Nichino Europe Co. Ltd
Prevention of Fraud Policy 2026

Policy owner	General Counsel and Company Secretary
Approved by	Board of Nichino Europe Co. Ltd
Effective date	30 September 2026
Review cycle	At least annually and following any material legal, regulatory or business change
Related documents	Current Employee Handbook; Hospitality and Gifts Policy; Whistleblowing Policy; expenses, procurement, conflicts of interest and disciplinary procedures

Prevention of Fraud Policy

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Status: Non-contractual policy, to be read with the current NEU Employee Handbook

1. Purpose and Policy Statement

NEU is committed to conducting business honestly, transparently and lawfully. The Company has zero tolerance for fraud, attempted fraud, deliberate misrepresentation, concealment or the dishonest abuse of position. NEU will maintain reasonable and proportionate procedures designed to prevent fraud by employees and other persons associated with it, to detect suspected fraud promptly and to respond effectively.

This policy supports the Standards, Anti-Bribery, Anti-facilitation of Tax Evasion, Expenses and Company Credit Cards, Data Protection, IT and Communications, Fixed Assets, Public Interest Disclosure (Whistleblowing), Disciplinary Rules and Disciplinary Procedure provisions in the September 2026 NEU Employee Handbook. Where local law or an applicable group policy imposes a higher standard, that standard applies.

2. Scope and Definitions

This policy applies to all NEU directors, officers, employees, workers, agency workers, secondees, interns and volunteers and, where relevant, to subsidiaries and any person or organisation performing services for or on behalf of NEU, including agents, distributors, contractors, consultants, advisers, intermediaries, customs representatives, logistics providers, suppliers and joint-venture partners ("Associated Persons"). It applies to conduct in the UK and in every jurisdiction in which NEU operates.

Fraud means intentional dishonesty intended to secure a gain, cause a loss or expose another person to a risk of loss. It includes fraud by false representation, failure to disclose information when under a legal duty to do so, abuse of position, false accounting, fraudulent trading, cheating the public revenue, bribery and relevant offences under company, financial-services and common law.
Associated Person has the meaning applicable under relevant law and includes an employee, agent, subsidiary undertaking or other person performing services for or on behalf of NEU.

3. Legal Framework

3.1 United Kingdom

Section 199 of the Economic Crime and Corporate Transparency Act 2023 creates a corporate offence where an Associated Person commits a specified fraud offence intending to benefit, directly or indirectly, a large organisation or, in certain circumstances, a client to whom services are provided, unless the organisation proves that it had reasonable fraud-prevention procedures in place or that it

was not reasonable to expect such procedures. The offence applies across the UK and has been in force since 1 September 2025. It is not necessary to prove that directors or senior managers knew of the fraud. The statutory thresholds for a large organisation are met where two or more of the following apply in the preceding financial year: turnover above £36 million, balance-sheet total above £18 million, or more than 250 employees; group rules may also apply.
NEU applies the Home Office's six principles as good practice whether or not the statutory size threshold is met: top-level commitment; risk assessment; proportionate risk-based prevention procedures; due diligence; communication, including training; and monitoring and review. This policy operates alongside the Fraud Act 2006, Theft Act 1968, Companies Act 2006, Bribery Act 2010, Criminal Finances Act 2017, applicable money-laundering legislation and the widened corporate identification rules for economic crime.

3.2 European Union

The EU does not have a single general corporate failure-to-prevent-fraud offence equivalent to the UK regime. NEU must comply with the criminal, company, accounting, procurement, competition, tax, product, data-protection and anti-money-laundering laws of each relevant Member State. Directive (EU) 2017/1371, as amended, establishes minimum criminal-law rules for fraud and other offences affecting the Union's financial interests, including serious cross-border VAT fraud and liability of legal persons. Directive (EU) 2019/1937 and national implementing laws protect persons who report specified breaches of EU law. Local implementing requirements prevail where they are stricter or more protective.

4. Prohibited Conduct and Responsibilities

No person covered by this policy may commit, attempt, assist, encourage, conceal or knowingly benefit from fraud. In particular, no person may:

- make or approve a false, misleading, incomplete or backdated statement, record, invoice, expense, order, contract, certificate, regulatory submission, customs declaration, payroll entry or accounting entry;
- conceal material information, conflicts of interest, errors, side agreements, rebates, commissions or unauthorised arrangements;
- misappropriate cash, stock, intellectual property, confidential information, company assets or customer, supplier or employee data;
- manipulate sales, pricing, rebates, discounts, forecasts, revenue recognition, costs, inventories, product claims, tenders, research results or performance information;
- create fictitious suppliers, customers, employees, transactions or bank details, split transactions to avoid controls, or make or request off-book payments;
- circumvent delegated authorities, segregation of duties, procurement rules, due diligence, sanctions screening, payment verification or other controls;
- alter, destroy or conceal records relevant to an actual or suspected fraud; or
- retaliate against a person who raises or assists with a genuine concern.

Everyone must act within their authority, maintain accurate records, protect Company assets and credentials, complete required training, cooperate with checks and investigations, and report suspicions promptly. Managers must model compliant conduct, ensure controls are applied and escalate concerns without conducting an unauthorised investigation.

5. Fraud Prevention Framework

- **Top-level commitment:** The Board and senior management will promote a culture in which fraud is never acceptable and commercial targets do not override lawful conduct.

- **Risk assessment:** NEU will periodically document internal and external fraud risks by business process, jurisdiction, product, transaction, system and Associated Person, including incentives, opportunities and control weaknesses.
- **Proportionate controls:** Controls will include delegated authorities, segregation of duties, reconciliations, budget and variance review, secure system access, change controls, inventory and asset checks, supporting-document requirements and independent approval of exceptions.
- **Due diligence:** Risk-based checks will be conducted before appointment and periodically thereafter, including identity, ownership, competence, reputation, conflicts, sanctions, tax and bank details, the commercial rationale and payment arrangements.
- **Contracting and payments:** Services, deliverables, prices, commissions and payment terms must be documented. Bank-detail changes and unusual or third-party payments must be independently verified. Payments must match an approved contract, purchase order or other documented basis.
- **Communication and training:** This policy will be communicated to relevant personnel and Associated Persons. Enhanced training will be provided to higher-risk functions, including Finance, Legal, Procurement, Sales, HR, Regulatory, IT and Logistics.
- **Monitoring and review:** NEU will test controls, analyse incidents and near misses, track remedial actions and update risk assessments and procedures where risks or circumstances change.

6. Fraud Warning Signs

- Pressure to act urgently, bypass approval, avoid written records or keep an arrangement secret.
- Unexpected changes to bank details, payment to a personal, unrelated or offshore account, cash requests, duplicate payments or unexplained refunds.
- Invoices, expenses or supporting documents that are altered, vague, duplicated, inconsistent or unsupported.
- Unusual commissions, rebates, credits, discounts, gifts, hospitality, consultancy fees or charitable payments.
- Transactions with no clear commercial purpose, unnecessary intermediaries, unexplained ownership structures or counterparties unwilling to provide due-diligence information.
- Unexplained stock, asset, payroll, customer, supplier, sales, regulatory or accounting discrepancies.
- System access inconsistent with a person's role, shared credentials, unusual downloads, altered master data or attempts to disable controls.
- Behaviour designed to prevent review, discourage questions or conceal errors, conflicts or side arrangements.

7. Reporting Concerns

If you know or reasonably suspect that fraud has occurred, is occurring or may occur, do not proceed with the relevant transaction, confront the suspected person, alert them to the concern or investigate the matter yourself. Preserve relevant records and promptly report the facts to your Line Manager, the Director of Finance or the General Counsel and Company Secretary. If those routes are inappropriate, or confidentiality is required, use the Public Interest Disclosure (Whistleblowing) procedure in the NEU Employee Handbook and the Company's current Whistleblowing Policy.

A person does not need proof before reporting a genuine concern. NEU prohibits retaliation, threats, victimisation or disadvantage against anyone who raises or assists with a concern on reasonable grounds. Reports will be handled confidentially so far as reasonably possible and in accordance with applicable UK and EU whistleblower-protection, employment and data-protection law.

8. Investigation and Response

NEU will assess reports promptly and appoint an impartial person or team with appropriate competence and no material conflict of interest. The response may include securing evidence and systems, suspending a transaction or access, obtaining legal or forensic advice, interviewing relevant persons, quantifying loss, correcting records and controls, recovering assets and notifying insurers, auditors, banks, regulators, law-enforcement agencies or other competent authorities where appropriate or legally required. Investigations will respect confidentiality, legal privilege, data-protection requirements and applicable employment rights. No person may obstruct an investigation or destroy, alter or conceal relevant material.

9. Breaches and Consequences

Fraud or a breach of this policy by an employee may constitute misconduct or gross misconduct and may result in action under the Disciplinary Rules and Disciplinary Procedure in the NEU Employee Handbook, up to and including dismissal. NEU may suspend, remediate or terminate its relationship with an Associated Person, seek recovery of losses and refer suspected criminal conduct to the relevant authorities. A report that is mistaken or unsubstantiated will not attract sanction where made honestly and on reasonable grounds; knowingly making a false or malicious allegation may itself be addressed under the appropriate disciplinary or contractual process.

10. Records, Assurance and Review

NEU will retain appropriate records of fraud-risk assessments, due diligence, approvals, controls, training, reports, investigations, decisions, losses and remedial action in accordance with its data-protection and records-retention requirements. The General Counsel and Company Secretary, working with the Director of Finance and relevant control owners, will review this policy and the effectiveness of the fraud-prevention framework at least annually and report material issues to the Board.

11. Related Documents and Legal Sources

- NEU Employee Handbook, September 2026: Standards; Anti-Bribery; Anti-facilitation of Tax Evasion; Expenses and Company Credit Cards; Data Protection; IT and Communications; Fixed Assets; Public Interest Disclosure (Whistleblowing); Disciplinary Rules; and Disciplinary Procedure.
- Economic Crime and Corporate Transparency Act 2023, Part 5 and Schedule 13, and Home Office guidance on the failure-to-prevent-fraud offence.
- Fraud Act 2006; Theft Act 1968; Companies Act 2006; Bribery Act 2010; Criminal Finances Act 2017; and other applicable UK criminal and regulatory law.
- Directive (EU) 2017/1371 on fraud affecting the Union’s financial interests, as amended, and applicable national implementing legislation.
- Directive (EU) 2019/1937 on protection of persons who report breaches of Union law and applicable national implementing legislation.