

**Criminal Finances Act 2017**  
**The Sovini Group Compliance Statement**

All entities within The Sovini Group are committed to promoting the highest standards of probity in the business practices we carry out directly, and those that can be associated with us through our procurement arrangements and supply chains.

To this effect, we have built on the sound practices that we already have in operation to detect and prevent any form of fraud, corruption and money laundering and to put reasonable procedures in place to prevent the criminal facilitation of tax evasion.

Our commitments in this area show how we comply with the requirements of the Criminal Finances Act 2017 and are endorsed at the highest level by the Sovini Parent Board and the Boards of the individual entities within our Group structure.

Listed below are the reasonable procedures we have adopted to assess the highest areas of risk for tax evasion offences, the due diligence we will undertake with those we choose to buy goods and services from, the clear messages for zero tolerance of this type of activity and our ongoing watchfulness in the form of monitoring and review.

### **Risk Assessments**

Following the commencement of the Criminal Finances Act in April 2017, an initial scoping exercise was undertaken to assess the areas of our business activities that present the greatest risks for tax evasion by all persons associated with the Sovini Group, both individuals and bodies corporate. This has continued to be refreshed.

This risk assessment ensures that:

- The risks associated with tax evasion facilitation are given specific definition, are ranked in terms of potential impact and are prioritised for action
- The identified risks are assigned to 'risk owners' who have key responsibility for:
  - The effective operation of internal control measures;
  - Escalation of any issues that indicate risks are not being adequately controlled and raising of alerts where concerns exist;
  - Risk monitoring on an on-going basis, providing information for assurance reporting in conjunction with Internal Audit and the Risk and Audit Committee (RAC), to the relevant Boards.

### **Due Diligence**

To ensure that we continue to protect against tax evasion opportunities that may arise from new companies who join The Sovini Group, new business ventures, partnerships we develop and contracts that we enter into, we carry out comprehensive due diligence checks.

The level of checks applied are proportionate to the size of the transactions proposed and the level of risk it presents for tax evasion offences. Each due diligence exercise is tailored to the specific circumstances concerned and may involve external legal advice, as required.

The results of due diligence checks will in turn feed into a revised risk assessment process.

## **Contractual Terms and Conditions**

To ensure those who we choose to purchase goods and services from uphold our standards and good practice, we continue to review and where appropriate amended the terms and conditions of our contracts and have improved procedures by moving the application and verification process on-line via a dedicated portal.

To be accepted as an approved supplier, businesses need to demonstrate that they have effective procedures in place to detect and prevent potential tax evasion offences. Our central Procurement Team carry out supplier audits to test the effectiveness of these arrangements, during the lifespan of the contract term.

We will terminate the contracts of any organisation found to be responsible for Corporate Criminal Offences under the Criminal Finances Act, which is associated with the business they conduct with The Sovini Group.

We will also make appropriate alerts to Her Majesty's Revenue and Customs (HMRC) where we believe active facilitation of tax offences is occurring or there is potential for it to occur.

## **Zero Tolerance Approach**

Our stance outlined above for those within our supply chain will apply equally to our own employees. If, after thorough internal investigation or as a result of any individual prosecutions, our employees are found to be responsible for criminal tax evasion or facilitation, they will be subject to disciplinary procedures and may be dismissed.

## **Reporting and Investigation**

Similar to the effective arrangements we have in place for the reporting, investigation and control of fraud, corruption and money laundering, we continue to monitor and report any tax concerns and seek advice and support from our independent Tax advisors.

Key Officers are trained in aspects of compliance with the Criminal Finances Act, including appropriate investigations, implementation of control measures and external reporting, where required.

Throughout The Sovini Group we also deploy effective confidential reporting (whistleblowing) policies and procedures. These policies identify the means of contact of our trained Officers and are widely available to our staff and those involved in our governance structures.

We continue to support and protect individuals that raise concerns but do not wish to be identified and will investigate any alerts of tax evasion activity, made anonymously.

When required to share information with the HMRC or any other official investigation agency where suspected criminal activity has taken place, the exemptions that are outlined in UK data protection legislation (Data Protection Act and General Data Protection Regulations) will apply and personal data may be shared.

This will also apply to client information in line with the SAR's reporting responsibilities of the Proceeds of Crime Act.

### **IR35 Implementation**

In compliance with IR35 rules (off-payroll working rules), our central Procurement and People and Learning Teams have carried out the appropriate 'Check Employment Status for Tax – CEST' checks on all existing suppliers across The Sovini Group.

Managers across the Group who may be responsible for procuring goods and services will receive IR35 training and any new goods and services procured going forward will be subject to appropriate levels of CEST testing, before being approved.

We will keep a close watching brief on the future direction and implementation requirements of IR35, following the cancelled repeal of the Regulations that was due to take effect in April 2023.

### **Monitoring and Review**


To ensure that our response to the risks of corporate criminal offences remain effective and is appropriately resourced, all designated risk owners throughout The Sovini Group are required to continually monitor the areas they are responsible for and raise concerns if any potential failings are identified.

As our business grows and expands, we will also ensure any new potential risks are identified, assigned and appropriate control measures are put in place.

To raise awareness of the requirements for constant vigilance around tax evasion facilitation offences and to ensure appropriate responses are made where any concerns exist, we will provide training for all our employees and Boards, which will be periodically refreshed.

Our response and procedures for complying with the requirements of the Criminal Finances Act will be periodically assessed by our Internal Auditors on a risk-based approach. Internal Audit will also assess our response to all forms of fraud as part of their objectives when reviewing key financial controls.

**Signed:**



**Reviewed:** 21/03/2023

**Roy Williams**  
Group Chief Executive