



PREVENTION OF CRIMINAL FACILITATION OF TAX EVASION POLICY

Validus-IVC Ltd and its parent company Marvel Newco Limited (together, the "**Group**", and individually each a "**Group Company**") are committed to the prevention, deterrence and detection of criminal tax evasion and the criminal facilitation of tax evasion. This document sets out the Group's policy for preventing the criminal facilitation of tax evasion (the "**Policy**") and the standards and procedures required to ensure compliance with the Policy.

INTRODUCTION

On 30th September 2017 the Criminal Finances Act 2017 (the "**Act**") came into force, to demonstrate the UK Government's commitment to preventing tax evasion in all its forms. The UK government believes that companies and partnerships should be criminally liable where they fail to prevent those who act for them, or on their behalf, from criminally facilitating tax evasion. As a result, it has created a new corporate criminal offence of failing to prevent the facilitation of tax evasion.

A Group Company could face prosecution under the Act if it fails to have in place reasonable procedures to prevent the facilitation of tax evasion. There are serious criminal penalties for committing an offence under the Act. Additionally, conviction could have serious consequences for the Group's reputation and business relationships.

The Group does not tolerate tax evasion or the criminal facilitation of tax evasion within its business and we expect our officers, employees and those providing services to, for or on behalf of the Group (our "**Associates**") to conduct themselves in accordance with this Policy. The Group will actively investigate all breaches or suspected breaches of this Policy and, if appropriate, invoke disciplinary measures against any employee found to be involved in the criminal facilitation of tax evasion and take prompt action to remedy and/or report the matters giving rise to the breach and prevent any repetition. In appropriate circumstances, the Group will also invoke contractual sanctions against any Associate who is found to have criminally facilitated tax evasion.

THE OFFENCE

In general terms, the criminal offence of tax evasion is committed where a person (known here as 'A') knowingly takes steps to fraudulently reduce the amount of tax that they should otherwise have paid.

A person ('B') commits the criminal offence of facilitation of fraudulent tax evasion if they are deliberately and dishonestly concerned in, or take steps with a view to, assisting A to fraudulently evade tax.

Both A and B will have committed a criminal offence under existing UK law. The new criminal offence means that Validus may also have committed an offence if B criminally facilitated the tax evasion while acting in their capacity as an associate of Validus.

Remember:

- the person who knowingly facilitates tax evasion can be as guilty as the person who evades the tax;

- Validus may still be guilty of an offence under UK law even if the facilitation activity is committed overseas and, if UK tax is evaded, irrespective of whether it would be illegal under local law;
- if the facilitation activity takes place in the UK or concerns a UK company, branch, person or other entity, the offence will in certain circumstances extend to cover the evasion of tax in jurisdictions other than the UK;
- fraudulent tax evasion and the deliberate and dishonest facilitation of fraudulent tax evasion are criminal offences and Validus will, in appropriate circumstances, bring any such activity that it identifies to the attention of the relevant authorities.

Further information on the scope of the offence and the main areas of risk is available from the Chief Finance Officer or the Compliance Manager of Validus.

KEY PRINCIPLE

The Group is committed to the prevention of the criminal facilitation of tax evasion in the workplace and in all its business dealings. The Group will not tolerate any form of criminal facilitation of tax evasion by any director, employee or third party dealing with the Group, including contractors, consultants, agency workers, agents and service providers. This Policy applies in relation to business dealings and transactions in all jurisdictions in which the Group operates.

No employee or Associate of the Group should feel pressured into offering or agreeing to provide assistance to enable another person to unlawfully evade tax in order to secure business on behalf of or with the Group and no employee or Associate will suffer adverse consequences in their dealings with the Group for refusing to agree to facilitate tax evasion or for taking steps to report any concerns that an offence has been committed.

All employees and Associates must ensure that they are familiar with the aims and objectives of this Policy and must act in accordance with it. Breaches of this Policy are regarded seriously by the Group and may result in disciplinary action or the Group seeking appropriate contractual or other remedies.

The Group's directors ("**the Board**") are fully committed to implementing the Policy and ensuring that the Group's business relationships are conducted in accordance with its terms. Steve Crowe, Validus' Chief Finance Officer, has been appointed to review and oversee the operation of the Policy and to report to the Board in relation to this in order to ensure that the Policy is effective in addressing the risk of criminal facilitation by employees and associates of the Group. In order to ensure day to day compliance with the Policy and ongoing monitoring and to allow for effective reporting of any concerns, Nick Foster has been appointed as the Group's Compliance Manager. Further details as to how you can report any concerns that you may have are set out below.

The Board will regularly review the operation of the Policy to ensure that it is suitable, adequate and effective to address the risk of facilitation of tax evasion and may make changes to the Policy from time to time in order to address any risks identified or any concerns reported to it.

SCOPE OF THE POLICY

The Policy applies to all directors and employees of the Group. **Appendix I** to the Policy sets out how the Policy applies to directors and employees in these circumstances.

We will also encourage the application of this Policy amongst our business partners, including joint venture partners not within the scope set out above.

The Group also requires third party Associates (such as agents, contractors, suppliers, distributors intermediaries) to be aware of this Policy and to act in a way that is consistent with this Policy or any equivalent policy that they themselves may have. **Appendix II** to the Policy sets out how the Policy applies in these circumstances.

Appendix 1

POLICY FOR EMPLOYEES AND DIRECTORS

1. APPLICATION OF POLICY TO EMPLOYEES

Validus has conducted a thorough risk assessment of all aspects of its business and operations of the Group and has identified the following areas as vulnerable to allegations of the criminal facilitation of tax evasion:

- Employees dealing with external third parties;
- Employees responsible for procurement, signing contracts and producing / settling invoices;
- Employees in specific finance / accounting / legal / tax planning / business structuring roles
- Employees engaged in dealings with third party Associates (as defined below)

For more on each of these, see below. This list is not exhaustive and all staff should be mindful of the general anti-facilitation of tax evasion principle underpinning this Policy in all of their conduct and dealings on behalf of the Group. This risk assessment will be repeated periodically and this section of the Policy will be updated accordingly in the light of any change of circumstances.

1.1 Employees dealing with external third parties

No employee or director should provide any service or take any action in relation to customers or other third parties which they believe will be used to facilitate a tax fraud. You should keep in mind the possibility that third parties will seek to use services provided by the Group or transact with the Group in a particular way for the purposes of the fraudulent evasion of taxes and you should take personal responsibility for ensuring that you do not knowingly facilitate this activity. Examples of such facilitation might include (but are not limited to):

- referring a client on to a third party with the express intention of assisting the client to evade tax; and
- agreeing to support a particular transaction or activity (e.g. accepting payments, entering into contractual arrangements or invoicing) in the knowledge that the client is using that support to facilitate their fraudulent evasion of tax.

You should be aware of particular risks when dealing with individuals from low tax transparency jurisdictions, and should also consider requests carefully when they involve the unexplained use of intermediaries or entities other than the customer with which you are dealing or unusual requests for assistance that are not within your day-to-day remit or in accordance with normal practice for dealing with a customer of that type.

If you receive a request for assistance in circumstances where you know or suspect that the customer or third party intends to use that assistance to enable them to fraudulently evade tax you should:

- resist responding to the request immediately and state that you will need to consult with your Line Manager;
- report the request to your Line Manager and the Compliance Manager with as much detail as possible to explain why you suspect that the assistance requested might be used to enable fraudulent tax evasion;

- take no further action and do not agree to the request unless instructed to do so by your Line Manager in circumstances where they have satisfied themselves that providing the assistance requested will not be in breach of this Policy;
- if the client makes repeated requests for assistance despite your refusal to comply, refer them to speak directly with your Line Manager.

If you are unsure whether or not responding to a particular request from a third party may put you at risk of breaching this Policy, you should speak to your Line Manager and the Compliance Manager before agreeing to action the request.

1.2 Employees responsible for procurement, signing contracts and producing/settling invoices

Validus' risk assessment has identified that there are a number of ways in which employees involved in procurement, negotiating contracts and producing or settling invoices for customers or suppliers could be encouraged to become involved in the criminal facilitation of tax evasion, including, but not limited to, false invoicing schemes, fraudulent VAT transactions, employment, consultancy or agency arrangements designed to evade tax and artificial and contrived contracts and transactions.

Validus prohibits the involvement of its employees and other Associates in all such criminal activity and encourages all employees to be aware of this risk and to report any concerns that they may have that this Policy is being breached.

You should be mindful of the following factors that might indicate that a contractual arrangement or transaction is being used for the fraudulent evasion of tax:

- overly complex supply chains or ownership structures;
- requests to make or receive payments in cash rather than through an account with a recognised bank;
- requests to make or receive payments in a jurisdiction with which the other contracting party does not obviously have a connection, particularly those with a low tax transparency rating;
- high value, multijurisdictional transactions;
- transactions or invoices sent to non-UK-resident customers, particularly to those resident in jurisdictions with a low tax transparency rating;
- non face-to-face business relationships/transactions and contractual arrangements involving multiple third parties or intermediaries where the reason for this is unclear.

You should refuse any request from third parties to enter into contractual or invoicing arrangements where you know or suspect that the arrangements will be used to enable the fraudulent evasion of tax. You should report the request to your Line Manager and the Compliance Manager as soon as practicable giving as much detail as possible to enable them to make a record of the request and decide whether any further preventative action should be taken.

If you know or suspect that other individuals are providing assistance in breach of this Policy or you identify suspicious transactions or invoices that may be in breach of this Policy, you should speak to your Line Manager and the Compliance Manager as soon as possible.

1.3 Employees in specific finance/accounting/legal/tax planning/business structuring roles

Validus has identified that there is a particularly high risk that employees involved in specific roles within Validus, particularly in finance, accounting, legal and tax management, and business structuring may have the opportunity to engage in the criminal facilitation of tax evasion. Validus does not engage, and does not permit its employees to engage, in transactions that it knows or suspects will be used for the fraudulent evasion of tax.

Legitimate tax planning, per se, is not a criminal offence, where there is no dishonesty, fraud or intention to deliberately and unlawfully fail to pay tax when it is due. However, aggressive tax planning schemes may be considered to be tax evasion in circumstances where an honest person would not consider that the proposed activity is legitimate and in compliance with the law.

You should be mindful of the following factors that might indicate that a proposed transaction or activity is being used for the fraudulent evasion of tax:

- highly complex tax planning arrangements;
- any requests to maintain the secrecy of a transaction, beyond the usual confidentiality associated with business arrangements;
- anonymous transactions or transactions with or arranged by individuals with whom you have not had a face-to-face relationship.

If you know or suspect that other individuals are breaching this Policy or you identify suspicious transactions that may be in breach of this Policy, you should speak to your Line Manager and the Compliance Manager as soon as possible.

1.4 Employees engaged in dealings with Associates

Under the Act, the Group may be criminally liable where criminal facilitation of tax evasion has been committed by a person, firm or company who is associated with the Group (such as an agent or service provider). Validus' only defence is to be able to demonstrate that it had "reasonable procedures" in place to prevent the criminal facilitation of tax evasion by someone associated with it.

If you are involved in engaging or otherwise dealing with Associates, then depending upon the nature of the Associate and its business relationship with the Group, you may be required to take additional steps to ensure that the Associate is obliged to act in way that is consistent with this Policy or to demonstrate that it has an equivalent policy of its own in place in accordance with which it does business. As a minimum, Associates should be sent a copy of this Policy to ensure that they are aware of our stance on the issue.

You should note that your obligation to monitor and manage risk in relation to any Associates with whom you deal is an ongoing obligation and applies for the duration of the business relationship. You should therefore keep any arrangements under review and report any concerns at the earliest opportunity.

2. TRAINING AND INFORMATION

The Group will provide appropriate training to all employees and directors in relation to the scope of the new offence, any particular areas of risk and this Policy as soon as reasonably practicable and, if appropriate, from time to time in the future. New employees will be provided with training as soon as reasonably practicable after starting employment with the Group. You should attend this training when it is offered to you and familiarise yourself with the scope of the new offence and the ways in which the facilitation of tax evasion may occur in practice.

If you have questions at any time in relation to the new offence or this Policy, or you feel that you would benefit from additional training in relation to them, please contact the Compliance Manager. Copies of the training materials can be obtained from the Training Department.

3. RAISING CONCERNS

If at any time you are concerned about whether a particular transaction or activity may amount to tax evasion, criminal facilitation of tax evasion or a breach of this Policy, you should raise any question or concern at the earliest possible opportunity with your line manager and with the

Compliance Manager, or via the Group's usual whistleblowing procedure, which can be found in the Staff Handbook.

All matters raised will be dealt with in strict confidence and you will not suffer any adverse consequence for refusing to engage in the facilitation of tax evasion or for reporting instances in which you suspect that this Policy has been breached, even if this may result in the Group losing business.

4. GENERAL

You will be provided with relevant training at the earliest opportunity to assist you to understand the law and to identify suspicious activities and transactions relevant to the business and the role in which you operate. Please see the main Policy in relation to questions, further information and reporting any concerns that you may have.

This Policy (and the Appendices) does not form part of your employment contract and Validus may amend or update any provision of either the Policy or the Appendices at any time.

Appendix 2

POLICY FOR THIRD PARTY ASSOCIATES

1. APPLICATION OF POLICY TO THIRD PARTY ASSOCIATES

The Group recognises that it will have a wide range of different business relationships with Associates who are not its own employees or directors. Whatever those relationships, however, the Group is committed to acting in accordance with the key principle outlined above and will therefore take appropriate steps in each case to ensure that it has assessed any risk inherent in the relationship and has addressed that risk.

Whilst this Policy cannot be prescriptive about how such risks will be addressed in any particular case, you will be asked to co-operate with the Group in putting in place appropriate measures to address risk. These may include:

- you confirming that you have received and read this Policy and this Appendix;
- you confirming that you have in place equivalent policies to prevent the facilitation of tax evasion by your Associates and will comply with these when acting for or on behalf of the Group;
- you providing information or assistance to enable the Group to assess any risk in relation to its business relationship with you or to carry out due diligence in relation to your business (to the extent that this is necessary in order to address any risk); and/or
- you entering into contractual provisions to provide assurance to the Group that you will act in accordance with the law or the terms of this Policy.

Document Control

Accountability

Document Owner	General Manager (NF)
Document Author	General Manager (NF)

Authorisation

Committee	Group Board
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Administration

Approval Date	October 2017
Implementation Date	October 2017
Review Period	Annual
Location of original Document	U:ValidusPolicies(SignedOff)

Revision Record

Version	Date	Author	Approved (Y/N)	Detailed Description of Change
1	Oct 2017	General Manager (NF)	Y	New Document