

Anti-Money Laundering

Issued by: Group Chief Financial Officer

Issue 2 / September 2025

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

"At Bodycote, we have a clear responsibility to prevent our business from being used to launder money or finance unlawful activities. Compliance with anti-money laundering laws and regulations is not optional, it is fundamental to how we operate as a trusted global organisation.

This policy provides the framework for our ways of working and how we identify risks and report concerns. Each of us has a duty to apply these standards consistently and with care, protecting our company, our colleagues, and our stakeholders.

By doing so, we uphold the integrity of Bodycote and contribute to the stability and fairness of the wider financial system."

1. INTRODUCTION

- 1.1 As a company, we are committed to carrying on business in accordance with the highest ethical standards. Bodycote has a zero-tolerance approach to money laundering and is committed to complying with all applicable anti-money laundering laws and regulations (**AML Laws**) around the world and ensuring that any third parties that we engage to act on our behalf do the same.
- 1.2 This Anti-Money Laundering policy (**Policy**) has been developed by the Bodycote Group to provide guidance on how to comply with AML Laws to reduce the risk of money laundering associated with its business and the sale of its service and products.
- 1.3 The management of the Bodycote Group is committed to complying with all AML Laws. Any employee who violates this Policy or who knowingly permits anyone to violate it may be subject to appropriate disciplinary action, up to and including dismissal, and may be subject to personal civil or criminal fines.
- 1.4 If you have any questions about this policy contact the Group Financial Controller.

2. WHO IS SUBJECT TO THIS POLICY

- 2.1 This Policy applies to the Bodycote Group operations globally, including all legal entities worldwide owned or controlled by Bodycote plc (**Bodycote**), and to all directors, officers, employees and contractors of Bodycote (**Employees**).
- 2.2 Bodycote's business partners are required to comply with AML Laws under the terms of engagement between them and Bodycote. **Business Partner** means any person other than Bodycote or its Employees who provide goods or services for or on behalf of Bodycote and acting in such capacity. Where a Business Partner is required to comply with this Policy, references and obligations on Bodycote's Employees below apply equally to Business Partners where relevant.

3. POLICY STATEMENT ON ANTI-MONEY LAUNDERING

- 3.1 Bodycote prohibits money laundering in all forms and is committed to comply with all applicable AML Laws in our operations worldwide. Bodycote takes a zero-tolerance approach to money laundering and is committed to acting professionally, fairly and with integrity in all of its business dealings and relationships wherever it operates and implementing and enforcing effective systems to counter money laundering. To this end, Bodycote will only conduct business with customers who are involved in legitimate business activity and whose funds are derived from legitimate sources.

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- 3.2 This Policy is intended to help Employees acting for or on behalf of Bodycote to understand where breaches of AML Laws might arise and to support them in making the right decisions in line with our corporate position as stated in this policy.

4. WHAT IS MONEY LAUNDERING?

- 4.1 Money laundering is the process whereby criminals seek to hide the true origin and ownership of the proceeds of their criminal conduct to give the impression that these proceeds originated from legitimate sources. This can include exchanging money or assets that were obtained criminally for money or other assets that are 'clean'. The clean money or assets don't then have an obvious link with any criminal activity.

- 4.2 There are three principal money laundering offences in the UK, which are also reflected in other applicable AML Laws, and, between them, they deal with all prohibited dealings with **Criminal Property** (i.e. a person's benefit from criminal conduct, or any property that represents such benefit "in whole or in part, whether directly or indirectly").

4.2.1 The concealing offence:

Concealing, disguising, converting or transferring criminal property - or removing it from the UK (includes concealing or disguising its nature, source, location, disposition, movement, ownership or any rights to it)

4.2.2 The arranging offence:

Entering into or becoming concerned in an arrangement that facilitates (by whatever means) the acquisition, retention, use or control of criminal property by or on behalf of another person

4.2.3 The acquisition, use, and possession offence:

Acquiring criminal property at an undervalue or using such property for little or no consideration (e.g. low rental value)

- 4.3 The broad definition of money laundering means that anybody (including any Employee) could be in violation of the law if he/she becomes aware of, **or suspects**, the existence of Criminal Property within the business and becomes involved in or continues to be involved in a matter which relates to that property being linked to the business without reporting his/her concerns.

- 4.4 Property can be criminal property where it derives from any criminal conduct, whether the underlying criminal conduct has taken place in the country where you are situated or overseas. It is immaterial who carried out that conduct.

5. BODYCOTE'S OBLIGATIONS

- 5.1 Bodycote has a responsibility to:

- 5.1.1 Ensure that documents, data and information it holds are kept up to date, including maintaining due diligence on all customers and vendors and ensuring that due diligence on continuing contracting parties is refreshed regularly, or otherwise whenever Bodycote becomes aware of a significant change in a contracting party's circumstances, or develops knowledge or suspicion that a contracting party may be engaged in money laundering.

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- 5.1.2 Conduct on-going monitoring on a risk-sensitive and appropriate basis in respect of all business relationships held by Bodycote. This includes:
- 5.1.2.1 scrutiny of payments made throughout the course of the relationship (including understanding the source of funds) to ensure that they are consistent with our knowledge of the contracting party and their activities. Particular regard is to be had to payments that are large and unusual or part of an unusual pattern; and
 - 5.1.2.2 updating the documents, data and other information obtained for the purpose of identifying the contracting party.
- 5.1.3 Facilitate anti-money laundering training to Employees.
- 5.1.4 Maintain reasonable records of transactions.

6. EMPLOYEE OBLIGATIONS

- 6.1 The best protection against abuse by money launderers is to know who we are doing business with. You must conduct proportionate risk based due diligence on transaction parties or potential transaction parties to understand, where appropriate, the source of their funds, how they are structured, who the beneficial owners are, and what their business is.
- 6.2 You have an obligation to read and follow this Policy, to understand and identify any red flags that may arise in business activities and to escalate potential compliance concerns to your HR Business Partner, the Group Financial Controller or in accordance with the Open Door Policy without notifying anyone involved in the transaction. You shall not take any actions prior to receiving advice and/or instructions.
- 6.3 It is not acceptable for you (or someone on your behalf) to:
- 6.3.1 engage in or be concerned with any form of money laundering;
 - 6.3.2 fail to promptly report in accordance with this Policy any knowledge or suspicion of money laundering;
 - 6.3.3 engage in any other activity that might lead to a breach of this Policy; or
 - 6.3.4 threaten or retaliate against another individual who has refused to commit a money laundering offence or who has raised concerns under this Policy.

7. THE RED FLAGS

- 7.1 Where any suspicions arise that criminal conduct may have taken place involving a customer, colleague or third party, you must consider whether there is a risk that money laundering has occurred or may occur.
- 7.2 Some examples of red flags to be reported include:
- A customer provides insufficient, false or suspicious information or is reluctant to provide complete information.
 - Methods or volumes of payment that are not consistent with the payment policy or that are not customarily used in the course of business, e.g. payments with money orders, traveller's checks, and/or multiple instruments, and payments from unrelated third parties.
 - Receipts of multiple negotiable instruments to pay a single invoice.
 - Requests by a customer or partner to pay in cash.

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- Early repayments of a loan, especially if payment is from an unrelated third party or involves another unacceptable form of payment.
 - Orders or purchases that are inconsistent with the customer's trade or business.
 - Payments to or from third parties that have no apparent or logical connection with the customer or transaction.
 - Payments to or from countries considered high risk for money laundering.
 - Payments to or from countries considered to be tax havens or offshore jurisdictions.
 - Payments from countries unrelated to the transaction or not logical for the customer.
 - A customer's business formation documents are from a tax haven, or a country that poses a high risk for money laundering or a country that is not logical for the customer.
 - Overpayments followed by directions to refund a payment, especially if requested to send the payment to a third party.
 - Any customer for whom you cannot determine the true beneficial owner.
 - Structuring transactions to avoid government reporting or record keeping requirements.
 - Unusually complex business structures, payment patterns that reflect no real business purpose.
 - Wire transfer activity that is not consistent with the business activities of the customer, or which originates or terminates with parties unrelated to the transaction.
 - Unexpected spikes in a customer's activities.

7.3 The above is not intended to be an exhaustive list. Deviation from customer and accepted business practice will alert you to further investigate the activity in accordance with this Policy.

8. HOW TO RAISE A CONCERN

8.1 Where any suspicions arise that criminal conduct may have taken place involving a customer, colleague or third party, you shall consider whether there is a risk that money laundering has occurred or may occur, and, if so, you must report this to the Group Financial Controller immediately. If you form knowledge or a suspicion after a transaction has concluded, you must still report it to the Group Financial Controller as soon as possible. In the absence of the Group Financial Controller, the Group General Counsel must be informed.

8.2 Your report must include as much detail as possible including:

- 8.2.1 Full details of the people and/or companies involved including yourself and other employees if relevant.
- 8.2.2 Full details of the transaction and nature of each person's involvement in the transaction.
- 8.2.3 The suspected type of money laundering activity or use of proceeds of crime with exact reasons as to why you are suspicious.
- 8.2.4 The dates of any transactions, where they were undertaken, how they were undertaken, and the likely amount of money or assets involved.

8.3 Once in receipt of a report, the Group Financial Controller will consider it to determine whether it gives rise to knowledge or suspicion of money laundering. Following this assessment, the Group Financial Controller will make any necessary reports to the appropriate authorities. In the UK, it is possible to make a report and seek consent to proceed with what might otherwise include dealing with the proceeds of crime from the authorities. Care must be taken not to 'tip off' the individuals concerned, otherwise you may be committing a criminal offence which may result in severe penalties to you.

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- 8.4 Once you have reported your suspicions you must follow any instructions given to you by the Group Financial Controller. You must not make any further enquiries unless instructed to do so.
- 8.5 You must not at any time and under any circumstances voice any suspicions to the person(s) you suspect of money laundering. Similarly, you must not discuss this matter with any colleagues or tell anyone that you have made a report to the Group Financial Controller; that a report has been made to the authorities, or that an investigation is in contemplation or is underway.

9. PROTECTION

- 9.1 Individuals who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. Bodycote encourages openness and will support anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be mistaken.
- 9.2 Bodycote is committed to ensuring no one suffers any detrimental treatment as a result of:
- 9.2.1 refusing to take part in, be concerned in, money laundering;
 - 9.2.2 refusing to aid, abet, counsel or procure a money laundering offence; or
 - 9.2.3 reporting in good faith their suspicions of money laundering.
- 9.3 Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, inform your line manager or HR Business Partner immediately. If the matter is not remedied, raise it formally with the Group Financial Controller or using the Open Door Policy.

10. COMMUNICATION

- 10.1 Training is provided to all relevant Employees to ensure they understand their responsibilities under the AML Laws. The Policy is published on Bodycote's intranet and communicated to employees via internal communication.
- 10.2 Our zero-tolerance approach to money laundering must be communicated to all Business Partners at the outset of our business relationship with them and as appropriate thereafter. Our Supplier Code of Conduct sets out Bodycote's expectations of its Business Partners in relation to compliance with AML Laws.

If you have any further questions please contact the Group Financial Controller at Bodycote plc registered office +44 (0)1625 505300

Policy owner:	Group Chief Financial Officer
Second policy owner:	Group Financial Controller
Approved by:	Bodycote plc Board
Version number and date:	2.0 []/09/2025
Date of last review:	27/10/2022