ADVANCED ENGINEERING GROUP

POWER · MOTION · CONTROL

POLICY FOR COMPLIANCE WITH THE UK CRIMINAL FINANCES ACT 2017

Introduction

The purpose of this policy is to outline the commitment of ADVANCED ENGINEERING GROUP ("the Company") to comply with the UK Criminal Finances Act 2017. The policy provides guidelines to prevent the facilitation of tax evasion and ensure that the Company and its associates act in compliance with applicable laws and regulations.

Scope

This policy applies to all employees, contractors, consultants, agents, and any other persons or entities associated with ADVANCED ENGINEERING GROUP, regardless of location.

Responsibilities

- **Board of Directors:** The Board is responsible for overseeing the implementation of this policy and ensuring that adequate resources are available for its execution.
- **Employees and Associates:** All employees and associates must comply with this policy and report any suspected violations to the Directors.

Company Structure

Headquartered in SILSDEN, UK, ADVANCED ENGINEERING GROUP operates internationally through various legal entities, including:

- **ADVANCED ACTUATORS LIMITED**
- **ADVANCED COMPONENTS LIMITED**
- **ADVANCED DRIVES**

Policy Statement

Advanced Engineering Group has zero tolerance for the facilitation of tax evasion. We are committed to conducting business with integrity and in compliance with all applicable laws, including the Criminal Finances Act 2017.

Key Principles

Risk Assessment

The Company will conduct regular risk assessments to identify and mitigate the risk of facilitating tax evasion. These assessments will consider the nature of our business, the sectors and countries in which we operate, and the potential risks associated with our business activities.

Due Diligence

We will conduct thorough due diligence on all business partners, contractors, and agents to ensure they comply with the Criminal Finances Act 2017. This includes:

- Assessing the risk of tax evasion facilitation by third parties.
- Ensuring that contracts include clauses to prevent tax evasion and allow for termination in case of non-compliance.

ADVANCED ENGINEERING GROUP
Unit 4, Ryefield Way, Silsden,
West Yorkshire, BD20 0EF, England
+44 (0) 1535 655 151
sales@ae.group

Reporting and Whistleblowing

ADVANCED ENGINEERING GROUP encourages all employees and associates to report any suspicions or knowledge of tax evasion facilitation. Reports can be made confidentially to the Directors. The Company has a whistleblowing policy that protects employees from retaliation.

Monitoring and Review

The Directors will regularly monitor the implementation of this policy. This policy will be reviewed annually or as required by changes in legislation or business operations.

Training and Awareness

Training Notes are attached to this Policy and should be read by all employees; anyone requiring any further guidance or external training should notify your line manager or a Director of the company

Record Keeping

The Company will maintain accurate records of all risk assessments, due diligence checks, training sessions, and reports of suspected tax evasion facilitation. These records will be kept in accordance with applicable data protection laws.

Disciplinary Actions

Non-compliance with this policy may result in disciplinary action, up to and including termination of employment or contracts. Additionally, individuals may be subject to criminal prosecution and civil penalties under the Criminal Finances Act 2017.

Policy Approval

This policy has been endorsed and approved by:



Andrew Peace
Managing Director

Date: 1st June 2026

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TRAINING NOTES

Introduction

The UK Criminal Finances Act 2017 is a critical piece of legislation aimed at tackling money laundering, tax evasion, and other financial crimes. The company must ensure compliance with this Act to avoid legal repercussions and maintain our reputation for integrity and ethical business practices. These training notes provide an overview of the Act's key provisions, the implications for our operations, and the steps we need to take to ensure compliance.

Key Provisions of the Criminal Finances Act 2017

Corporate Criminal Offences of Failure to Prevent Tax Evasion

- **Overview**: The Act introduces corporate criminal offences for companies that fail to prevent tax evasion by their employees, agents, or other associated persons.
- **Implications**: Companies can be held liable if they do not have reasonable prevention procedures in place, even if they were not directly involved in the evasion.

Money Laundering and Terrorist Financing

- **Overview**: The Act strengthens the UK's anti-money laundering (AML) and counter-terrorist financing (CTF) regimes, requiring businesses to take proactive measures to detect and prevent financial crime.
- **Implications**: Businesses must conduct thorough due diligence on clients, partners, and transactions, and report any suspicious activities.

Unexplained Wealth Orders (UWO)

- **Overview**: The Act grants authorities the power to investigate and confiscate assets that appear to be disproportionate to an individual's known income.
- **Implications**: Businesses must ensure that their transactions and financial dealings are transparent and legitimate, with clear documentation supporting the source of funds.

Compliance Requirements for Advanced Engineering Group

Implementing Reasonable Prevention Procedures

- **Risk Assessment**: Conduct regular assessments to identify potential areas of exposure to tax evasion and financial crime.
- **Training and Awareness**: Provide ongoing training for employees, agents, and associated persons to ensure they understand the requirements and how to comply.

Conducting Due Diligence

- **Client and Partner Verification**: Verify the identity and legitimacy of clients, suppliers, and partners before engaging in business transactions.
- **Transaction Monitoring**: Monitor transactions for unusual or suspicious activity and
- investigate any anomalies.
- **Record Keeping**: Maintain comprehensive records of all due diligence checks, transactions, and compliance activities.

Reporting Obligations

- **Suspicious Activity Reports (SARs)**: Report any suspicious activities or transactions to the National Crime Agency (NCA) without delay.
- **Internal Reporting Mechanisms**: Establish internal reporting mechanisms to ensure that employees can report concerns confidentially and without fear of reprisal.

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Practical Steps for Compliance

Policy Updates

- **Review and Update Policies**: Regularly review and update the company's policies and procedures to reflect changes in legislation and emerging risks.
- **Communication**: Ensure that all employees are aware of and have access to the latest policies and procedures.

Monitoring and Auditing

- **Internal Audits**: Conduct regular internal audits to assess compliance with the Act and identify areas for improvement.
- **External Reviews**: Engage external experts to review the company's compliance framework and provide recommendations for enhancement.

Conclusion

Compliance with the UK Criminal Finances Act 2017 is essential for protecting Advanced Engineering Group from legal and reputational risks. By understanding the key provisions of the Act, implementing robust prevention procedures, conducting thorough due diligence, and ensuring effective reporting, we can safeguard our operations and uphold our commitment to ethical business practices. All employees are required to familiarize themselves with these training notes and participate actively in our compliance efforts.

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