



ANTI-MONEY LAUNDERING COUNTER-TERRORIST FINANCING POLICY

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INTRO

To whom does this policy apply?

- This policy applies to Nichols plc and its subsidiaries ("**Nichols**" or the "**Company**");
- All individuals working for Nichols, including directors, officers, employees (including interns and seconded employees), and independent contractors ("**Nichols Personnel**");
- Nichols' business partners, may be required to comply with this policy under the terms of engagement between them and Nichols. "**Business Partner**" means any person (other than Nichols or Nichols Personnel) providing goods or performing services for or on behalf of Nichols and acting in such capacity, such as agents, suppliers, co-packing partners, licensee partners, consultants, advisers, distributors, resellers, vendors, joint venture partners, contractors and subcontractors.
- Where a Business Partner is required to comply with this policy, references to Nichols Personnel shall be amended to Business Partner as the context requires, and obligations and requirements on Nichols Personnel below shall apply equally to Business Partners where relevant.

What does this policy do?

- This policy demonstrates Nichols' zero-tolerance approach to money laundering and terrorist financing and its commitment to upholding all laws relevant to preventing money laundering and terrorist financing, including the UK Proceeds of Crime Act 2002 and UK Terrorism Act 2000.
- It provides Nichols Personnel with guidance on how to comply with anti-money laundering and counter-terrorist financing laws.
- It sets out standards of conduct for Nichols and Nichols Personnel to detect, prevent and respond to money laundering and terrorist financing risks.

What you must do

- Nichols Personnel must read, understand and comply with this Policy and conduct themselves accordingly.
- Nichols Personnel must report violations of this Policy to the Legal Director.
- Those with managerial responsibility for others must ensure that their team are familiar with and comply with this Policy.
- Nichols Personnel must tell the Legal Director immediately if they know or suspect (or should have known or suspected) that someone else is engaged in money laundering or terrorist financing.

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- If Nichols Personnel are unsure whether a particular act may constitute money laundering or terrorist financing, they should raise such queries with their line manager or the Legal Director.

Who is responsible for the policy?

- The Board of Directors has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.
- The Legal Director has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and managing the audit of internal control systems and procedures to ensure they are effective in countering money laundering and terrorist financing.
- Management at all levels are responsible for ensuring those reporting to them understand and comply with this policy and are given adequate and regular training on it.
- You are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Legal Director.
- Individuals and companies that violate anti-money laundering and counter-terrorist financing laws can face imprisonment, significant fines and penalties, and other legal consequences.

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POLICY STATEMENT – PROHIBITION ON MONEY LAUNDERING AND TERRORIST FINANCING

Nichols prohibits money laundering and terrorist financing in all forms. We take a zero-tolerance approach to money laundering and terrorist financing and 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 money laundering and terrorist financing.

All Nichols entities and Nichols Personnel must uphold all laws relevant to countering money laundering and terrorist financing in all the jurisdictions in which we operate. A failure to do so may place both our reputation and business success in serious jeopardy and may subject Nichols and any Nichols Personnel concerned to serious criminal and civil liabilities, including unlimited fines and imprisonment for individuals.

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We are bound by UK laws, including the Proceeds of Crime Act 2002, in respect of our conduct both at home and abroad.

WHAT IS MONEY LAUNDERING?

Money laundering is the process whereby criminals seek to hide the true origin and ownership of the proceeds of their crime in order to give the impression that these proceeds originated from a legitimate source. It also covers situations where a person simply spends the proceeds of their crimes.

Different laws exist in different jurisdictions, but by way of example, in the UK it is a criminal offence to conceal, disguise, convert or transfer criminal property (being a person's benefit from criminal conduct, or the "proceeds of crime") or remove it from the UK; to acquire, use or have possession of criminal property at an undervalue; or even to enter into an arrangement which you know or suspect will facilitate the acquisition, retention, use or possession of criminal property by or on behalf of another person.

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WHAT IS TERRORIST FINANCING?

Terrorists need money to achieve their aims in the purchase of weapons but also for training, travel and accommodation to plan and execute their attacks. The financing of terrorism is sometimes achieved through money laundering schemes and we therefore need to be aware of the risk and counter it where possible.

As with money laundering, different laws exist in the different countries we operate in, but by way of example, it is an offence in the UK to be involved in fundraising if you have knowledge or reasonable cause to suspect that the money or other property raised may be used for terrorist purposes; if you use or possess money or other property for terrorist purposes; become involved in an arrangement which makes money or other property available to another if you know, or have reasonable cause to suspect, it may be used for terrorist purposes; and if you enter into or become concerned in an arrangement facilitating the retention or control of money or other property likely to be used for the purposes of terrorism.

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YOUR RESPONSIBILITIES

The best protection against abuse by money launderers / terrorist financiers 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.

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Nichols should ensure that documents, data and information that it holds are kept up to date. This means that due diligence on continuing contracting parties should be refreshed regularly or otherwise whenever Nichols becomes aware of a significant change in a contracting party's circumstances or develops knowledge or suspicion that the contracting party may be engaged in money laundering or terrorist financing.

Business relationships held by Nichols should be subject to on-going monitoring on a risk-sensitive and appropriate basis. This includes:

- (a) 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 should be had to payments that are large and unusual or part of an unusual pattern; and
- (b) updating the documents, data and other information obtained for the purpose of identifying the contracting party.

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WHAT YOU MUST NOT DO

It is not acceptable for you (or someone on your behalf) to:

- a) engage in or be concerned with any form of money laundering or terrorist financing;
- b) fail to promptly report in accordance with this Policy any knowledge or suspicion of money laundering or terrorist financing;
- c) engage in any other activity that might lead to a breach of this Policy; or
- d) threaten or retaliate against another individual who has refused to commit a money laundering or terrorist financing offence or who has raised concerns under this Policy.

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POTENTIAL RISK SCENARIOS

If any person knows or suspects that someone else is engaged in money laundering or terrorist financing, they should report it in accordance with this Policy.

You might become suspicious that money laundering is taking place if you witness or hear of activity that seems odd or unusual to you, is overly complex with no apparent reason or does not fit with the normal course of business. The existence of a "red flag" leading to a suspicion that money laundering is taking place does not necessarily mean that money laundering is in fact taking place. It simply means that greater scrutiny is required

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and that a report should be made to the Legal Director so that they can take any further steps that may be required.

Red flags can include:

- a) a potential contracting party is reluctant to provide supporting evidence to allow you to verify the legal validity of the contracting entity, the identity of key personnel or the identity of the ultimate beneficial owner of the entity;
- b) a potential contracting party presents unusual, inconsistent or suspicious due diligence documentation;
- c) a contracting party or potential contracting party is reluctant to provide information in relation to the source of its funds or details of the manner in which any contribution from Nichols is to be used;
- d) a potential contracting party uses numerous entities when formulating an agreement with no good reason;
- e) a contracting party pays a large sum of money to Nichols and requests it back for no valid, understandable reason;
- f) there is a mismatch between the contracting party's country of establishment and the location of their method of payment such as their bank account;
- g) a contracting party uses one payment method to make a payment and requests that it be returned to a different account;
- h) a payment is made in one currency with a request that it be refunded in another currency.

Enhanced consideration to money laundering risks should be given when transacting with certain **higher risk countries**, including those identified by the Financial Action Task Force from time to time, including, for example, **Bahamas; Barbados; Botswana; Cameroon, Democratic People's Republic of Korea; Democratic Republic of the Congo; Ghana; Gibraltar; Iran; Jamaica; Mauritius; Mozambique; Myanmar; Nigeria; Panama; South Africa; Syria; Tanzania; Uganda; Vietnam; Yemen and Zimbabwe.**

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HOW TO RAISE A CONCERN

You must report any knowledge or suspicions you may have in relation to money laundering to the Legal Director immediately. If you form knowledge or a suspicion after a transaction has concluded, you must still report it to the Legal Director as soon as possible.

Once in receipt of a report, the Legal Director will consider it to determine whether it gives rise to knowledge or suspicion of money laundering. Following this assessment, the Legal Director 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

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dealing with the proceeds of crime from the authorities. Similar laws may exist in other countries.

You will be advised by the Legal Director of what you are allowed to do in the circumstances.

You must never tell a person that you have made a report to the Legal Director; that a report has been made to the authorities; or that an investigation is in contemplation or is underway.

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PROTECTION

Individuals who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim 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.

We are committed to ensuring no one suffers any detrimental treatment as a result of:

- a) refusing to take part in, be concerned in, money laundering or terrorist financing;
- b) refusing to aid, abet, counsel or procure a money laundering or terrorist financing offence; or
- c) reporting in good faith their suspicions of money laundering or terrorist financing.

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, you should inform your line manager immediately. If the matter is not remedied, and you are Nichols Personnel, you should raise it formally with the Legal Director.

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TRAINING AND COMMUNICATION

Training on this policy forms part of the induction process for all individuals who work for us, and regular training will be provided as necessary.

Our zero-tolerance approach to money laundering and terrorist financing must be communicated to all Business Partners at the outset of our business relationship with them and as appropriate thereafter.

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BREACHES OF THIS POLICY

Any Nichols Personnel who breaches this policy will face [disciplinary action](#), which could result in dismissal for misconduct or gross misconduct.

The consequences of being involved in money laundering or terrorist financing for Nichols can include criminal legal action; an unlimited fine; loss of resources or property; costs and disruption arising from external and/or internal investigations; exclusion from tender processes and damage to our reputation and standing with the public, partners and stakeholders.

Our employees may face criminal prosecution, including an unlimited fine and imprisonment of up to 14 years, or civil action, including proceedings for damages or recovery of funds. It is Nichols' policy to notify the police where it becomes aware of suspected engagement of an individual in criminal conduct, and to institute civil proceedings where appropriate.

We may terminate our relationship with Business Partners and organisations working on our behalf if they breach this policy or any anti-money laundering or counter-terrorist financing laws.

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ASKING QUESTIONS AND SEEKING GUIDANCE

If you have any questions in relation to this policy or require guidance on whether a proposed course of action may be in breach of it, contact the Legal Director.

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