressed to a different entity, where we did not provide services to such entity directly;
- (g) a third party to whom we have provided services asks us to change the description of services rendered on an invoice in a way that seems designed to obscure the nature of the services provided;
- (h) you receive an invoice from a third party that appears to be non-standard or customised;
- (i) 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;
- (j) you notice that we have been invoiced for a commission or fee payment that appears too large or too small, given the service stated to have been provided;
- (k) 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 us;
- (l) you become aware that a third party engages in, or has been accused of engaging in, improper business practices;
- (m) you learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with foreign government officials;
- (n) a third party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us;
- (o) a third party requests an unexpected additional fee or commission to "facilitate" a service;
- (p) a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- (q) a third party requests that a payment is made to "overlook" potential legal violations;
- (r) a third party requests that you provide employment or some other advantage to a friend or relative; or
- (s) you are offered an unusually generous gift or offered lavish hospitality by a third party.