

Anti-Facilitation of Tax Evasion Policy and Procedures

Anti-Facilitation of Tax Evasion Policy

In many countries (including the UK), it is a criminal offence to dishonestly evade tax or to assist others to do so. This can deprive governments of the revenues needed to fund vital public services. We expect the businesses and people we engage with to comply with their tax obligations. Tax evasion or its facilitation has no place and we do not tolerate any of our Directors, Officers or employees (together “Colleagues”) or business partners knowingly assisting or encouraging tax fraud by any of our customers, suppliers or others that we do business with.

We are committed to the following principles:

- We will carry out business fairly, honestly and openly.
- We will not provide services or sell to parties where we know or suspect that the services or the items sold will be misused or abused by a customer for the purposes of fraudulent tax evasion.
- We will not buy services or goods from any supplier where we know or reasonably suspect them not to be properly declaring their income and any relevant tax and duties in connection with those activities.
- Any colleague found to be in breach of these principles will face disciplinary action up to and including dismissal.
- No colleague will suffer demotion, penalty, or other adverse consequence for refusing to engage in the sale or purchase of services and goods where they reasonably suspect or know tax evasion to be taking place. Our clear policy is not to engage in transactions where tax evasion is present or suspected to be present, even if it may result in us losing business.
- We expect our agents and others who represent us also to commit to these principles.
- We are committed to a programme to counter the risk of our being involved in the facilitation of tax evasion.

Any concerns relating to a breach of this policy should be reported in accordance with the procedures highlighted below.

1 Introduction

This policy is intended to ensure that our colleagues, agents and business partners do not engage in the facilitation of tax evasion anywhere in the world.

We expect high standards from our colleagues and do not tolerate anyone engaging in tax evasion or helping others to do so. We will endeavour to ensure that others who perform services for or with us, for example, advisers, consultants, suppliers (referred to as "Business Partners") do not facilitate tax evasion whilst performing those services. This Policy applies irrespective of where business is being

conducted, regardless of jurisdiction. Where there are differences between the local law and this Policy, you must apply the highest standard of behaviour.

2 What is Tax Evasion and how could you facilitate it?

Tax evasion occurs when a person knows they have an obligation to account for tax but dishonestly does not do so.

They may or may not try to take steps to disguise or misrepresent what they are doing. The key is that they know tax is due and deliberately do not pay it. It is possible to evade tax without involving others but in many cases others will be involved.

Examples include misrepresenting the services rendered or the location in which they took place, or who carried them out. If we were to accept and not challenge this, we could be 'facilitating' the tax evasion and committing a criminal offence. Simply ignoring what is occurring or not reporting suspicions is not acceptable.

Tax evasion is not the same as tax 'avoidance'. Tax avoidance is where a person, often acting on professional advice, has entered into arrangements designed to legally minimise their tax liabilities.

3 Why is this Policy important?

Facilitation of tax evasion is a criminal offence, and the penalties can be severe including fines or imprisonment. Bottomline itself can also be guilty of an offence and may face prosecution. Having a conviction may exclude Bottomline from operating in certain sectors or bidding for certain work. Bottomline could also have to pay a significant fine. This could be very damaging to the reputation of Bottomline.

4 What is expected of you?

All colleagues must read and observe this Policy, act with integrity and comply with applicable laws. Managers should create an environment that encourages compliance with this Policy. You should encourage others to report concerns and to ask questions regarding these issues.

Business Partners - we expect our Business Partners to adhere to this Policy.

We will improve our procedures and due diligence checks, to include the following:

- making it a condition of doing business with us that they will act diligently to account for any taxes owed.
- undertaking additional checks on their ownership structure or on where their business is managed.
- asking them to prove they are registered for tax.
- when we buy or sell goods or products, undertaking appropriate checks to ensure that tax has been paid.
- any other procedures we consider to be reasonable.

Red flags - Colleagues should look out for potential "red flags". Red flags must be reported immediately. Red flags include but are not limited to:

- the customer or supplier refuses or fails to confirm that it will comply with our additional due diligence checks;
- the customer or supplier operates or is resident in a country where tax evasion is more prevalent;
- the customer or supplier has unusual invoicing or documentation practices for example invoicing a different company to the one receiving the service;
- the customer or supplier requests for payments to be:
 - made in cash;
 - paid to or through another entity;
 - paid to bank accounts in another country;
 - paid in another currency; or
 - paid in advance where that is not accepted practice for that to occur.

5 Dealings with Business Partners

Business Partners will be told where to access this Policy and we expect all Business Partners to apply these principles and to implement and maintain their own similar Policies. We reserve the right to request such policies to inspect them.

New Business Partners should have an agreement that contains appropriate wording to address this risk. Contact Group Legal if you need help with this. For existing Business Partners, the wording will be updated at the next renewal.

6 Bookkeeping and Accounting

No payments should be made, approved, or processed where there is any suspicion that any part of the payment is to be used for any purpose other than that described by the documents supporting the payment. No "off the books" or unrecorded funds or accounts are permitted.

Examples of prohibited record keeping activities include:

- making records showing a payment to one person when, in fact it was made to someone else
- submitting inaccurate expenses
- records that inaccurately characterise/describe the true nature of transactions or payments
- claims for services, products or equipment not received
- creating or maintaining unrecorded funds or assets of the company (including unrecorded "petty cash").

7 Disciplinary action

Tax evasion and its facilitation is a serious criminal offence. You have a duty to Bottomline and breaches of this policy will result in disciplinary action, up to and including dismissal/termination of contract. In addition, a colleague who breaks the law may themselves face criminal proceedings, fines or imprisonment.

For Business Partners, non-compliance with this Policy and any applicable laws will be considered to be a material breach of contract and may result in the termination of any relationship with us and the matter being reported to the police.

8 Statement of commitment

We will not tolerate any form of tax evasion or its facilitation. This policy demonstrates our no-tolerance approach to tax evasion or its facilitation. It will be regularly reviewed and updated if necessary as new threats appear.

9 Who can I contact if I have any questions?

If you have a concern or suspect a violation of this policy we want you to speak up immediately. Speaking up can be a difficult thing to do, so be reassured that all information received will be treated seriously and investigated appropriately. If you act in good faith, believing your information is accurate, we will protect you even if you are wrong. Some concerns can be addressed by speaking to the person whose conduct is the cause for concern. We understand that this is not always possible, so we suggest that you speak to your line manager. If, for whatever reason, you do not feel comfortable doing this, you can contact either of the names listed below.

How can you raise a concern?

If you have any questions concerning this policy or would like further guidance, please contact:

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