

R&M POLICY · PEOPLE AND ETHICS

Prevention of the Facilitation of Tax Evasion Procedure

R&M Property Group Ltd

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1. Purpose

This procedure sets out R&M Property Group Ltd's commitment to preventing the criminal facilitation of tax evasion by any person acting on the company's behalf. It establishes the company's reasonable prevention procedures in accordance with the Criminal Finances Act 2017, which created two corporate criminal offences: failure to prevent the facilitation of UK tax evasion (Section 45) and failure to prevent the facilitation of foreign tax evasion (Section 46). A company commits an offence if a person acting in the capacity of an associated person criminally facilitates the evasion of tax, unless the company can demonstrate that it had reasonable prevention procedures in place.

2. Scope

This procedure applies to all persons acting on behalf of or associated with R&M Property Group Ltd, including:

- Directors and officers of the company.
- All employees, whether permanent, temporary, or casual.
- Sub-contractors and their employees when engaged on R&M projects.
- Agents, consultants, and intermediaries acting on R&M's behalf.
- Suppliers and other business partners where they perform services for or on behalf of the company.

The term 'associated person' has the meaning given in the Criminal Finances Act 2017 and includes any person who performs services for or on behalf of the company, regardless of their contractual relationship.

3. Policy Statement

R&M Property Group Ltd has a zero-tolerance approach to the facilitation of tax evasion, whether under UK law or under the law of any foreign country. The company does not engage in, facilitate, or condone tax evasion in any form. No employee, sub-contractor, agent, or other associated person may engage in any activity that facilitates tax evasion by any person, whether or not that person is connected with R&M. This applies regardless of whether the tax evaded is owed in the United Kingdom or in any other jurisdiction.

4. What is Criminal Facilitation of Tax Evasion?

Tax evasion is the deliberate and dishonest cheating of HMRC or a foreign tax authority, for example by deliberately understating income, overstating expenses, or failing to declare taxable income. Tax evasion is a criminal offence.

The criminal facilitation of tax evasion means deliberately and dishonestly helping another person to evade tax. This could include:

- Agreeing to make or receive payments 'off the books' or in cash to help another person avoid declaring taxable income.

- Assisting a sub-contractor to work on a self-employed basis when the engagement is genuinely one of employment, in order to avoid PAYE and National Insurance obligations.
- Turning a blind eye to, or failing to report, arrangements that are clearly designed to evade tax.
- Creating false invoices, inflating costs, or producing misleading records to help another person reduce their tax liability dishonestly.
- Facilitating payments to offshore accounts or shell companies where the purpose is to evade tax.

It is important to note the distinction between tax evasion (illegal) and legitimate tax planning or tax avoidance (legal). R&M does not seek to prevent legitimate tax planning. This procedure is concerned solely with the deliberate and dishonest evasion of tax.

5. Responsibilities

5.1 Thomas McKenna, Director

- Overall accountability for the company's compliance with the Criminal Finances Act 2017.
- Approves this procedure and ensures it is communicated to all relevant persons.
- Ensures adequate resources are in place to implement and maintain prevention procedures.
- Receives reports of suspected facilitation and ensures they are investigated.

5.2 Ian Skates, Financial Director

- Day-to-day responsibility for financial controls that reduce the risk of facilitation, including CIS compliance, payroll procedures, and payment processes.
- Ensures that all payments to sub-contractors, suppliers, and agents are made through proper channels, properly documented, and compliant with HMRC requirements.
- Monitors compliance with the Construction Industry Scheme (CIS) and ensures correct deductions are made and reported.
- Reviews financial arrangements with new and existing sub-contractors and suppliers for indicators of potential tax evasion risk.

5.3 Louis Howard, Procurement Manager (Enabl)

- Ensures that pre-qualification of sub-contractors includes verification of tax compliance, including UTR number, CIS registration, and VAT registration where applicable.
- Includes tax evasion prevention requirements in sub-contract terms and conditions.

5.4 All Employees and Associated Persons

- Must not engage in any conduct that facilitates tax evasion by any person.
- Must report any suspicion or knowledge that another person is evading tax, or that a colleague or associated person is facilitating tax evasion, through the channels described in Section 8.

6. Reasonable Prevention Procedures

In accordance with HMRC's published guidance, R&M has implemented reasonable prevention procedures based on the six guiding principles:

6.1 Risk Assessment

R&M has assessed the nature and extent of its exposure to the risk of associated persons criminally facilitating tax evasion. The principal risks identified for a construction company of R&M's size and nature are:

- Use of sub-contractors - the construction industry has a higher inherent risk due to the prevalence of sub-contracting, the use of labour-only sub-contractors, and the potential for false self-employment.
- Cash payments - though R&M does not make cash payments, the risk is noted and controlled.
- CIS compliance - incorrect CIS treatment of sub-contractors could facilitate tax evasion.
- Use of intermediaries - labour agencies and payroll companies that may not be compliant with tax obligations.

This risk assessment is reviewed annually and updated when the company's operations, supply chain, or regulatory environment changes materially.

6.2 Proportionality of Procedures

The prevention procedures in this document are proportionate to the risks identified. R&M is an SME operating in the UK construction sector. Its procedures are designed to address the specific risks associated with sub-contracting, CIS, and the use of intermediaries, without imposing controls that would be disproportionate to the company's size and the nature of its operations.

6.3 Top-Level Commitment

The Director and Financial Director are personally committed to preventing the facilitation of tax evasion. This commitment is demonstrated through the approval of this procedure, the allocation of resources to financial controls and CIS compliance, and the clear communication to all employees and associated persons that the facilitation of tax evasion will not be tolerated.

6.4 Due Diligence

R&M applies due diligence to its relationships with sub-contractors, suppliers, and intermediaries to identify and mitigate the risk of facilitation:

- Sub-contractors are verified for CIS registration, UTR number, and VAT registration (where applicable) before any engagement.
- Employment status is assessed for all engagements to ensure that individuals are correctly classified as employed or self-employed, in accordance with HMRC guidance and IR35 rules.
- Labour agencies and payroll companies used by R&M are checked for compliance with PAYE, National Insurance, and CIS obligations.
- Payments are made only to verified bank accounts in the name of the contracting party. Payments to third-party accounts or offshore accounts are not permitted without the express approval of the Financial Director and a documented legitimate reason.
- Invoices are checked for accuracy and legitimacy. Unusual, inflated, or vague invoices are queried before payment.

6.5 Communication and Training

This procedure is communicated to all employees and made available to sub-contractors and other associated persons. Key messages are:

- R&M has zero tolerance for the facilitation of tax evasion.
- Any person who suspects that tax evasion is being facilitated must report it - they will not face any penalty or disadvantage for doing so in good faith.
- Employees involved in financial processes, procurement, and sub-contractor management receive specific guidance on the red flags associated with tax evasion facilitation.

Training is provided to relevant employees - particularly those in finance, procurement, and site management - on induction and refreshed periodically. The training covers what tax evasion facilitation looks like in a construction context, the legal consequences for both the individual and the company, and how to report concerns.

6.6 Monitoring and Review

The effectiveness of these prevention procedures is monitored through:

- Regular review of CIS returns and deductions by the Financial Director.
- Periodic review of sub-contractor payment records for anomalies.
- Review of any reports or concerns raised through the reporting channels.
- Annual review of this procedure by the Director and Financial Director.

This procedure is reviewed annually or sooner if there is a material change in the company's operations, supply chain, or the regulatory environment. All changes are approved by the Director.

7. Red Flags

Employees and associated persons should be alert to the following indicators that may suggest tax evasion or its facilitation:

- A sub-contractor or supplier insists on cash payments or payments to a third-party account.
- An individual who should be employed (regular hours, supervised, uses company tools) insists on being treated as self-employed.
- Invoices that appear inflated, vague, or do not reflect genuine services rendered.
- A sub-contractor is unable or unwilling to provide a UTR number, CIS registration, or VAT number when expected.
- Unusual payment arrangements such as requests for payments to offshore accounts or in cryptocurrency.
- A labour agency or payroll company that appears to charge unusually low fees, which may indicate that tax obligations are not being met.
- Any request to create false or misleading records.

8. Reporting Concerns

Any employee or associated person who suspects that tax evasion is being facilitated - by any person, whether connected with R&M or not - must report the concern immediately to:

- Ian Skates, Financial Director - for financial or payment-related concerns.
- Thomas McKenna, Director - for any concern, particularly where the Financial Director is unavailable or where the concern involves a senior person.

Reports can be made verbally or in writing. All reports are treated confidentially. No person will suffer any detriment, disciplinary action, or disadvantage for reporting a genuine concern in

good faith, even if the concern is not ultimately substantiated. This protection applies regardless of the seniority of the person whose conduct is reported.

Where a report is substantiated, R&M will take appropriate action, which may include terminating the engagement of the associated person, reporting the matter to HMRC or other relevant authorities, and reviewing and strengthening prevention procedures.

9. Consequences of Breach

Any employee who facilitates tax evasion, or who fails to report suspected facilitation, will face disciplinary action up to and including dismissal for gross misconduct. The individual may also face personal criminal prosecution. Sub-contractors, agents, or other associated persons who facilitate tax evasion will have their engagement terminated immediately. The company will cooperate fully with HMRC and law enforcement in the investigation and prosecution of any offence.

10. Related Documents

- Anti-Bribery and Corruption Policy
- Sub-Contractor Selection and Monitoring Policy
- Financial Due Diligence and Subcontractor Selection Policy
- Anti-Slavery and Human Trafficking Policy
- Right to Work Verification Policy

Signed and Approved:

Thomas McKenna

Director, R&M Property Group Ltd

Date: June 2026