

MALCOLM

GROUP

Corporate Criminal Offence Policy

1.0 Introduction

For the purposes of this policy, the Group means The Malcolm Group Limited and all of its subsidiary undertakings.

The Group is committed to conducting its business in full compliance with all applicable laws. This commitment includes adhering to those requirements of Part 3 of the Criminal Finances Act 2017 ("Criminal Finances Act") that took effect from 30 September 2017.

The Group will not engage in or be associated with any form of tax evasion anywhere in the world, nor to facilitate any such activities.

In connection with this policy, the Group has appointed a Compliance Officer to act as a point of contact. The Group's current Compliance Officer is Group Finance Director, Alan Palmer.

2.0 Scope and purpose

2.1 Overview

The Criminal Finances Act referred to in Section 1 introduced the Corporate Criminal Offence of failing to prevent the facilitation of tax evasion by another person. For there to be such an offence, each of the following three stages would need to be present:

- 1) There is criminal tax evasion by another party;
- 2) There is the criminal facilitation of that evasion by an associated person i.e. a person acting for or on behalf of the Group;
- 3) The Group failed to prevent that facilitation.

In the event that these circumstances apply, the Group could be liable to a criminal conviction, a potentially unlimited fine and the attendant negative publicity. The only defence that it then has is that it had in place at the time a system of reasonable prevention procedures.

There does not need to be a conviction for either stage 1 or stage 2 for stage 3 to be present.

The definition of associated person is very widely drawn, including individual or entity who could be construed as acting for or on behalf of the Group e.g. its employees, agents and contractors, wherever they are located.

As an example, the following activities could constitute the criminal facilitation of tax evasion:

- a) An employee agrees to make payments into a bank account in a different name or location to that of the recipient in the knowledge that the intention of the recipient is not to declare receipt of the funds.

- b) An employee agrees to accept an invoice that includes an inaccurate description of the goods or services to be provided in the knowledge that the mis-description is a mechanism through which the supplier intends to evade tax.
- c) An employee agrees to pay a customer refund to an alternative account in the knowledge that the customer intends to evade the associated tax liabilities.

The introduction of, and monitoring of, compliance with this policy is an important aspect of the reasonable procedures that are required. Its purpose is to:

- set out the Group's responsibilities, and of those working for or on behalf of the Group, in observing and upholding its position in relation to not facilitating tax evasion; and
- provide information and guidance to those working for or on behalf of the Group on how to recognise and deal with potential tax evasion issues.

This Policy sets out the minimum standards and requirements which the Group expects to be adhered to and the Group reserves the right to amend it at any time. Where the local laws or customs in any country in which the Group is carrying out business provide that a higher standard of conduct is required then that higher standard must be followed and anyone acting for or on behalf of the Group must do so at all times in accordance with all applicable written local laws.

2.2 What is tax evasion?

Tax evasion is a criminal offence under the law of any part of the UK consisting of being knowingly concerned in, or in taking steps with a view to, the fraudulent understatement of a tax liability by any entity (e.g. individuals, corporations and trusts).

2.3 What taxes are included?

The legislation encompasses all forms of tax, including (but not limited to) Payroll taxes, NI, stamp taxes, corporation tax, customs duty and VAT, whether in the UK or elsewhere.

3.0 Compliance guidelines

3.1 Your responsibilities

The prevention, detection and reporting of the facilitation of tax evasion are the responsibility of all those working for or on behalf of the Group or under its control. Such persons are required to avoid any activity that might lead to, or suggest, a breach of this policy.

If you are aware (or have reason to suspect) that anyone performing services for or on behalf of the Group has engaged, or is planning to engage in the facilitation of tax evasion, those concerns must be reported to the Compliance Officer as soon as possible. Any concern that you report will be treated in confidence and will be investigated.

Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct. The Group reserves its right to terminate its contractual relationship with other parties if they breach this policy.

Failing to report concerns about anyone acting for or on the behalf of the Group, "turning a blind eye" to unacceptable conduct or deliberately ignoring signs which suggest that a third party is or may be engaging in tax evasion are all considered to be breaches of this policy.

3.2 Training and communication

This policy will be provided to all new employees as part of their induction and will be made available to all existing employees through the Group's website. Certain employees will receive additional training on how to implement and adhere to this policy.

The Group's zero-tolerance approach to the facilitation of tax evasion should be communicated to all suppliers, contractors and other business partners at the outset of the Group's business relationship with them and as appropriate thereafter. All such parties will be directed to the policy on the Group's website.

Prior to entering into a contract the Group may conduct research into the relevant third party to ensure that they are not engaging in the facilitation of tax evasion or putting the Group at risk of engaging in such facilitation.

The Group will ensure that its standard contracts or terms and conditions used with third parties contain terms that require those third parties to comply with all applicable laws relation to the facilitation of tax evasion.

3.3 Monitoring and Review

The Group will monitor the effectiveness and review the implementation of this policy regularly, considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering the facilitation of tax evasion.

All directors, employees, agents, suppliers and partners of the Group are responsible for the success of this policy and should ensure that they use it to disclose any suspected danger or wrongdoing.

You are invited to comment on this policy and suggest ways that it might be improved. Comments, suggestions and queries should be addressed to the Compliance Officer.

A handwritten signature in black ink, appearing to read 'A B Malcolm', is positioned above the printed name and title.

Andrew B Malcolm
Group Chief Executive
16 April 2025