

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

"At Bodycote, we expect the highest standards of honesty and integrity in everything we do. Fraudulent activity or theft in any form undermines the trust that our employees, customers, and stakeholders place in us, and it will not be tolerated. Protecting the company's assets and resources is everyone's responsibility."

This policy sets out how we prevent, identify, and respond to fraud and theft. It makes clear the expectations for all of us: to act ethically, remain alert to potential risks, and report any suspicions without delay."

By following these standards, we preserve Bodycote's reputation, safeguard our collective success, and reinforce the culture of integrity that underpins our business."

1. General

- 1.1. This Fraud and Theft Policy (**Policy**) regulates fraud and theft by employees of Bodycote plc and all subsidiary companies (**Bodycote**).
- 1.2. Bodycote takes fraud and theft very seriously. All offences will be reported to local law enforcement agencies. Any officeholder, Employee, or person otherwise engaged by us, who breaches this Policy may face disciplinary action, which could result in dismissal for gross misconduct.
- 1.3. We ensure that we comply with all applicable laws and regulations relating to the prevention of fraud and theft, including the Economic Crime and Corporate Transparency Act 2023 (**ECCTA**), the Fraud Act 2006 (**Fraud Act**) and the Theft Act 1968 (**Theft Act**), in respect of our conduct in the UK and internationally.
- 1.4. Bodycote Employees are expected to act with honesty and integrity at all times and to have regard to the reputational impact of their actions on Bodycote.
- 1.5. It is the responsibility of all line management to manage the risk of fraud and theft through the adoption and enforcement of appropriate controls and procedures. Controls shall be proportionate to the perceived likelihood and impact of the risks identified.
- 1.6. Bodycote Employees and Associated Persons must report all suspected or actual incidents to their line managers, their local HR Business Partner or one of the Fraud and Theft Officers. Any such report must then be reported to one of the Fraud and Theft Officers if they are not the original recipient of the report who will inform both the Company Secretary and the Head of Internal Audit and Risk. Alternatively, Employees and Associated Persons may report in accordance with the Open Door Policy.

1.7. Investigation of suspected cases of fraud or theft shall be made promptly to minimise the risk of financial and reputational loss or damage. All information in relation to a fraud or theft will be treated with confidence.

1.8. This Policy shall be read in conjunction with:

- Anti-Bribery and Anti-Corruption Policy;
- Gift and Hospitality Policy;
- Conflicts of Interest Policy; and
- Anti-Facilitation of Tax Evasion Policy.

2. The overview:

This Policy prohibits Bodycote Employees and Associated Persons from engaging in fraud or theft offences, and provides guidance on identifying, reporting and addressing misconduct.

3. Definitions

3.1. **Associated Persons:** any third parties providing services for or on behalf of our business, including but not limited to agents, consultants, business partners, third-party representatives, distributors and subcontractors.

3.2. **Employees:** Includes employees at all levels, directors, officers, agency workers, seconded workers, volunteers and interns.

3.3. **Fraud** includes any attempt to obtain financial benefits or other advantages through dishonest or deceptive means. For the purposes of this Policy, fraud is broadly defined to include theft, false accounting, falsification of records (including financial records such as spreadsheets), conspiracy, collusion or attempting to do any of the foregoing and concealment of any of the foregoing committed in person or by another. An obvious criminal motive is not required for a fraud offence to be made out. You must not engage in or facilitate any form of fraud, whether under UK law or under the law of any foreign country.

3.4. In the UK, the Fraud Act sets out three main offences, all of which carry a maximum sentence of 10 years and/or an unlimited fine:

- **fraud by false representation:** occurs where an individual dishonestly makes a false statement or representation with the intention to make a financial gain for themselves and/or cause a loss to another party. This offence can be committed by a wide range of Associated Persons. A representation can be expressed, implied or made by omission;
- **fraud by failing to disclose information:** occurs where an individual knowingly fails to disclose information that they are legally required to provide, such as to an auditor or insurer, with the intention to make a gain for themselves or cause a loss to another party; or
- **fraud by abuse of position:** occurs where an individual dishonestly exploits a position of trust that they are expected to safeguard, to make a gain for themselves or cause a loss to another party; for example, where a director or manager misuses their authority for personal benefit.

3.5. **Fraud and Theft Officers:** Bodycote's Group Financial Controller and Group General Counsel are Bodycote's appointed Fraud and Theft Officers.

3.6. **Theft** is defined as any act in which property belonging to another is taken without that person's consent.

3.7. Examples of fraud and theft are provided in Appendix 1.

4. Who must comply with this Policy?

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

4.2. This Policy formulates minimum requirements which must be observed everywhere we do business and in all circumstances. This Policy leaves room for country management to specify further local rules of business conduct within this framework, which may be more restrictive.

4.3. Bodycote can be held legally responsible for certain fraud and theft offences committed by our Employees and Associated Persons.

4.4. We expect all Associated Persons and anyone else operating within the Bodycote supply chain to uphold similar values to those detailed in this Policy. Moreover, we expect certain additional commitments from our Associated Persons, as detailed at section 8 of this Policy. Any Associated Person who breaches this Policy may have their contract terminated with immediate effect.

- 4.5. It is your responsibility to read the entirety of this Policy and to make sure you understand fully its contents. If you have any questions or concerns, they should be directed to one of the Fraud and Theft Officers.

5. Our obligations

5.1. As a business, Bodycote:

- 5.1.1. does not tolerate fraud or theft of any nature, and prohibits both direct and indirect fraud or theft in any form;
- 5.1.2. takes all allegations of fraud or theft extremely seriously;
- 5.1.3. assesses and investigates all allegations of fraud or theft appropriately, including involving external investigators where necessary;
- 5.1.4. maintains "reasonable procedures" for assessing and protecting itself against the risks of fraud and theft;
- 5.1.5. educates Employees on fraud and theft awareness;
- 5.1.6. requires Associated Persons to implement sufficiently robust fraud and theft prevention policies and procedures; and
- 5.1.7. encourages Employees and Associated Persons to report possible instances of fraud or theft, and will help to facilitate their reporting of such instances.

6. How to identify fraud and theft

- 6.1. It is not possible to anticipate all potential fraud and theft risks, and fraud and theft can take many forms. However, in seeking to identify fraud and theft risks, Employees and Associated Persons are encouraged to consider the following factors:

- **opportunity:** individuals may feel compelled to commit fraud or theft in an environment of weak controls and inadequate oversight. This applies, for example, if Associated Persons operate with minimal oversight;
- **motive:** fraud and theft can occur when the opportunities above are combined with motive, such as financial stress, requirements to meet demanding targets, or a reward and recognition system that individuals perceive to incentivise fraud; and

- **rationalisation:** individuals may justify fraudulent actions by believing they are entitled to commit fraud or theft, perceiving the act as normal within the sector, or rationalising behaviour due to organisational culture, such as perceived adverse consequences if they "speak up".

6.2. The following is a list of possible "red flag" indicators that may arise during the course of your employment or agreement to perform services for or on behalf of Bodycote, and which may raise concerns under the legislation outlined above. The list is not intended to be exhaustive. If you encounter any of these red flags, you must report them promptly to your line manager, your local HR Business Partner or one of the Fraud and Theft Officers or under the Open Door Line. Examples may include:

- reluctance to share information that would usually be required during the course of business, for example to other Employees, investors, auditors, or regulators;
- inflated or false expense claims or expense claims with vague descriptions allocated to unusual cost codes;
- duplicate or excessive payments to the same entity without justification;
- inconsistent accounting journal entries, for example frequent, unexpected corrections or adjustments to records;
- resistance or avoidant behaviour during times of internal or external audits, including the delay or withholding of information;
- rationalisation of misconduct, such as justifications for conduct which would ordinarily be perceived as comprising a compliance risk, or casual dismissal of ethical behaviour;
- other unusual payment activity, for example large payments made to unknown or new suppliers without first conducting appropriate due diligence, structuring payments to avoid internal scrutiny, or chargebacks that exceed reasonable activity for a customer;
- excessive override of authority, for example where one individual disproportionately influences financial decisions and resists a second review or other oversight;
- limited segregation of duties, whereby one person might have control over multiple, or all, financial processes; or

- invoices with rounded figures, which might suggest artificial structuring of transactions.

7. Preventing fraud and theft

Due diligence

- 7.1. Bodycote conducts reasonable due diligence on any new or proposed Associated Persons and suppliers. Due diligence must be completed before a contract with an Associated Person or supplier is signed or renewed, or before an Associated Person does any work for Bodycote, or undertakes any activity.
- 7.2. In certain circumstances, enhanced due diligence will be required, for example where the counterparty (Associated Person or supplier) is domiciled in a high-risk jurisdiction (see list at Appendix 2).

Detecting fraud and theft

- 7.3. Bodycote has implemented whistleblowing procedures under the Open Door Policy for Employees and Associated Persons to enable them to report instances of fraud or theft.

Monitoring and review

- 7.4. Bodycote will assess the nature and extent of its exposure to the risk of Employees and Associated Persons committing fraud or theft. Bodycote will keep a written record of fraud and theft risk assessments conducted and decisions that are made. The fraud and theft risk assessment will be kept under regular review and Bodycote will make improvements to its fraud and theft detection and prevention measures if necessary.

8. Dealing with Associated Persons

- 8.1. It is imperative that Employees do not assume that by using an agent, business partner, or other intermediary, Bodycote's liability in respect of any fraud or theft offences will be absolved. From a legal perspective, Associated Persons are acting on Bodycote's behalf and, as a result, in certain circumstances, their actions can be construed as being the actions of Bodycote. It is essential that we take effective steps to prevent misconduct by our Associated Persons.
- 8.2. Best practice factors to consider when dealing with Associated Persons include:
- Bodycote expects its sub-contractors and delivery partners to maintain high standards of conduct and to implement anti-fraud and theft processes similar to those of Bodycote;

- conducting reasonable and proportionate due diligence on new, existing or proposed Associated Persons, to assess their reputation and the potential risks of misconduct;
- ensuring that commercial relationships with new and existing Associated Persons are based on written agreements including reasonable provisions requiring compliance with applicable laws, including anti-fraud and anti-theft laws, in connection with our business and providing reasonable remedies for violations;
- ensuring that we monitor and periodically review the performance of any Associated Persons, including compliance-related performance; and
- responding promptly and effectively to any reports or allegations of unlawful or unethical conduct by any Associated Persons.

8.3. The fraud and theft risks of relationships with Associated Persons depend on the circumstances. Such risks may be higher in certain circumstances, which include, but are not limited to, the following:

- the Associated Person is based in a high-risk jurisdiction (see list at Appendix 2);
- the services to be provided involve work being carried out (directly or indirectly), in any high-risk jurisdiction;
- poor contract management leading to weak audit trails, creating risk of fictitious counterparties;
- relationships where there is an absence of monitoring and enforcement; or
- there are any other specific reasons to suspect that the risk of fraud or theft is higher than normal.

8.4. Where an Associated Person is domiciled, or will be providing services, in a high-risk jurisdiction, enhanced due diligence will be required. As noted, these high-risk jurisdictions are identified at Appendix 2.

8.5. You must comply with the following guidance when dealing with Associated Persons:

- any payment for products or services must be made to the company providing the products or services, not to an individual, unless the individual has delivered the products or services as a verified contracting party;
- reject any request to divert a payment to anyone other than the contracting party or to an entity or person offshore;

- cash payments are not permitted: all payments must be made to or received in a bank account designated in writing in the name of the recipient and in the country in which the recipient is located; and
- any Associated Person must be appointed via a written service contract, which must incorporate a reference to this Policy, which the Associated Person shall acknowledge as having read and understood. The contract with the Associated Person must include a provision under which the Associated Person agrees to comply with all applicable anti-fraud and anti-theft legislation and regulation, and shall provide for termination of the contract with the Associated Person in the event of breach of this provision.

9. Reporting

- 9.1. Any individual making a report (**Reporter**) will be assured that their involvement will be considered as confidential and that there will be no adverse consequences as a result of them carrying out their obligations in good faith under this Policy.
- 9.2. The Reporter shall be reminded not to discuss the matter with anyone else and not to contact the suspected individual/s in an effort to determine facts or to provoke confrontation. Required business interaction must continue as normally as possible.
- 9.3. Where reasonably possible the person receiving the report will take steps to:
- ensure the safety of individuals, where there is a risk;
 - prevent further losses;
 - secure evidence;
 - document details;
 - inform the senior manager of the business unit; and
 - maintain confidentiality.

These steps should only be taken if there is no risk of harm to individuals and the actions would not jeopardise a future investigation.

- 9.4. The senior manager of the business unit must notify the Fraud and Theft Officers immediately, before the commencement of any investigation.

10. Investigation

10.1. The investigation of suspected cases of fraud or theft must proceed in a timely manner to ensure a rapid resolution for all parties informed. Consideration shall be given to securing evidence at the earliest opportunity.

10.2. The person accountable for the investigation is the **Investigating Officer**. Appendix 1 explains details of who will be appointed the Investigating Officer.

10.3. The Investigating Officer will be responsible for the conduct of the investigation, although they may appoint another individual to lead the investigation. After consulting with the Fraud and Theft Officers, the Investigating Officer will decide:

- the terms of reference for the investigation (scope, access to records, timeline, costs);
- the membership of the investigation team;
- whether external support is needed (e.g. legal, forensic);
- how evidence can be protected so it could be used in a possible criminal prosecution;
- how Reporters and witnesses will be protected; and
- how progress and the outcome of the investigation will be communicated.

10.4. Upon completion of the investigation, the Investigating Officer will report the findings of the Investigation to the Fraud and Theft Officers. The report will include:

- conclusions of the investigation;
- recommendation for further work;
- recommendation whether or not to pursue criminal prosecution; and
- communication.

10.5. The Fraud and Theft Officers will report findings to the Group Chief Financial Officer who will report findings to the Audit Committee.

11. Enforcement and Discipline

Bodycote will investigate all allegations of fraud and theft 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 facing

disciplinary action, including dismissal, or termination a contract with an Associated Person. Where a case is referred to the police or other law enforcement agency, Bodycote will co-operate fully with the criminal investigation which could lead to the Employee or Associated Person being prosecuted.

12. Training

Training is provided to all relevant Employees to ensure they understand their responsibilities in respect of the matters outlined in this Policy. The Policy is published on Bodycote's intranet and communicated to employees via internal communication.

13. Record-keeping

All financial, managerial, commercial, human resources, and other records will be prepared and maintained in accordance with applicable recordkeeping and accounting policies. It is a violation of this Policy to make any false or misleading statement or omission in connection with the preparation of company records.

If you have any further questions please contact Bodycote's Group General Counsel or Group Financial Controller at Bodycote plc registered office +44 (0)1625 505300.

Policy owner:	Group General Counsel
Second policy owner:	Group Chief Financial Officer
Approved by:	Bodycote plc Board
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Appendix 1

Examples of fraud: This list is not exclusive and, as noted above, fraud includes any illegal act which is intended to benefit (directly or indirectly) any company in the Bodycote Group:

- Cashing a fraudulently altered cheque;
- Claiming over-time or sick leave to which no entitlement exists;
- Overstating the business mileage undertaken or purchases made on an expenses claim;
- Receiving inducements to make purchases on behalf of Bodycote or to provide a service at a reduced price;
- Failing to disclose a financial or a personal relationship with a supplier or customer;
- Falsifying financial returns or sales figures in order to achieve targets which may or may not lead to personal financial gain;
- Altering accounting records to hide errors or poor results (false accounting);
- Lying or providing misleading information about the environmental credentials of a product;
- Falsifying approvals, licenses or any other regulatory permissions;
- Providing false or misleading information to regulatory authorities (e.g. with respect to environmental discharge);
- Diverting funds from one area of the business to another without due authorisation;
- Diverting funds to own bank account.

Examples of theft: This list is not exclusive and, as noted above, theft includes any illegal act which is intended to benefit (directly or indirectly) any company in the Bodycote Group:

- Disclosing confidential information (e.g. patented processes, intellectual property, customer data) to 3rd parties without authority;
- Removal of scrap or other Bodycote property without authority;

- Sale of scrap or other Bodycote property without the full proceeds being returned to Bodycote;
- Unauthorised use of Bodycote property, equipment and vehicles;
- Theft of cash, stationery or any other Bodycote equipment, however minor;
- Theft from other employees;
- Failure to return Bodycote property on leaving Bodycote's employment.

Appointment of the Investigation Officer: For cases relating to:

- A Division, the Investigating Officer will be the Divisional President.
- Bodycote Plc employee or to direct reports of the CEO, the Investigating Officer will be the CEO.
- A non-executive director or the Chairman of Bodycote plc the Investigating Officer will be the CEO.
- The CEO, the Investigating Officer will be the Chairman of Bodycote plc.

Appendix 2 - High risk jurisdictions

Afghanistan	Paraguay	Syria
Azerbaijan	Republic of the Congo	Tajikistan
Bangladesh	Russia	Turkmenistan
Bolivia	Somalia	Uganda
Burundi	South Sudan	Venezuela
Cambodia	Sudan	Yemen
Cameroon	Swaziland	Zimbabwe
Central African Republic	Syria	
Chad	Tajikistan	
Comoros	Turkmenistan	
Congo	Uganda	
El Salvador	Venezuela	
Equatorial Guinea	Yemen	
Eritrea	Zimbabwe	
Gabon	Paraguay	
Guatemala	Republic of the Congo	
Guinea	Russia	
Guinea Bissau	Somalia	
Nigeria	South Sudan	
North Korea	Sudan	
Pakistan	Swaziland	