



CRIMINAL FINANCES ACT 2017

Anti-facilitation of tax evasion policy

CGI IT UK Limited

Introduction

The Criminal Finances Act 2017 (“**CFA**”) creates two separate offences:

- Failure to prevent facilitation of UK tax evasion.
- Failure to prevent facilitation of overseas tax evasion.

Tax evasion has long been a criminal offence. The CFA creates a new liability for companies and partnerships that *facilitate* the evasion of tax. The CFA applies to UK and non-UK companies and partnerships.

Each offence has 2 key elements:

- tax evasion for a tax payer;
- criminal facilitation by a person *associated* with the company/partnership.

1. What is tax evasion facilitation?

1.1 In this policy:

- (a) “**Tax evasion**” means the criminal offence of cheating the public revenue or fraudulently evading tax. The offence requires an element of fraud, which means there must be deliberate action, or omission with dishonest intent;
- (b) “**Overseas 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 UK tax evasion there must be deliberate action, or omission with dishonest intent;
- (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 overseas tax) by another person, or aiding, abetting, counselling or procuring the commission of that offence;
- (d) All references to tax include national insurance contributions (or equivalent in foreign countries).

1.2 Under the CFA, a separate criminal offence is automatically committed by a company or partnership where the tax evasion is facilitated by a person acting in the capacity of an “**associated person**” to that company or partnership. For the offence to occur, 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 is not committed. Note that deliberately ignoring suspicious behaviour may constitute facilitation of tax evasion. The company itself does not have to have deliberately or dishonestly facilitated the tax evasion; the fact that the associated person has done so creates the liability for the company.

1.3 An “associated person” includes employees (Members), agents, and other persons who perform services for or on behalf of the company, such as contractors and suppliers.

- 1.4 Note that tax evasion is not the same as tax avoidance. Tax evasion involves deliberate and dishonest conduct. Proper tax avoidance is not illegal and involves taking steps, within the law, to minimise tax payable or maximise lawful tax reliefs.

2. Policy statement

- 2.1 It is CGI's policy to conduct its business and operations in an honest and ethical manner. We take a zero-tolerance approach to facilitation of tax evasion, whether under UK law or the laws of any foreign country.
- 2.2 CGI is committed to acting professionally, fairly and with integrity in all our business operations and relationships. We operate and implement processes and systems to counter unethical conduct, including tax evasion facilitation.
- 2.3 CGI abides by all laws relevant to countering tax evasion including the UK Criminal Finances Act 2017.

3. About this policy

- 3.1 The purpose of this policy is to:
- (a) set out the responsibilities of CGI and of those working for CGI, in preventing the facilitation of tax evasion; and
 - (b) provide guidance on how to recognise and avoid tax evasion.
- 3.2 If CGI fails to prevent its Members, workers, agents or service providers facilitating tax evasion, CGI may face criminal sanctions including an unlimited fine, as well as exclusion from tendering for public contracts and damage to CGI's reputation.
- 3.3 In this policy, "*third party*" includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisers, representatives and officials, politicians and political parties.
- 3.4 This policy does not form part of a CGI Member's contract of employment. The policy may be amended at any time.

4. Who should follow this policy?

This policy applies to all persons working for CGI IT UK Limited or on its behalf, in any capacity, and for any CGI Group company or on its behalf, in any capacity, whilst working in the UK or performing any services or activity in the UK and whether or not for or on behalf of CGI IT UK Limited, including Members and employees at all levels, board directors, officers, agency workers, seconded workers, Members on assignment to clients, apprentices, volunteers, interns, agents, contractors, external

consultants, third-party representatives and business partners, sponsors, or any other person associated with us, wherever located.

5. Who is responsible for the policy?

- 5.1 The CGI IT UK Limited board of directors has overall responsibility for ensuring this policy complies with legal and ethical requirements and obligations, and that all those working for the company, in any capacity, comply with it.
- 5.2 The CGI UK Cabinet has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and auditing internal control systems and procedures to ensure they are effective in preventing the facilitation of tax evasion.
- 5.3 Those with responsibility for managing other Members and staff are responsible for ensuring those reporting to them understand and comply with this policy and undertake regular training on it.

6. What you must not do

- 6.1 You (or someone on your behalf) must not:
 - (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 tax evasion or who has raised concerns under this policy.

7. What you should do

- 7.1 Read, understand and comply with this policy.
- 7.2 You must avoid any activity that might lead to, or suggest, a breach of this policy.
- 7.3 You must notify the CGI ethics hotline as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future (see section 8. below). For example, if a supplier asks to be paid into an offshore bank account, without good reason, or a supplier asks to be paid in cash, indicating that this will mean the payment is not subject to VAT or other sales tax. Further "red flags" of potential tax evasion activity are set out in clause 12 below.

8. How to raise a concern

- 8.1 Please raise concerns you may have or suspicion of tax evasion at the earliest opportunity.
- 8.2 If you become aware of any fraudulent evasion of tax (whether UK tax or tax in a foreign country) by any person in the course of your work, or you are asked to assist another person in their fraudulent evasion of tax (whether directly or indirectly), or 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, you must report it through CGI's confidential ethics hotline in accordance with the Whistleblowing Policy as soon as possible:

<http://portal.ent.cgi.com/latest/news/corporate/2019/Pages/What-to-do-if-you-suspect-unethical-behavior-in-the-workplace.aspx>

- 8.3 If you are unsure about whether a particular act constitutes tax evasion or foreign tax evasion, raise it through the confidential ethics hotline as soon as possible. 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. 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.

9. Protection

- 9.1 CGI aims to encourage openness and will support anyone who raises genuine concerns under this policy, even if they turn out to be mistaken.
- 9.2 CGI is 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; or
 - (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.

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 your manager or CGI UK's Finance Director immediately. If such treatment is not remedied, and you are a CGI Member (employee), you should raise it formally through CGI UK's Grievance Policy:

http://portal.ent.cgi.com/lib/bs/hr/uk/cme/GBR_HR_Grievance_Policy.pdf

10. Training and communication

- 10.1 Regular training will be provided by the company as appropriate. Such training may form part of wider ethics training.
- 10.2 Advanced training on this policy will be available to those Members, workers and associated persons who have been identified as being at risk of exposure to criminal tax evasion.
- 10.3 Our zero-tolerance approach to tax evasion and foreign tax evasion must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them, and as appropriate after that.

11. Breaches of this policy

- 11.1 Any Member who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.
- 11.2 We may terminate our relationship with other individuals and organisations working on our behalf if they breach this policy.

12. Potential risk scenarios: "red flags"

The following is a list of possible red flags which may raise concerns related to tax evasion. The list is not exhaustive – it is illustrative of the type of events to be mindful of.

If you encounter any red flags, you must report them promptly using the procedure set out in the Whistleblowing Policy (see Section 8.2 above):

- (a) you become aware, in the course of your work for CGI, 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 working for CGI, 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 Member asks to be treated as a self-employed contractor, but without any changes to his/her working conditions or terms and conditions to reflect change in his/her status;

- (e) a contractor asks to be paid without deduction of PAYE income tax and/or national insurance contributions directly by CGI, rather than through his/her umbrella company or employer agency;
- (f) a supplier or other subcontractor is paid gross when they should have been paid net, for example under a scheme such as the Construction Industry Scheme;
- (g) a third party requests that payment is made to a country or geographic location different from where the third party is incorporated or conducts business;
- (h) a third party to whom CGI has provided services requests that the invoice is addressed to a different entity, where CGI did not provide services to such entity directly;
- (i) a third party to whom CGI has provided services asks to change the description of services rendered on an invoice in a way that seems designed to obscure the nature of the services provided;
- (j) you receive an invoice from a third party that appears to be non-standard or customised;
- (k) 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;
- (l) you notice that CGI has been invoiced for a commission or fee payment that appears too large or too small or should not be charged for at all;
- (m) 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 CGI;
- (n) CGI is asked by a client to give editing rights for software or a process that may enable the client to delete or conceal its business or income this showing lower profits;
- (o) CGI licenses or otherwise supplies products and/or services to parties in countries where it is known or strongly suspected that tax compliance is low.