

FRAUD RISK MANAGEMENT POLICY

This policy applies to all UK colleagues. This policy does not form part of your terms and conditions of employment and may be subject to change at the company's discretion.

1. Introduction

- 1.1 MPM Products Limited and associated group companies ("MPM", "we", "our", "the Company") is committed to the highest standards of ethical conduct and integrity in its business activities in the UK and overseas. MPM takes a zero-tolerance approach to fraud.
- 1.2 MPM will not tolerate any form of fraud from its employees, agents, contractors or any person or body acting on its behalf. Senior management is committed to implementing effective measures to eliminate all forms of fraud.
- 1.3 Involvement in fraud exposes MPM (its senior management) and individual employees/associated persons to the risk of criminal convictions, which carry significant penalties. It also damages our reputation and the confidence of our customers, suppliers and business partners.
- 1.4 All of us at MPM have a responsibility to ensure our business remains untainted in any way by fraud. This policy (Policy) is a crucial element of that effort. It has the full support of the Board.
- 1.5 This Policy applies to (and is mandatory for) all employees and officers of MPM, and to temporary workers, consultants, contractors, agents and subsidiaries acting for, or on behalf of, MPM ("associated persons") within the UK and overseas. Every employee and associated person acting for, or on behalf of, MPM is responsible for maintaining the highest standards of business conduct.
- 1.6 Any breach of this Policy is likely to constitute a serious disciplinary, contractual and criminal matter for the individual concerned and may cause serious damage to our reputation and standing.
- 1.7 Our procedures in relation to combatting fraud extend to the following:
 - 1.7.1 Senior management commitment (see Introduction section above).
 - 1.7.2 Assessing fraud risks (see Risk Assessment section below).
 - 1.7.3 Providing relevant training (see Training and Awareness section below).
 - 1.7.4 Fostering an open culture in which staff are encouraged to speak up early if they have any concerns, no matter how minor.
 - 1.7.5 Adequate supervision, management and monitoring (See Counter Fraud Procedures and Training and Awareness sections below); and
 - 1.7.6 Only working with those who work in line with our values and taking proportionate action where there is evidence of non-compliance.

- 1.8 This Policy covers:
- 1.8.1 The legal framework under The Economic Crime and Corporate Transparency Act 2023 (“ECCTA”).
 - 1.8.2 The risks and proportionate control measures implemented by MPM.
 - 1.8.3 Training.
 - 1.8.4 Reporting concerns.
 - 1.8.5 Incident response; and
 - 1.8.6 The consequences of any breaches of this Policy.
- 1.9 This Policy and procedures do not operate in isolation; they form part of and should be read and followed alongside our other financial crime prevention measures, including our:
- 1.9.1 Anti-Bribery Policy.
 - 1.9.2 Tax Evasion Policy.
 - 1.9.3 Whistleblowing Policy.
 - 1.9.4 Conflicts of Interest Policy.
 - 1.9.5 Code of Conduct.
 - 1.9.6 Human Rights Policy; and
 - 1.9.7 Sanctions Policy.
- 1.10 Please read this policy thoroughly to ensure you understand what is expected of you. If you have any questions about this Policy, or our procedures, please contact the Compliance team.

2. ECCTA AND THE NATURE OF THE FRAUD OFFENCE

- 2.1. MPM Products Limited and associated group companies (“MPM”, “we”, “our”, “the Company”) is committed to the highest standards of ethical conduct and integrity in its business activities in the UK and overseas. MPM takes a zero-tolerance approach to fraud.
- 2.2. ECCTA introduced a corporate failure to prevent fraud offence, which captures a wide range of fraud offences committed for the (direct or indirect) benefit of MPM, including:
- 2.2.1. fraud by false representation.
 - 2.2.2. fraud by failing to disclose information.
 - 2.2.3. fraud by abuse of position.
 - 2.2.4. obtaining services dishonestly.

2.2.5. participation in a fraudulent business.

2.2.6. fraudulent trading.

2.2.7. false accounting.

2.2.8. false statements by company directors; and

2.2.9. cheating the public revenue.

2.3. The only substantive defence available to the corporate offence of failure to prevent fraud is that MPM had reasonable prevention procedures in place. We have considered the legal position and published Government Guidance on prevention procedures and have incorporated these measures into our systems.

2.4. The Company may face significant fines in the event it is convicted of the offence of failing to prevent fraud. Directors and officers of the Company may also be liable to prosecution and individual criminal liability. Individuals found to have committed a fraud offence face prosecution and significant personal criminal penalties. Individual penalties can include imprisonment.

3. RISK ASSESSMENT

3.1. We have conducted an assessment of the nature and extent of MPM's exposure to the risk of employees, agents and other associated persons committing fraud. We consider that the general risk of fraud within MPM is moderate/low however there are areas of greater potential risk within the business.

3.2. While it is not possible to anticipate all potential fraud risks, we have identified some our principal higher risks below:

3.2.1. Procurement and supply chain fraud

- a) 'Kickbacks or collusion between with suppliers.
- b) Falsified invoices or overbilling.
- c) Substitution of defective/poorer quality ingredients.

3.2.2. Payroll and HR fraud

- a) Falsified timesheets.
- b) Misrepresentation as to tax position.
- c) Undeclared wages.

3.2.3. Sales and customer fraud

- a) Misrepresentation as to goods/services.
- b) Misrepresented sales to manipulate revenue.
- c) Employee collusion with customers/third parties for discounts or refunds.

3.2.4. Financial information and corporate activity

- a) Manipulation of financial statements.
- b) Concealment of liabilities or overstatement of assets.
- c) Falsification of supporting documentation including invoices.
- d) Misrepresentation / non-disclosure in the context of corporate activity (e.g. mergers, acquisitions, disposals, re-organisations, etc).

3.3. Our procedures take account of the level of control and supervision we are able to exercise over our operations, particularly in relation to people acting on our behalf, including, for example, staff and contractors.

3.4. Our risk assessment is dynamic and kept under regular review.

4. Counter Fraud Procedures

4.1. Our people

4.1.1. The definition of 'associated person' under ECCTA 2023 is wide. We have identified types of associated persons relevant to MPM as follows:

- a) All employees (including officers, directors and consultants).
- b) Contractors; and
- c) Agents.

4.1.2. Our risk assessment recognises that different associated persons may present different fraud risks. We recognise that different departments/roles can present greater fraud risk, e.g. finance, procurement, and sales and marketing, and provide dedicated resources and training for these departments/roles where appropriate. We set those out below.

4.1.3. We undertake pre-employment vetting checks plus ongoing vetting checks for roles we consider presenting a higher risk of fraud where appropriate.

4.1.4. All appropriate staff receive fraud risk management training, compliance with which is vigorously evaluated and monitored. All agents and staff are obliged to follow our mandatory rules (see 4.3).

4.1.5. We have supervision processes for staff and anyone acting on our behalf.

4.1.6. New external associated persons are subject to pre-contract due diligence.

4.1.7. Existing associated persons are subject to strict anti-fraud contractual terms, which are subject to review, and appropriate supervision and oversight.

4.1.8. We keep our reward and recognition systems, including commissions, bonuses, financial targets, etc, under regular review.

4.2. Due diligence

4.2.1. We apply due diligence measures, taking a risk-based approach, in respect of people who perform services for us or on our behalf and other companies with whom we work.

4.2.2. We apply a higher level of due diligence to associated persons working in high-risk areas.

4.2.3. Our procedures include:

- a) using screening tools and internet searches.
- b) reviewing contracts with those providing services, including particularly in relation to compliance obligations and ability to terminate.
- c) contracting with clear anti-fraud and anti-bribery provisions.
- d) collecting and maintaining information on potential conflicts of interest.

4.3. Mandatory rules

4.3.1. Those working on behalf of MPM must:

- a) Adhere to MPM's policies and procedures including (but not limited to) its:
 - i. Fraud Risk Management Policy.
 - ii. Anti-Bribery Policy.
 - iii. Tax Evasion Policy.
 - iv. Conflict of Interest Policy.
 - v. Code of Conduct.
 - vi. Human Rights Policy; and
 - vii. Sanctions Policy.
- b) Work in line with all MPM and industry training and guidance/guidelines.
- c) Work with honesty, integrity, and transparency.
- d) Never offer or accept incentives or inducements (e.g. bribes).
- e) Make false representations about MPM's position/credentials or products/services.
- f) Disclose material information to customers, third parties where this is necessary to a transactional decision.
- g) Not use sensitive/private information to your/the Company's benefit.
- h) Maintain accurate records; never inflate/change/modify records.
- i) Stay aware of potentially fraudulent suppliers and customers.
- j) Be vigilant and aware; stay alert to signs of fraudulent activity, such as unusual transactions, missing inventory and irregularities in sales and financial records.
- k) Report suspicious behaviour to your line manager.
- l) Protect sensitive and confidential information including payment information, customer details and proprietary business information.
- m) Not ignore suspicious activity; do not overlook or dismiss signs of potential fraud, even if it involves a colleague or supervisor.
- n) Not falsify information or records.

- o) Never alter, destroy or remove business records and never share them with unauthorised individuals.

4.4. Sales

4.4.1. We keep our reward and recognition systems for our sales teams under regular review. This includes commissions, bonuses, targets, etc.

4.4.2. We provide regular training and support for our sales teams.

4.5. Procurement

4.5.1. We manage fraud risks throughout the procurement process, i.e. pre-tender, tender, contract management, during project delivery and project extension.

4.5.2. Contracts include appropriate terms for associated persons. These are reviewed regularly.

4.6. Contractors

4.6.1. We have a specific Code of Conduct for third parties working on MPM's behalf.

4.7. Finance

4.7.1. We use best practice with regard to financial reporting. All those operating within the finance team have appropriate qualifications and training.

4.7.2. If you have any questions relating to our financial operations, please contact the Finance team.

4.8. Sensitive or commercial data

4.8.1. Our procedures for limiting access to sensitive and/or commercial data and identifying potentially unauthorised access are set out in our IT Policies.

4.8.2. We do not permit external people to have access to our IT or security systems.

4.8.3. These procedures are subject to regular monitoring and review.

4.8.4. If you have any questions relating to data security, please contact our IT team.

4.9. Emerging risks

4.9.1. We assess emerging risks systematically, by paying particular attention to emerging technologies and changes in regulation.

4.9.2. We assess potential fraud risk and consider possible countermeasures whenever we introduce new products, services or arrangements with associated persons.

4.9.3. If you have any questions relating to emerging risks, please contact our Compliance team.

4.10. Emergency situations

- 4.10.1. We recognise that fraud risks may increase during emergency situations, e.g. during pandemics. We have Business Continuity procedures in place.
- 4.10.2. Our routine fraud detection and prevention measures strengthen our operational readiness for such situations, however, should such a situation occur, MPM will, as appropriate:
 - a) collaborate with other organisations in our sector to achieve a coordinated response; and
 - b) apply additional resources (financial and staff) to fraud risk management.
- 4.10.3. We will take these measures as quickly as reasonably possible following the crisis situation and we will document this process.
- 4.10.4. Once business as normal has resumed, we will review the effectiveness of the fraud prevention measures during the emergency period.
- 4.10.5. If you have any questions relating to emergency situations, please contact our Compliance team.

5. Reporting Concerns

- 5.1. It is essential that you promptly raise any concerns in relation to possible fraudulent activity, of whatever nature.
- 5.2. The correct reporting mechanism will depend on the nature of the suspected activity, e.g.:
 - 5.2.1. where you are concerned that a member of staff or agent is committing or has committed fraud, a whistleblowing report may be appropriate. Our whistleblowing arrangements are usually the best way to report concerns of fraudulent behaviour.
 - 5.2.2. where you have concerns relating to fraudulent activity that may also involve an element of money laundering, terrorist financing, or proliferation financing, submitting a suspicious activity report (SAR) may be the only way to ensure protection under the Proceeds of Crime Act 2002. You can find guidance and details of our suspicious activity reporting mechanism from our Compliance team.
 - 5.2.3. where you are concerned that MPM has been the victim of fraud, please raise this with your immediate manager in the first instance.
- 5.3. You must make your report as soon as reasonably practicable. You may be required to explain any delays.
- 5.4. Our training and awareness programme includes information on our procedures for reporting concerns, including our Whistleblowing Policy and Grievance Policy.
- 5.5. MPM will investigate and respond to all internal concerns appropriately and in a timely manner. We will provide feedback to reporters, as appropriate.

5.6. MPM will always seek to learn from any issues raised by reporters, and, where appropriate, use these learnings to improve our fraud risk management measures.

6. Training and Awareness

- 6.1. All staff will receive regular training on this and related policies. New joiners will receive training as part of the induction process. Further training will be provided every 2 years.
- 6.2. We provide information to our third-party associates about our fraud risk management measures. These persons must sign up to a Code of Conduct.
- 6.3. Our training and awareness programme includes information on our procedures for reporting concerns, including our whistleblowing arrangements.

7. Incident Response

- 7.1. We will investigate all internal concerns raised appropriately and in a timely manner.
- 7.2. Where a fraud incident is confirmed, the specific actions we take will depend on the nature of the fraud, but generally we may:
 - 7.2.1. consider whether to take any legal action, e.g. obtain an injunction.
 - 7.2.2. make necessary and appropriate notifications, e.g. to our bank, insurers, customers, etc.
 - 7.2.3. seek external expert advice.
 - 7.2.4. consider whether it is necessary and appropriate to self-report to prosecution authorities.
- 7.3. We will feed any fraud events into subsequent risk assessment activities.

8. Monitoring And Review

- 8.1. The nature of fraud risks faced by our organisation changes and evolves over time, e.g. as a result of external developments, changes in our activities, etc.
- 8.2. The Chief Finance Officer will report regularly to the Board on compliance with this policy. This policy was last reviewed and/or updated in December 2025.

9. Consequences Of Breach

- 9.1. Because of the importance of this policy, failure to comply with any requirement of it may lead to disciplinary action under our procedures, and this action may result in dismissal for gross misconduct.
- 9.2. Any non-employee who breaches this policy is liable to have their contract terminated with immediate effect. MPM will not tolerate fraud.

9.3. The consequences of committing fraud cannot be overstated:

9.3.1. individuals can be sentenced to long prison sentences for committing fraud.

9.3.2. MPM can be prosecuted under ECCTA for failing to prevent fraud.

9.3.3. MPM could be liable to pay significant financial penalties.

9.3.4. reputational damage.

9.3.5. losses for customers and suppliers.