

# Criminal Finances Act 2017

The Criminal Finances Act 2017 (the 'Act'), an amendment to the Proceeds of Crime Act 2002, seeks to target corruption, money laundering and tax evasion. The aim is to recoup additional criminal assets and is part of the government's strategic approach to reducing financial crime.

The Act builds on existing legislation to offer greater enforcement powers and additional measures to protect the public purse. The Act itself improves reporting procedures and data sharing making it easier Government agencies to seize funds obtained through criminal means.

The offences will be committed where a relevant body fails to prevent an associated person criminally facilitating the evasion of a tax, and this will be the case whether the tax evaded is owed in the UK or in a foreign country.

## HMRC Guidance

The HMRC guidance explains the policy behind the offences and is intended to help relevant bodies understand the types of processes and procedures that can be put in place to prevent associated persons from criminally facilitating tax evasion: [Tackling tax evasion: Government guidance for the corporate offences of failure to prevent the criminal facilitation of tax evasion.](#)

The guidance is formulated around the following six guiding principles:

1. Risk Assessment
2. Proportionality of risk-based prevention procedures
3. Top level commitment
4. Due diligence
5. Communication and Training
6. Monitoring and review

## What is meant by tax evasion facilitation?

**Tax** means all forms of UK taxation, including but not limited to corporation tax, income tax, value added tax, stamp duty, stamp duty land tax, national insurance contributions (and their equivalents in any non-UK jurisdiction).

**Tax Evasion** is the offence of cheating the public of tax revenue or evading UK tax. Tax evasion occurs when individuals or businesses deliberately omit, conceal, or misrepresent information to reduce their tax liabilities.

**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.

## Consequence of non-compliance

Any employee found to be in breach of LM's obligations under the Act will face disciplinary action and potential reporting to the relevant enforcement authority.

All Third parties, for example, suppliers and any associated persons, would have their contracts reviewed which may result in termination of the contract and relationship. This could also result in reporting to the relevant enforcement authority.

## Who is Responsible?

Everyone at Lockheed Martin has an obligation to avoid and immediately report any known or suspected violation of LM policy or Law on this topic of corruption, money laundering or tax evasion – no matter where in the world it may have occurred.

One of the most important ways we show our commitment to these shared values is by encouraging you to act if you see behaviour inconsistent with Lockheed Martin standards and expectations. We know speaking up is not always easy. However, no matter what your role or position, you can always step forward without any fear of retaliation.

Lockheed Martin sets the standard for integrity in everything we do. We demand this of ourselves just as others, including our stakeholders and customers, expect this of us. We believe in living our core values, to Do What's Right, Respect Others, and Perform with Excellence. This means maintaining the highest standards of ethical business conduct across our company.

## How to seek advice or report any concerns?

You may reach out to leaders at any level, as well as your ethics officer, the corporate ethics office, or our legal team. You should do so confidently and without fear because we do not tolerate retaliation against anyone who raises a question or concern in good faith.

[‘How the Ethics Process Works’](#) which explains the whole process of how to speak up to ethics and what to expect when you do.

Click here to: [Find your ethics officer](#)

## Important LM policies and resources

Our [internal](#) and [external](#) ethics websites, which include resources to help team members comply with all applicable anti-corruption laws.

Our description of [bribery and corruption “red flags,”](#) which indicate when heightened awareness and legal reviews are needed.

[LMUK UK Tax Strategy](#)

[International Business Practices compliance training module](#) ref: 205201WPL00