

Message from Jim Fairbairn, Chief Executive Officer, Bodycote plc:

"At Bodycote, we are committed to conducting business in a fair and transparent manner. We will not tolerate any form of tax evasion, nor the facilitation of others seeking to evade their legal obligations. Acting within the law is not simply a requirement, it is a core part of how we protect the trust placed in us by our customers, shareholders, and business partners.

This policy provides the standards and guidance we must all follow to prevent and detect risks associated with tax evasion. It is the responsibility of every employee to remain vigilant, to act with integrity, and to raise concerns where something does not seem right.

By working to these principles, we safeguard Bodycote's reputation, support the wellbeing of our people, and contribute to a global financial system that operates with fairness and accountability."

1. Introduction

This is an introduction Bodycote's Anti-Facilitation of Tax Evasion Policy (**Policy**). Bodycote has a zero-tolerance approach to tax evasion. In the light of the UK Criminal Finances Act 2017, Bodycote is issuing this Policy on anti-facilitation of tax evasion. At Bodycote we conduct all of our business in an honest and ethical manner. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter tax evasion and tax evasion facilitation.

The principles:

- We act with honesty, transparency, and deal openly;
- We will not knowingly facilitate any tax evasion offence (domestic or foreign);
- We will ensure Employees and Associated Persons are educated on tax evasion activities so that these activities can be recognised and avoided; and
- All Employees have a personal responsibility for compliance with the law, protecting our reputation, and living up to our Values and Code of Conduct.

The overview:

This Policy prohibits tax evasion and the dishonest facilitation of tax evasion by third parties. This means the deliberate taking of steps towards the fraudulent evasion of tax by a third party (any UK or foreign tax or duty) by an Employee or Associated Person, or aiding, counselling or procuring the commission of that evasion. The dishonest evasion of tax and facilitation of tax evasion are criminal offences. The following Policy provides the details necessary to educate every stakeholder on the Policy.

About this Policy

The purpose of this Policy is to:

- set out Bodycote's responsibilities, and of those providing services for or on behalf of Bodycote, in observing and upholding Bodycote's position on preventing the criminal facilitation of tax evasion; and
- provide information and guidance to those working for Bodycote on how to recognise and avoid tax evasion.

2. Definitions relevant to this Anti-Tax Evasion Policy

- 2.1 **Associated Persons:** any third parties providing services for or on behalf of Bodycote, including but not limited to agents, consultants, business partners, third-party representatives, distributors and subcontractors.
- 2.2 **Bodycote:** Includes Bodycote plc and all its subsidiary companies.
- 2.3 **Employees:** Includes all directors, officers, employees, workers, agents, contractors of Bodycote, wherever located.
- 2.4 **Foreign Tax Evasion Offence:** an offence under the criminal law of a foreign country concerning a breach of duty relating to a tax imposed under the law of that country. As with the UK Tax Evasion Offence, this requires an element of dishonesty, which means there must be a deliberate action, or omission with intent.
- 2.5 **Tax Evasion Facilitation:** being knowingly concerned in, or taking steps with a view to, the fraudulent evasion of a tax by another person or entity, or aiding, abetting, counselling or procuring the commission of a tax evasion offence (whether UK or foreign tax or duty). This includes being involved in the commission of an offence consisting of being knowingly concerned in, or taking steps with a view to, the fraudulent evasion of tax.
- 2.6 **Tax:** all forms of taxation, including but not limited to corporation tax, value added tax, amounts for which the company is accountable under PAYE regulations, employee income tax, insurance premium tax, stamp duty land tax, stamp duty reserve tax, petroleum revenue tax, customs duties, excise duties and any other form of taxation (however described).
- 2.7 **Third Party / Parties:** Includes government / public officials, political parties, agents, brokers, partners, consultants, contractors, joint venture partners and other representatives performing work for the benefit of Bodycote.
- 2.8 **UK Tax Evasion Offence:** an offence of cheating the public revenue or an offence under the law of any part of the United Kingdom consisting of being knowingly concerned in, or in taking steps with a view to, the fraudulent evasion of tax. The offence requires an element of dishonesty, which means there must be a deliberate action, or omission with intent.

3. Application of this Policy

- 3.1 This Policy applies to all Employees and Associated Persons of Bodycote.

- 3.2 This Policy extends to all Bodycote's operations worldwide and Employees and Associated Persons wherever located, regardless of geographical location.
- 3.3 Any Employee who has a suspicion or reason to believe that this Policy is being breached or may be breached must immediately report the matter to their line manager, the Group Head of Treasury and Tax, the Group General Counsel or through the Open Door Policy.

4. Anti-Tax Evasion Policy – Responsibility of Bodycote Companies and Employees

Compliance with Law

- 4.1 The Criminal Finances Act 2017 introduced a new criminal offence of failure to prevent the dishonest facilitation of UK or foreign tax evasion offences. Under this legislation, Bodycote could be criminally liable where it fails to prevent its Associated Persons from deliberately facilitating tax evasion.
- 4.2 If an Associated Person accidentally, ignorantly or negligently facilitates tax evasion, then the corporate offence will not be committed.
- 4.3 Bodycote is liable even if it had no knowledge of the dishonest acts
- 4.4 Bodycote's will comply with Part 3 of the Criminal Finances Act 2017 (UK) and all other applicable anti-tax evasion laws in countries where Bodycote are present.
- 4.5 Accordingly, Bodycote and its Employees must take all steps necessary to conform to all relevant laws of the countries in which they do business.

Tax Avoidance

- 4.6 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 typically involves taking steps within the law to minimise tax payable or maximise tax reliefs.

No Tax Evasion or Tax Evasion Facilitation

- 4.7 Bodycote has a zero tolerance approach to all forms of tax evasion, whether under UK law or under the law of any foreign country. Bodycote and Employees must not:
 - 4.7.1 undertake any transactions which cause Bodycote to commit a tax evasion offence;
 - 4.7.2 engage in any form of tax evasion facilitation;
 - 4.7.3 aid, abet, counsel or procure the commission of a UK Tax Evasion Offence or Foreign Tax Evasion Offence by another person;

- 4.7.4 fail to promptly report any request or demand from any third party to facilitate the fraudulent evasion of tax by another person, in accordance with this Policy;
- 4.7.5 engage in any other activity that might lead to a breach of this Policy or law;
- 4.7.6 threaten or retaliate against another individual who has refused to commit a UK Tax Evasion Offence or a Foreign Tax Evasion Offence or who has raised concerns under this Policy.
- 4.8 Bodycote is responsible for conducting risk-based and proportionate due diligence on suppliers and Associated Persons, with such due diligence to include adequate identification of matters which may suggest a heightened risk of facilitation of tax evasion. It is the responsibility of those conducting due diligence to ensure that any identified risk indicators are, where appropriate, properly escalated.

Employees' Responsibilities

- 4.9 Employees must ensure that they read, understand and comply with this Policy.
- 4.10 Employees must avoid any activity that might lead to, or suggest, a breach of this Policy.
- 4.11 Employees must notify their line manager, the Group Head of Treasury and Tax, the Group General Counsel or through the Open Door Policy as soon as possible if they believe or suspect a conflict with this Policy has occurred, or may occur in the future. See potential 'red flag' scenarios at section 10 below.

5. How to raise a concern

- 5.1 Employees are encouraged to raise concerns about any issue or suspicion of a UK Tax Evasion Offence or a Foreign Tax Evasion Offence at the earliest possible stage.
- 5.2 If Employees become aware of any fraudulent evasion of tax, whether in the UK or in a foreign country, or is asked to assist another person in their fraudulent evasion of tax (whether directly or indirectly), or if Employees believe or suspect that any fraudulent evasion of tax has occurred or may occur, whether in respect to UK tax or tax in a foreign country, they must notify their line manager, the Group Head of Treasury and Tax, the Group General Counsel or through the Open Door Policy as soon as possible.

6. Protection

- 6.1 Individuals who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. Bodycote aims to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be mistaken. For further information, please refer to the Open Door Policy.

6.2 Bodycote is committed to ensuring no one suffers any detrimental treatment as a result of:

- 6.2.1 refusing to take part in, be concerned in, or facilitate tax evasion or foreign tax evasion by another person;
- 6.2.2 refusing to aid, abet, counsel or procure the commission of a tax evasion offence or a foreign tax evasion offence by another person; or
- 6.2.3 reporting in good faith their suspicion that an actual or potential tax evasion offence or foreign tax evasion offence has taken place, or may take place in the future.

6.3 Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If an Employee believes that they have suffered any such treatment, they should inform their line manager, the Group Head of Treasury and Tax or the Group General Counsel immediately.

7. Communication

Bodycote's zero-tolerance approach to tax evasion and foreign tax evasion must be communicated to all suppliers, contractors and business partners at the outset of its business relationship with them and at reasonable periods after that. Bodycote's Supplier Code of Conduct details Bodycote's expectations of suppliers in respect of the prevention tax evasion.

8. Consequences for Breaches of Anti-Tax Evasion Laws

Consequences may include Bodycote facing unlimited fines, damage to the corporate brand and reputation of Bodycote, loss of the ability to trade in certain jurisdictions, debarment from bidding for government contracts, loss of business, legal action by competitors, litigation and substantial investigation expenses.

9. Enforcement and Discipline

- 9.1 Bodycote views tax evasion and the facilitation of tax evasion very seriously. Bodycote will investigate all allegations of tax evasion and the facilitation of tax evasion and take legal and/or disciplinary action in all cases where it is considered appropriate. A breach of this Policy may result in an Employee (whether or not directly employed by Bodycote) facing disciplinary action, including dismissal.
- 9.2 Where a case is referred to the police or other law enforcement agency, Bodycote will co-operate fully with the criminal investigation.

10. Potential Risk Scenarios: 'Red Flags'

- 10.1 The following is a list of possible red flags that may arise during the course of an Employee working for Bodycote 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.

- 10.2 If an Employee encounters any of these red flags while working for Bodycote, the employee must report them promptly through the channels detailed at section 5 above:
- 10.2.1 an Employee becomes aware, in the course of their work, that 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, HM Revenue & Customs (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;
 - 10.2.2 an Employee becomes aware, in the course of their work, that 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;
 - 10.2.3 a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
 - 10.2.4 an Employee becomes aware, in the course of their work, that a third party working for Bodycote as an employee asks to be treated as a self-employed contractor, but without any material changes to their working conditions;
 - 10.2.5 a supplier or other subcontractor is paid gross when they should have been paid net;
 - 10.2.6 a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
 - 10.2.7 a third party to whom Bodycote have provided services requests that their invoice is addressed to a different entity, where Bodycote did not provide services to such entity directly;
 - 10.2.8 a third party to whom Bodycote have provided services asks Bodycote to change the description of services rendered on an invoice in a way that seems designed to obscure the nature of the services provided;
 - 10.2.9 an Employee receives an invoice from a third party that appears to be non-standard or customised;
 - 10.2.10 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;
 - 10.2.11 an Employee notices that Bodycote have been invoiced for a commission or fee payment that appears too large or too small, given the service stated to have been provided;
 - 10.2.12 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 Bodycote.

If you have any further questions, please contact the Group Head of Treasury and Tax or the Group General Counsel at Bodycote plc registered office +44 (0) 1625 505300.

Policy owner:	Group Head of Tax and Treasury
Second policy owner:	Group General Counsel
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