

R&M POLICY · SUPPLY CHAIN

Sub-Contractor Selection and Monitoring Policy

R&M Property Group Ltd

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Approved by	Thom McKenna, Director
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1. Chair & CEO's Approval Statement

R&M Property Group Ltd's success in delivering high-quality construction and development projects depends directly on the quality, competence, and reliability of the sub-contractors and suppliers who work alongside us. Our supply chain is not an arm's-length resource - it is an extension of our team, and the standard of work our sub-contractors deliver is the standard our clients receive.

This policy sets out the criteria that every sub-contractor must meet before being appointed to an R&M project, and the monitoring arrangements we operate throughout the duration of their engagement. It ensures that we select firms that are competent, financially stable, legally compliant, and committed to the same standards of quality, safety, and ethical conduct that we expect of ourselves.

I have personally approved this policy and am accountable for its implementation. It is reviewed annually and updated in response to changes in legislation, client requirements, or operational experience.

Approved by: Thom McKenna, Chair & Chief Executive Officer - R&M Property Group Ltd

Date of approval: 28 September 2026 (Version 1.1)

Next review due: September 2027

2. Purpose and Scope

This policy defines R&M's procedures for selecting, appointing, monitoring, and managing the performance of sub-contractors across all construction and development activities. It applies to:

- All sub-contractor firms engaged on R&M projects, regardless of package value or duration.
- Labour-only sub-contractors and self-employed operatives.
- Agency labour providers and recruitment firms supplying workers to R&M sites.
- Material suppliers and specialist manufacturers where their products are incorporated into R&M's construction output.
- Consultant sub-contractors providing design, surveying, or specialist advisory services.

The policy operates alongside R&M's Pre-Qualification Questionnaire (PQQ), Financial Due Diligence & Subcontractor Selection Policy (RM-FDD-001), Quality Management Policy (RM-QMP-001), Modern Slavery Supply Chain Assessment Form, and all project-specific procurement and management procedures.

PART A - SUB-CONTRACTOR SELECTION

3. Selection Process Overview

R&M operates a structured, multi-stage selection process designed to ensure that only competent, compliant, and financially stable firms are appointed to deliver work on our

projects. No sub-contractor may commence work until they have passed through this process and been formally approved.

The selection process comprises five stages:

- **Stage 1:** Pre-Qualification Questionnaire (PQQ)
- **Stage 2:** Financial Due Diligence
- **Stage 3:** Competence and Compliance Assessment
- **Stage 4:** Commercial Evaluation and Appointment
- **Stage 5:** Pre-Start Verification

4. Stage 1 - Pre-Qualification Questionnaire

Every prospective sub-contractor completes R&M's Pre-Qualification Questionnaire before being considered for any work package. The PQQ collects and verifies information across the following areas:

4.1 Company Information

- Legal entity, registered address, and Companies House registration number.
- Trading history and years of operation.
- Key personnel, directors, and organisational structure.
- Confirmation of no pending or prior insolvency, winding-up petitions, or administration.

4.2 Health and Safety

- Current health and safety policy (signed and dated within the last 12 months).
- SSIP (Safety Schemes in Procurement) membership or equivalent (Constructionline, CHAS, SafeContractor, SMAS, or an SSIP-recognised scheme).
- Accident and incident record for the previous 3 years, including RIDDOR-reportable events.
- HSE enforcement history - improvement notices, prohibition notices, prosecutions.
- Evidence of competent health and safety advice (in-house or external appointment under Regulation 7, Management of Health and Safety at Work Regulations 1999).
- Risk assessment and method statement (RAMS) examples demonstrating site-specific, task-specific quality.

4.3 Insurance

- Employers' liability insurance: minimum £10 million (statutory requirement under Employers' Liability (Compulsory Insurance) Act 1969).
- Public liability insurance: minimum £5 million (or project-specific requirement where higher).
- Professional indemnity insurance: where applicable (design sub-contractors, consultants).
- All policies must be current, with certificates provided showing insurer, policy number, limit of indemnity, and renewal date.

4.4 Modern Slavery and Ethical Compliance

- Acknowledgement and compliance with the Modern Slavery Act 2015.
- Completion of R&M's Modern Slavery Supply Chain Assessment Form (24 questions across policy, right to work, agency labour, and reporting).
- Confirmation that the firm does not use exploitative labour practices, withold identity documents, or impose unlawful deductions.

- For firms supplying agency or temporary labour: valid Gangmasters and Labour Abuse Authority (GLAA) licence where required.

4.5 Environmental

- Environmental policy or environmental management arrangements.
- Waste carrier licence (where the sub-contractor will remove waste from site).
- Evidence of environmental awareness and commitment to pollution prevention.

4.6 Equality and Diversity

- Equal opportunities policy or statement demonstrating compliance with the Equality Act 2010.
- Confirmation of no discrimination complaints upheld against the firm.

4.7 Quality Management

- Quality management arrangements - formal QMS (ISO 9001, BS 99001) or documented quality procedures.
- Evidence of inspection and test arrangements, defect management processes, and workmanship standards.
- References from previous clients (minimum 2 references for similar work in the last 3 years).

4.8 Training and Competence

- CITB registration and levy compliance (where applicable).
- Evidence that operatives hold relevant CSCS cards for their trade and role.
- Apprenticeship and training investment.
- Supervisory competence - SMSTS, SSSTS, or equivalent qualifications for site supervisors.

5. Stage 2 - Financial Due Diligence

Before appointment, every sub-contractor undergoes financial due diligence proportionate to the value and risk of the package:

5.1 Financial Checks

- Credit report obtained from a recognised credit reference agency (Experian, Creditsafe, or Dun & Bradstreet).
- Review of the most recent filed accounts at Companies House (profit and loss, balance sheet, net assets, working capital position).
- Assessment of turnover relative to the package value - R&M will not typically award a package exceeding 25% of a sub-contractor's annual turnover, to avoid over-reliance and financial strain.
- Confirmation of no County Court Judgments (CCJs) or outstanding statutory demands.
- CIS (Construction Industry Scheme) verification - confirmation of UTR number and tax status with HMRC.

5.2 Financial Risk Rating

Each sub-contractor is assigned a financial risk rating based on the due diligence findings:

- **Low risk:** Strong financial position, good credit rating, clean history. Standard payment and retention terms apply.
- **Medium risk:** Adequate financial position but with some indicators requiring monitoring (thin margins, declining turnover, recent CCJ). May proceed with enhanced monitoring - shorter valuation cycles, tighter retention, or parent company guarantee where available.
- **High risk:** Weak financial position, poor credit rating, or significant adverse indicators. Appointment only with Chair & CEO approval and specific risk mitigation measures (performance bond, advance payment guarantee, or vesting of materials). Alternative sub-contractors are sought in parallel.
- **Unacceptable:** Insolvent, struck off, or with active winding-up proceedings. Not appointed.

6. Stage 3 - Competence and Compliance Assessment

Beyond the PQQ and financial checks, R&M assesses each sub-contractor's technical competence for the specific package:

- Review of previous project experience - type, scale, and complexity of similar work completed successfully.
- Site visits to the sub-contractor's current or recent projects (for significant packages) to observe workmanship quality, site management, and housekeeping standards first-hand.
- Assessment of proposed supervisory personnel - qualifications, experience, and track record.
- Review of RAMS specific to the proposed package - not generic templates but documents demonstrating understanding of the task, site, and risks.
- Verification of trade-specific accreditations where required (Gas Safe, NICEIC, FIRAS, LPCB, BBA-certified installers, manufacturer-approved applicators).
- Review of previous performance on R&M projects (for returning sub-contractors) - drawing on the performance scorecard data from prior engagements.

7. Stage 4 - Commercial Evaluation and Appointment

Sub-contractors who pass Stages 1 to 3 are invited to tender for specific packages. R&M evaluates tenders on:

- Price - competitiveness against the estimate, other tenders, and market benchmarks.
- Programme - ability to meet the required start date, duration, and sequence. Realistic resource levels proposed.
- Quality - the sub-contractor's proposed approach to delivering the required standard, including inspection arrangements, sample/benchmark proposals, and key personnel.
- Social value - commitment to local labour, apprenticeships, community engagement, and supply chain development.

Appointment is confirmed through a formal sub-contract order that includes the scope of works, specification, programme, price, payment terms, retention, insurance requirements, health and safety obligations, quality requirements, and R&M's standard terms and conditions. The sub-contract order references and incorporates the project construction phase plan, site rules, and all applicable R&M policies.

8. Stage 5 - Pre-Start Verification

Before any sub-contractor commences work on site, the following verification steps are completed:

- Pre-start meeting held between the R&M site manager, the sub-contractor's supervisor, and (for significant packages) Louis Howard, Procurement Manager. The meeting covers scope, programme, access, quality expectations, hold points, site rules, emergency procedures, welfare, and interface management. Minutes are recorded and retained.
- RAMS reviewed and accepted - the sub-contractor's risk assessments and method statements must be site-specific, linked, current, and signed by a competent person. RAMS that do not meet this standard are rejected and returned for revision.
- Insurance certificates verified as current.
- CSCS cards checked for all operatives attending site - no valid card, no start.
- Right to work documentation verified through R&M's right to work checking procedure.
- Site induction completed by all operatives, including the quality and behavioural safety elements.
- Sample or benchmark agreed (where applicable) before full production commences.

PART B - SUB-CONTRACTOR MONITORING

9. Quality Monitoring During the Works

Once appointed and on site, sub-contractor quality is monitored continuously through the following mechanisms:

9.1 Inspection Programme

- Daily visual inspections by R&M supervisors during site walkarounds.
- Hold point inspections at critical construction stages as defined in the project inspection and test plan (ITP) - work does not proceed past a hold point until the R&M site manager has inspected and signed off the work.
- First-fix inspections before any element is covered up (services behind plasterboard, fire stopping, waterproofing, structural connections).
- Pre-plaster, MEP first-fix, fire stopping, and waterproofing inspections as mandatory hold points.
- Testing and commissioning verification for MEP and specialist installations.

9.2 Non-Conformance Management

Where sub-contractor work does not meet the specified standard, R&M operates a formal non-conformance procedure:

- The site manager raises a Non-Conformance Report (NCR) with a unique reference, description of the deficiency, photographic evidence, the specification or standard not met, and the severity rating (minor, major, or critical).
- The sub-contractor is required to propose a corrective action and timescale for rectification.
- The sub-contractor bears the cost of rework unless the non-conformance was caused by R&M (for example, incorrect information).

- The site manager verifies the corrective work through re-inspection and closes out the NCR with photographic evidence.
- For major and critical NCRs, a root cause analysis is conducted and a preventive action is identified to stop recurrence.
- All NCRs are recorded on the project non-conformance register and feed into the sub-contractor's performance scorecard.

9.3 Health and Safety Monitoring

- Sub-contractor compliance with RAMS, permits, and site rules is monitored through daily inspections, behavioural safety observations, and the weekly site safety inspection.
- Non-compliance is addressed immediately - verbal warning for minor issues, written warning for repeated or significant breaches, and removal from site for serious or wilful non-compliance.
- Sub-contractor accident, incident, and near-miss data is recorded and included in the project safety statistics.
- Sub-contractors are expected to participate in R&M's Behavioural Safety Programme, including safety observations, toolbox talks, and the Stop the Job right.

9.4 Programme and Commercial Monitoring

- Sub-contractor progress is monitored against the agreed programme at weekly progress meetings.
- Delays or resource shortfalls are identified early and addressed through direct engagement with the sub-contractor's management.
- Interim valuations are linked to satisfactory completion of work - payment is not made for work that has not passed the relevant quality inspection.
- Variations and additional works are managed through the project change control procedure and formally agreed before execution.

9.5 Quality Requirements Proportionate to the Work

At procurement stage, the project manager rates each package for quality risk. The rating sets the quality evidence R&M asks for at selection and the level of inspection during the works:

- **High:** structural work, frames and MMC systems, fire stopping and compartmentation, cladding and external walls, waterproofing and roofing, gas and electrical installations, and any work subject to Building Safety Act requirements. Requires documented quality procedures (ISO 9001, BS 99001 or equivalent), a package-specific inspection and test plan, named competent supervisors, product certification (for example BBA, BOPAS, LPCB or FIRAS), sample or benchmark approval, and additional hold points.
- **Medium:** general building trades such as brickwork, joinery, plastering, drylining and external works. Requires documented quality arrangements, examples of inspection records, references and trade-qualified operatives.
- **Low:** decoration, cleaning, minor works and consultants. Requires references and confirmation that R&M's quality requirements will be followed.

9.6 Quality Throughout the Whole Supply Chain

- **Flow-down:** every sub-contract and supply order requires the sub-contractor or supplier to pass R&M's quality requirements down to any sub-sub-contractor or supplier they use on R&M work, and to remain responsible for their performance. Sub-letting any part of a package requires R&M's prior written approval, and the proposed firm is vetted under this policy.
- **Material suppliers and manufacturers:** materials are ordered against the approved specification; substitutions need formal approval. Deliveries are checked against the order and specification, with declarations of performance and certificates collected. Non-compliant materials are rejected and quarantined, and safety-critical products (structural, fire-rated, cladding and insulation) are traceable from manufacturer to installed location.
- **Offsite manufacturers:** for MMC and offsite systems, R&M checks the manufacturer's factory quality control and certification before appointment, inspects units on delivery, and requires manufacturer sign-off of the installation.
- **Designers:** design sub-consultants' quality is checked through design reviews at each RIBA stage and review of design change control.

9.7 Independent Monitoring

Spectre Safety, R&M's external health, safety and environmental adviser, carries out a monthly site audit on every live project. The audit includes sub-contractor compliance with inspection and test plans, hold point sign-offs, NCR close-out and operative training records. Findings and actions are reported to the Director of Operations and fed into the sub-contractor performance scorecard and the quarterly supply chain review.

10. Performance Scorecard

R&M maintains a performance scorecard for every sub-contractor engaged on its projects. The scorecard is a structured record of the sub-contractor's performance across the following areas:

10.1 Quality

- Number and severity of NCRs raised against the sub-contractor.
- Right-first-time rate at hold point inspections.
- Response time and quality of corrective actions.
- Quality of documentation provided (test certificates, commissioning records, O&M data, as-built information).
- Snagging item count at handover attributable to the sub-contractor.

10.2 Health and Safety

- Accident and incident record on R&M projects.
- RAMS quality - site-specific, task-specific, current, and properly briefed.
- Compliance with site rules, permits, and safe systems of work.
- Participation in the behavioural safety programme - observation engagement, near-miss reporting, toolbox talk attendance.
- Enforcement actions or warnings issued.

10.3 Programme

- Adherence to the agreed programme and milestones.

- Adequacy of resources provided (labour, supervision, plant, materials).
- Responsiveness to programme changes and coordination requirements.

10.4 Commercial

- Accuracy and timeliness of interim valuations and final accounts.
- Management of variations - reasonable and evidenced.
- Cooperation with the commercial process.

10.5 Conduct and Cooperation

- Cooperation with R&M site management and other trades.
- Housekeeping and welfare standards.
- Communication and responsiveness.
- Compliance with R&M policies (modern slavery, equality, anti-bribery, drugs and alcohol, environmental).

11. Performance Review and Outcomes

11.1 Project-Level Review

The site manager completes the performance scorecard at the end of each sub-contractor package (or at regular intervals for long-duration packages). The completed scorecard is reviewed by the project manager and submitted to Louis Howard, Procurement Manager, for inclusion in the central supply chain database.

11.2 Company-Level Review

Louis Howard chairs a quarterly supply chain performance review, attended by project managers and Jon Scurr, Director of Operations. The review examines scorecard data across all projects and identifies:

- High-performing sub-contractors for recognition and inclusion on the preferred sub-contractor list.
- Sub-contractors with declining performance trends requiring management engagement.
- Sub-contractors with persistent or serious performance issues requiring formal action.

11.3 Performance Outcomes

Preferred status: Sub-contractors who consistently score well across quality, safety, programme, and commercial criteria are recognised as preferred sub-contractors. Preferred firms receive priority consideration for future packages, early engagement on upcoming projects, and an invitation to R&M's annual supply chain event.

Improvement plan: Sub-contractors whose performance falls below acceptable standards in one or more areas are issued with a formal improvement plan. The plan specifies the areas of concern, the improvement required, the timescale, and the support R&M will provide (for example, additional supervision, training resources, or access to the Supply Chain Sustainability School learning platform). Performance is re-assessed after the improvement period.

Enhanced monitoring: Sub-contractors on an improvement plan or returning after a performance issue may be subject to enhanced monitoring - more frequent inspections, additional hold points, or the requirement for a named supervisor to be present at all times.

Suspension: Sub-contractors with serious or repeated performance failures, safety breaches, or non-compliance with legal or policy requirements are suspended from the approved list. Suspension means the firm will not be invited to tender for new packages. Existing engagements are reviewed and, where necessary, managed out with replacement arrangements put in place.

Removal: Sub-contractors involved in gross misconduct, fraud, bribery, modern slavery, deliberate safety violations, or other conduct fundamentally incompatible with R&M's values are permanently removed from the approved list. Removal is approved by Thom McKenna, Chair & CEO.

12. Approved Sub-Contractor List

R&M maintains an approved sub-contractor list organised by trade and specialism. The list records:

- Firm name, contact details, and trade/specialism.
- PQQ status and date of last PQQ completion.
- Financial risk rating and date of last financial check.
- Insurance expiry dates (with automatic flag for renewal).
- Current performance scorecard rating.
- Preferred/standard/improvement plan/suspended status.

The approved list is managed by Louis Howard and reviewed quarterly. Sub-contractors on the approved list must re-submit their PQQ every 2 years to maintain their status. Insurance certificates are checked annually. Financial due diligence is refreshed before the award of any package exceeding £250,000 or every 12 months, whichever is sooner.

13. Communication and Feedback to Sub-Contractors

R&M believes that effective supply chain management requires two-way communication:

- Performance scorecard results are shared with the sub-contractor at project completion, giving them the opportunity to understand their rating and discuss areas for improvement.
- Sub-contractors on improvement plans receive regular progress updates and constructive feedback from the project manager.
- Preferred sub-contractors are informed of their status and the benefits it provides.
- R&M provides supply chain partners with access to training resources, policies, and the Supply Chain Sustainability School learning platform to support their development.
- Sub-contractors are invited to provide feedback on R&M's management, coordination, and communication through an annual supply chain survey. Feedback is reviewed by the board and acted upon.

14. Responsibilities

Thom McKenna, Chair & Chief Executive Officer:

- Overall accountability for the sub-contractor selection and monitoring policy.
- Approval of high-risk financial appointments.
- Approval of permanent removal from the approved list.

- Annual policy review and approval.

Jon Scurr, Director of Operations:

- Oversight of supply chain performance across all projects.
- Attendance at quarterly supply chain performance reviews.
- Escalation point for serious sub-contractor performance issues.

Louis Howard, Procurement Manager (Enabl):

- Management of the PQQ process and approved sub-contractor list.
- Financial due diligence and credit checks.
- CIS UTR verification with HMRC.
- Insurance certificate verification and renewal tracking.
- Chairing quarterly supply chain performance reviews.
- Issue of improvement plans, suspension, and removal notices (with Chair & CEO approval for removal).

Phillip Hollingworth, H&S Adviser (Spectra Safety):

- Review of sub-contractor health and safety documentation and SSIP status.
- Modern Slavery Supply Chain Assessment scoring and outcomes.
- Health and safety monitoring on site and enforcement action.
- Review of high-risk sub-contractor RAMS.

Frans Coetzee, Quality Manager:

- Quality monitoring and non-conformance management.
- Trend analysis of NCR data by sub-contractor.
- Internal quality audits including sub-contractor performance.

Site Managers:

- Day-to-day quality, safety, and programme monitoring of sub-contractors.
- Pre-start meetings and RAMS review and acceptance.
- Hold point inspections and NCR management.
- Completion of performance scorecards at package completion.
- Verification of CSCS cards, right to work, and site induction for all sub-contractor operatives.

15. Related Policies and Documents

This policy should be read in conjunction with:

- Financial Due Diligence & Subcontractor Selection Policy (RM-FDD-001).
- Quality Management Policy (RM-QMP-001).
- Quality Review Procedure; Quality Training Plan; Supply Chain Environmental Procedure.
- Risk Management Policy (RM-RMP-001).
- Behavioural Safety Programme (RM-BSP-001).
- Anti-Slavery and Human Trafficking Policy (RM-ASH-001).
- Modern Slavery Supply Chain Assessment Form.
- Right to Work Verification Policy (RM-RTW-001).
- Anti-Bribery and Corruption Policy (RM-ABC-001).
- Drugs & Alcohol Policy (RM-DAP-001).
- Environmental, Social and Governance (ESG) Policy (RM-ESG-001).
- Prevention of Sexual Harassment Policy (RM-PSH-001).

- Anti-Bullying and Harassment Policy (RM-ABH-001).
- Subcontractor Pre-Qualification Questionnaire.

16. Document Review

This policy is reviewed annually at senior management level by Thom McKenna, Chair & CEO, or sooner in response to:

- Changes in legislation, procurement regulations, or industry standards.
- Significant supply chain failures, incidents, or enforcement action.
- Client, framework or contracting authority requirements.
- Findings from internal or external audits.
- Feedback from sub-contractors, clients, or the workforce.
- Changes in R&M's organisational structure, project portfolio, or procurement strategy.

Document Owner: Thom McKenna, Chair & Chief Executive Officer

Approved by: R&M Property Group Ltd Board of Directors

Date: 28 September 2026 (Version 1.1)

Next Review: September 2027