



**DFS Furniture Group
Corporate Criminal Offence Policy
Criminal Finances Act 2017**

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Version Control

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	L McDonald	Draft approved by the Board	12/11/2021

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	L McDonald	Next review April 2022	14/10/2022

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V	Reviewer Name	Reviewer Role	Review Date
	Mike Schmidt	Group CFO	14 /10/2022

Authorised by

V	Approver Name	Approver Role	Approved Date
	Group Board	Board of Directors	12/11/2022

Related Documents

Document Name	Document Location
Group Whistleblower Policy	DFS Policy Hub
Group Tax Strategy	DFS Corporate website

1. POLICY STATEMENT

- 1.1 We conduct our business in an honest and ethical manner. We take a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. Our tax strategy which makes clear our approach is published on the dfs corporate website <https://www.dfscorporate.co.uk/media/49471/Tax-strategy-FY20.pdf>
- 1.2 We will uphold all laws relevant to countering tax evasion in all the jurisdictions in which we operate, including the Criminal Finances Act 2017.

2. WHY DO WE HAVE THIS POLICY?

- 2.1 The purpose of this policy is to:
- (i) Set out our responsibilities, and of those working for and on our behalf, in observing and upholding our position on preventing the criminal facilitation of tax evasion; and
 - (ii) Provide information and guidance to those working for us on how to recognise and avoid tax evasion.
- 2.2 As an employer, if we fail to prevent our employees, workers, agents, suppliers or service providers facilitating tax evasion we can face criminal sanctions including an unlimited fine, as well as 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.
- 2.4 This policy has been approved by the Board of directors of DFS Furniture PLC.

2.5 This policy does not form part of any employee's contract of employment and we may change the policy at any time.

3. WHO MUST COMPLY WITH THIS POLICY?

This policy applies to all persons working for any Group Company 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 of DFS Furniture PLC has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.

4.2 The Group CFO has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and ensuring internal control systems and procedures are effective.

4.3 Management at all levels are responsible for ensuring those reporting to them understand and comply with this policy, and training given where required.

5. WHAT IS TAX EVASION FACILITATION?

5.1 For the purposes of this policy;

- (i) **Tax** means all forms of UK taxation, including but not limited to Corporation Tax, Income Tax, Value Added Tax, Stamp Duty Land Tax, national insurance contributions and their equivalent in any non-UK jurisdiction in which we operate as well as any duty or other form of taxation.
- (ii) **Tax Evasion** means the offence of cheating the public revenue or fraudulently evading the payment of 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.
- (iii) **Foreign tax evasion** means evading tax in a foreign country.

- (iv) **Tax evasion facilitation** means being knowingly concerned in, or taking steps with a view to, the fraudulent evasion of tax (UK or foreign) by another person.

5.2 Under the Criminal Finances Act 2017, a separate criminal offence is automatically committed by a corporate entity or partnership where it has been facilitated by a person acting for and on behalf of them, an 'associated person'. The associated person must deliberately and dishonestly take action to facilitate the tax evasion by the taxpayer for it to be an offence. If it is through accident, ignorance or negligence, then it is not a corporate offence. The associated person creates a liability for the company.

5.3 Tax evasion involves deliberate and dishonest conduct and is not the same as tax avoidance or tax planning, which are not illegal and involve taking steps within law to minimise tax payable (or maximise tax reliefs).

6. WHAT YOU MUST NOT DO

6.1 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;
- (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.

7. YOUR RESPONSIBILITIES

7.1 You must ensure that you read, understand and comply with this policy.

7.2 The prevention, detection and reporting of tax evasion and foreign tax evasion 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.

- 7.3** You must notify your line manager as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future. For example, if an employee or 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.

8. HOW TO RAISE A CONCERN

- 8.1** You are encouraged to raise concerns about any issue or suspicion of tax evasion or foreign tax evasion at the earliest possible stage.

- 8.2** If you become aware of any fraudulent evasion of tax (whether UK tax or tax in a foreign country) by another 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 notify your line manager as soon as possible.

- 8.3** If you are unsure about whether a particular act constitutes tax evasion or foreign tax evasion, raise it with your line manager 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. 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.

9. PROTECTION

- 9.1** Individuals 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.

10. TRAINING AND COMMUNICATION

- 10.1** Training is mandatory for all colleagues with the highest risk exposure, this may include colleagues involved in procurement, invoice processing, property transactions, BACS payment, and payroll and all senior colleagues within Finance, Legal and Compliance functions. Training will be online and will be refresh annually.

10.2 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 employee 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 any individual or organisation working on our behalf if they breach this policy.

12. POTENTIAL RISK SCENARIOS: “RED FLAGS”

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. The list is not intended to be exhaustive and is for illustrative purposes only:

- (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) you become aware, in the course of your work, that a third party working for us as an employee asks to be treated as a self-employed contractor, but without any material changes to their working conditions;
- (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 in the course of your work that a staff members tax code has been amended wrongly by a member of the payroll team.

13. Audit

In order to ensure that we have ‘adequate procedures’ in place to prevent the facilitation of tax evasion we may carry out audits through the Internal Audit team as part of our annual audit plan, or by the use of third party sector experts.

14. Whistleblowing

If you do not feel comfortable reporting concerns to your line manager, then you can always use the Group Whistleblowing procedure. Please refer to the Group Whistleblowing Policy located on your Policy hub.

Contacts

Whistleblowing hotline	Tel: 0333 212 3535
Employee Assistance Programme	Tel (freephone): 0808 168 2143 Outside the UK: +44 1452 673 138
Whistleblowing Officer: Director of Group Audit and Risk	Maxine Grainger Email: Maxine.Grainger@sofology.co.uk Tel: 07788136853
Group General Counsel & Company Secretary	Liz McDonald Email: liz.mcdonald@dfs.co.uk

	Tel: 07849083971
Protect (Independent whistleblowing charity formerly known as Public Concern at Work)	Helpline: (020) 3117 2520 E-mail: whistle@protect-advice.org.uk Website: www.protect-advice.org.uk

Approved by the Board of Directors of DFS Furniture PLC

12 November 2021