



ANTI-FRAUD POLICY

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INTRO

To whom does this policy apply?

- Nichols plc and its subsidiaries ("**Nichols**").
- All individuals working for Nichols, including directors, officers, employees (including interns and seconded employees), and independent contractors ("**Nichols Personnel**").
- Nichols' business partners, meaning 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 ("**Business Partner**").
- Where a Business Partner is required to comply with this policy, references to Nichols shall be amended to Business Partner as the context requires, and obligations and requirements on Nichols Personnel below shall apply equally to Business Partners' personnel where relevant.

What does this policy do?

- This policy sets out Nichols' zero-tolerance stance in respect of all matters of fraud, supports the commitment of Nichols to conducting all of its business with integrity and in an honest and ethical manner, and demonstrates its commitment to upholding all laws relevant to countering fraud, including the Economic Crime and Corporate Transparency Act 2023, which creates a specific criminal offence of failing to prevent fraud.
- It provides Nichols Personnel with guidance on how to comply with anti-fraud laws.
- It sets out standards of conduct for Nichols and Nichols Personnel to detect, prevent and respond to fraud risks.

What you must do

- Nichols Personnel must read, understand and comply with this policy.
- Nichols Personnel must report known or suspected 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.

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- Nichols Personnel must tell the Legal Director immediately if they:
 - become aware that any person is seeking to use Nichols in order to commit fraud;
 - are asked to facilitate (or suspect they are being asked to take steps to facilitate) another person's fraud; and/or
 - suspect that another person is or may be engaged in fraud.
- If Nichols Personnel are unsure whether a particular act may constitute fraud or the facilitation of fraud, they should speak 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 is the owner of this policy and has primary and day-to-day responsibility for its implementation, 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 fraudulent acts and / or practices.
- 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.
- This policy will be reviewed by the Legal Team annually.

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POLICY STATEMENT – PROHIBITION OF FRAUD

Nichols prohibits all forms of fraud, including the acts of bribery, corruption and tax evasion. We take a zero-tolerance approach to fraud 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 fraud.

All Nichols Personnel are responsible for:

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- a) acting with propriety in the use of Nichols' resources and the handling and use of funds - whether they are involved with payments to suppliers or payment receipts from customers;
- b) conducting themselves with selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- c) being alert to the possibility that unusual events or transactions could be indicators of fraud;
- d) alerting their manager when they believe the opportunity for fraud exists e.g. because of poor procedures or lack of effective oversight;
- e) reporting details immediately if they suspect that a fraud has been committed or see any suspicious acts or events; and
- f) cooperating fully with whoever is conducting internal checks or reviews or fraud investigations.

Nichols will investigate vigorously all instances of suspected fraud, report all suspected frauds to the appropriate authorities (with the intention of pursuing criminal prosecution and/or civil litigation), assist the police and other law enforcement bodies in the investigation and prosecution of suspected fraudsters, and seek to recover from fraudsters any assets wrongfully obtained.

We are bound by UK laws, including the Fraud Act 2006, in respect of our conduct both at home and abroad.

All Nichols entities and Nichols Personnel must uphold all such laws relevant to countering fraud, not only in the UK, but in all the jurisdictions in which we operate. A failure to do so may place both our reputation and business success in jeopardy.

Under the Fraud Act 2006, individuals found guilty of relevant offences can be punished by up to ten years' imprisonment and/or a fine. As an employer, if Nichols fails to prevent fraud, we can face an unlimited fine, exclusion from tendering for public contracts, and damage to our reputation. **We therefore take our legal responsibilities very seriously.**

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WHAT IS FRAUD?

Fraud is the term used to describe the use of deception to deprive, disadvantage, or cause loss to another party. This can include activities such as theft, embezzlement, misuse of funds and false accounting. The Fraud Act 2006 defines three general classes of fraud as (i) fraud by false representation, (ii) fraud by failing to disclose information, and (iii) fraud by abuse of position. It can take various specific forms, including:

- a) Abuse of position. An **abuse of position** can include abusing, exploiting and / or misusing a position of trust within Nichols for personal gain, whether financial or otherwise.

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- b) Bribery. A **bribe** can be described as a financial or non-financial inducement or reward for an act or omission which is illegal, unethical, a breach of trust, or improper in any way. They are typically paid in return for favourable treatment or to gain business or a business advantage. Nichols' specific policy in respect of Bribery can be found in its [Anti-Corruption and Bribery Policy](#).
- c) Corruption. **Corruption** is the abuse of entrusted power or position for private gain. Nichols' specific policy in respect of Corruption can be found in its [Anti-Corruption and Bribery Policy](#).
- d) False accounting. An offence dating from the Theft Act 1968, **false accounting** entails the falsification or alteration of documents, or submission of false, inaccurate or deceptive records, for accounting purposes – in some cases, to make a company's performance appear stronger than it is.
- e) Misuse of equipment. **Misuse of Equipment** refers to the misuse of materials or equipment belonging to Nichols for personal, financial or material benefit.
- f) Tax Evasion. **Tax Evasion** is the offence of cheating the public revenue or fraudulently evading tax, and is a criminal offence in most jurisdictions. The offence requires an element of fraud, which means there must be a deliberate action, or omission with dishonest intent. Nichols' specific policy in respect of Tax Evasion can be found in its [Anti-Facilitation of Tax Evasion Policy](#).
- g) Theft. **Theft** includes the dishonest acquiring, removing or misusing of funds, assets or cash, including the same in respect of physical or intellectual property.

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WHAT YOU MUST NOT DO

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

- a) deploy the use of deception to deprive, disadvantage, or cause loss to Nichols or another party;
- b) exploit any position of trust within Nichols for personal gain;
- c) undertake the falsification or alteration of documents, or submission of false, inaccurate or deceptive records, for accounting purposes – whether for personal gain, for the intended benefit of Nichols, or for any other purpose;
- d) misuse materials or equipment belonging to Nichols for personal, financial or material benefit;
- e) engage in any activity of theft;
- f) fail to promptly report in accordance with this policy any suspicion or awareness that any person is seeking to use Nichols in order to commit fraud, and/or that another person is or may be engaged in fraud;
- g) fail to promptly report any request or demand to commit fraud by a third party;
- h) approach the person you suspect, or try to investigate the matter yourself – this may prejudice any formal investigation into the conduct complained of (and/or

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impact the gathering of evidence for any use in criminal or civil cases, which have special rules in this respect);

- i) discuss the matter with anyone other than your line manager or the Legal Director. There may be a perfectly reasonable explanation for the events that give rise to your suspicion. Spreading unsubstantiated concerns may harm innocent persons;
- j) threaten or retaliate against another individual who has refused to commit a fraud offence, or who has raised concerns under this policy; or
- k) engage in any other activity that might lead to a breach of this policy, or Nichols' [Anti-Corruption and Bribery](#) and/or [Anti-Facilitation of Tax Evasion](#) policies.

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RECORD-KEEPING (INCLUDING GIFTS AND HOSPITALITY)

We must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.

You must record all hospitality or gifts given or received (and seek the necessary pre-approvals) in accordance with the **Gifts and Hospitality** section of the [Anti-Corruption and Bribery Policy](#). You must also ensure all expenses claims relating to gifts, hospitality or expenses incurred in relation to third parties are submitted in accordance with our [expenses policy](#) and specifically record the reason for the expenditure.

All accounts, invoices, and other records relating to dealings with third parties including suppliers and customers should be prepared and maintained with strict accuracy and completeness. Accounts must not be kept "off-book" to facilitate or conceal improper payments.

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HOW TO RAISE A CONCERN

You are encouraged to raise concerns about any issue or suspicion of fraud at the earliest possible stage.

If you are approached about engaging in any fraudulent activity, or if you believe or suspect that any fraud or other breach of this policy has occurred or may occur, you must report it immediately to your line manager or the Legal Director. If you are unsure about whether a particular act constitutes fraud, discuss it with your line manager or Legal Director.

Alternatively, you may also report a concern by following the [Whistleblowing Policy](#).

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PROTECTION

Individuals who refuse to engage in a fraudulent activity, or 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 refusing to take part in a fraudulent activity, or because of reporting in good faith their suspicion that an actual or potential fraud offence has taken place (or may take place in the future). 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 the Legal Director immediately.

If the matter is not remedied, and you are an employee, you should raise it formally using our [Grievance Procedure](#).

As above, you are encouraged to raise concerns about any issue or suspicion of fraud at the earliest possible stage; whether through reporting it immediately to your line manager or the Legal Director, or by following the [Whistleblowing Policy](#). By contrast, the Grievance Procedure should be used where you believe you have suffered detrimental treatment as a result of raising such concern (or refusing to take part in a fraudulent activity).

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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 fraud must be communicated to all Business Partners at the outset of our business relationship with them, and at appropriate intervals thereafter.

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BREACHES OF THIS POLICY

Any Nichols Personnel who breach this policy will face disciplinary action in accordance with the [Disciplinary Policy](#), which could result in dismissal for misconduct or gross misconduct.

In addition, relevant enforcement agencies may hold such Nichols Personnel liable in their personal capacity for violating anti-fraud laws. In certain cases, individuals may face significant fines, penalties and/or imprisonment.

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We may terminate our relationship with any Business Partners or third parties working on our behalf, if they breach this policy or any anti-fraud tax laws.

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POTENTIAL RISK SCENARIOS: "RED FLAGS"

The following is a non-exhaustive list of possible red flags that may arise during the course of you working for us, and which may raise concerns under various anti-fraud laws. The list is not intended to be exhaustive and is for illustrative purposes only.

If you encounter any of these red flags while working for us, you must report them promptly:

Procurement fraud

- a) Nichols Personnel colluding with suppliers and ordering and paying for goods or services that are not required and / or have not been delivered, or are charged at an excessive rate.
- b) Nichols Personnel or third parties creating false invoices, receipts, purchase orders or supplier identities in order to obtain payment for goods and services that have not been supplied.
- c) Nichols Personnel awarding a contract, or preferential terms, to a supplier in return for payments, personal discounts, commission or other benefits; or awarding a contract to a relative or other connected party.

Fraudulently altering documents or records

- d) Nichols Personnel issuing false receipts to customers in order to keep the funds paid for personal use.
- e) Nichols Personnel or third parties altering vendor payment details to divert supplier payments to their own bank account.
- f) Nichols Personnel fraudulently altering accounting records.

Expenses fraud

- g) Nichols Personnel claiming expenses or allowances to which they are not entitled, including by falsifying receipts.
- h) Nichols Personnel using a Nichols company card for personal expenses.
- i) Nichols Personnel using Nichols assets, such as mobile phones, for their own personal use (beyond reasonable / fair such use).
- j) Nichols Personnel or contractors falsifying travel and subsistence or other expense claims.

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Fraud involving impersonation

- k) Nichols Personnel or third parties impersonating Nichols in order to extract fees for a service or products which Nichols has not provided.

Payroll fraud

- l) Nichols Personnel creating non-existent employees for directing payments.
- m) Nichols Personnel or temporary staff making false or inflated claims for overtime or flexible working.

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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, please contact the Legal Director.

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