

URBAN&CIVIC PLC (“the Company” or “U&C”)

ANTI-FACILITATION OF TAX EVASION POLICY AND REPORTING PROCEDURE

Purpose of the Policy & Procedure

Urban&Civic have a zero-tolerance approach to all forms of tax evasion, whether under UK law or under the law of any foreign country. Derogation from this policy will not be tolerated.

The Company is committed to acting professionally, fairly and with integrity in all its dealings and relationships and to implement and enforce effective systems to counter tax evasion facilitation.

Scope

This policy applies to all persons working for U&C, including subsidiary companies, directly or on behalf of the Company in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers and contractors, and/or any people or entities over which the Company has control. For partners, joint ventures, suppliers, and other stakeholders, U&C will promote the adoption of the principles set out in this policy. This policy applies in all geographical locations including any business activities which may take place overseas.

The Company expects everyone to whom this policy applies to actively support the Company in discharging its responsibilities under this policy. Everyone has an individual responsibility to ensure business is conducted in a manner such that the opportunity for, and incidence of, tax evasion is prevented.

Any questions about this policy or any responsibilities under it should be directed to the Group Tax Manager.

Overview

Tax evasion covers a variety of tax related illegal actions, including actual or attempted cheating of the public revenue or fraudulently evading 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.

The facilitation of tax evasion means being knowingly concerned in, or taking steps with a view to, the fraudulent evasion of tax by another person, or aiding, abetting, counselling or procuring the commission of that offence. Tax evasion facilitation is already a criminal offence for those involved, where it is done deliberately and dishonestly under existing law.

The Criminal Finance Act 2017 (“the Act”) includes two Corporate Criminal Offences (“CCOs”) which make an entity’s failure to prevent the facilitation of tax evasion (whether in relation to UK tax or foreign taxes) a criminal offence.

A business will be guilty of an offence under the Act if:

- 1) there is criminal tax evasion by either an individual or legal entity under the existing criminal law;
- 2) a person, either an individual or legal entity, performing services for or on behalf of the business (“Associated Person”) has criminally facilitated that tax evasion; and

3) the business failed to prevent its Associated Person from committing the criminal facilitation.

The definition of an Associated Person is broad and includes, but is not limited to, those listed under 'Scope' of this policy.

If a business was found guilty of this criminal offence, it would receive a criminal conviction and be subject to an unlimited financial penalty, various ancillary orders, including confiscation orders, and significant reputational damage. Convictions of the tax evader and/or facilitator are not required for a successful prosecution of the business for failure to prevent the facilitation of tax evasion under the Act.

The only defence available to the business under the Act is that it had "reasonable prevention procedures" in place to prevent the facilitation of tax evasion. As such it is imperative that all those listed under 'Scope' of this policy are aware of the terms of the policy and the need to comply accordingly.

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

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) and includes duty and any other form of taxation.

Responsibilities

As a Company, U&C undertake to:

- set out processes for avoiding tax evasion and maintaining Company values;
- ensure everyone in the Company and agents/business partners of U&C know and understand Company policies and their responsibilities under those policies;
- audit compliance with this policy and undertake checks annually to ensure compliance; and
- review and update policies and procedures as required.

U&C will NOT, and we expect that those to whom this policy applies will NOT:

- do business with those who do not accept these principles and who may harm U&C's reputation; nor
- tolerate any deviation from this policy. Any such deviation will be viewed seriously by the Company and may be treated as a disciplinary matter under the Company Disciplinary Policy. This may result in termination of employment and civil action against the wrongdoer, as well as their actions being reported to the relevant authorities.

Risk Assessment

In line with HMRC guidance, the Company have undertaken a review of the risks and associated processes and procedures to ensure that all appropriate steps are taken to prevent facilitation of tax evasion. U&C will maintain a register of possible risks of the facilitation of tax evasion by its employees and associates, as well as listing controls to mitigate those risks, and any actions required to improve those controls. This register will be regularly reviewed and updated on an annual basis.

Employee Responsibilities

It is not acceptable for an employee to (or for an employee to instruct someone on their behalf) to:

- engage in any form of facilitating tax evasion or foreign tax evasion;
- aid, abet, counsel or procure the commission of a tax evasion offence or foreign tax evasion offence by another person;
- fail to promptly report any request or demand from any third party to facilitate the fraudulent evasion of tax by another person;
- engage in any other activity that might lead to a breach of this policy; or
- threaten or retaliate against another individual who has refused to commit a facilitation of tax evasion offence or a foreign tax evasion offence, or who has raised concerns under this policy.

Potential Risk Scenarios 'Red Flags'

The following is a list of possible red flags that may arise while employed by U&C or working with U&C 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. Employees should be mindful of the general anti-facilitation of tax evasion principle underpinning this policy in all conduct and dealings on behalf of the Company. If an employee encounters any of these red flags while working for U&C or have any concerns, they must report them promptly to their line manager or the Group Finance Director.

Third party dealings

- 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.
- 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.
- A supplier or other subcontractor is paid gross when they should have been paid net under a scheme such as the Construction Industry Scheme.

Employees

- An employee asks to be treated as a self-employed contractor, but without any material changes to their working conditions.
- The travel to work patterns of an employee have been manipulated to avoid payroll taxes.

Contractual Arrangements

- 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.
- 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 U&C.

Transactions and Invoices

- A third party requests payment in cash and/or refuses to sign a formal agreement, or to provide an invoice or receipt for a payment made.
- A third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business.

- An invoice is received from a third party that appears to be non-standard or customised.
- An invoice is received from a third party that contains a description that seems designed to obscure the nature of the services provided or uses the wrong code.
- A third party to whom U&C have provided services requests that their invoice is addressed to a different entity, where U&C did not provide services to such entity directly.
- A third party to whom U&C have provided services asks the Company to change the description of services rendered on an invoice in a way that seems designed to obscure the nature of the services provided.

Training and Declaration of Compliance

Training will be provided to all employees on joining the Company, which will be refreshed every two years. New employees will be required to sign a declaration that they understand and will comply with this policy as part of the Company Induction process and as part of the Annual Declaration of Compliance thereafter.

Reporting Procedure

If an employee knows of or suspects any breaches or attempted breaches of this policy or has any concerns regarding suspected instances of tax evasion, whether involving themselves, a colleague and/or a third party or agent of the Company or an Associated Person, they should speak to their line manager. If, for whatever reason, it would not be appropriate to contact the line manager, employees should speak with the Group Finance Director or Managing Director. Alternatively, employees can inform the whistleblowing officer in accordance with the Company's Whistleblowing Policy.

Response to Notification:

The Company shall normally appoint an individual who will investigate the matter and concerns will, as far as possible, be treated in confidence.

If action is required against a particular individual, in the case of employees this will normally be dealt with by means of the Company's Disciplinary Policy and if the action or omission is sufficiently serious, the employee may be summarily dismissed by reason of gross misconduct.

If the action, once investigated, is sufficiently serious to constitute a possible breach of the legislation, the Company may be required to report incidents to the law enforcement agencies.

If the matter is serious or, for whatever reason, an employee feels unable to approach the Group Finance Director or Managing Director, or where they have raised the issue with any of them but still have concerns, they should raise the matter in writing with the nominated Non-Executive Director, currently Bill Holland whose details are available on the intranet.

Anonymous Reporting

Anonymous reporting is possible but is not encouraged because it may make proper investigation of the matter more difficult or even potentially impossible if the Company is unable to obtain further information from the employee. It is also more difficult to establish whether any allegations are credible and genuine. The Company would always encourage employees to come forward and will seek to treat the matter in confidence.

The Company are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in the facilitation of tax evasion or foreign tax evasion by another person; and/or

reporting in good faith their suspicion that an actual breach of this policy or offence has taken place or may take place in the future.

If an employee believes that they have suffered any such treatment, they should inform Human Resources immediately. If the matter is not remedied, and you are an employee, this should be raised formally using the Grievance procedure.

Any employee who victimises or retaliates against those raising genuine concerns in connection with this policy will be subject to disciplinary action under the Disciplinary procedure.

Responsibility for Success

The successful implementation of this policy and procedure depends upon pro-active adoption and endorsement at all levels of the Company.

Employees – are required to read, understand and comply with all aspects of the policy and to avoid any activity that might lead to, or suggest, a breach of this policy. Employees must notify their line manager, or the Group Finance Director or Managing Director as soon as possible if they believe or suspect that a breach of this policy has occurred or may occur in the future.

Senior Managers – are responsible for ensuring that those who report to them are made aware of and understand this policy and are given adequate and regular training about this policy.

Executive Management (Executive Directors, supported by the EMC) – are responsible for ensuring appropriate internal controls are in place and that records relating to dealings with all third parties and Associated Persons are prepared and maintained by all employees with accuracy and completeness. The EMC will report to and update the Board with regards to compliance with the policy.

The Board – is responsible for reviewing and monitoring compliance with the policy as required. The Board has overall responsibility for this policy.

Breaches of the Policy

Any employee who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct. Alongside internal disciplinary action, any individual found guilty of committing a tax evasion or facilitation offence will be subject to personal liability under separate legal provisions to the Act.

The Company may terminate its relationship with other individuals and organisations working on its behalf if they breach this policy.

The Company may report violations of this policy to appropriate supervisory regulatory or law enforcement authorities.

Should corporate criminal liability arise under the Act, the Company could be subject to an unlimited fine, various ancillary orders and severe reputational damage.

Policy Review

This policy is supported by the Board will be reviewed at appropriate intervals. An updated copy will be placed on the Company's intranet when any changes are made.