

ANTI-FRAUD POLICY

IMSP080B

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1. PURPOSE

Fraud is a crime. It can have a serious impact on those engaged in it, those who facilitate it, and those who are victims of it. The purpose of this policy is to:

1. set out the responsibilities of Mears and its personnel, in upholding our commitment against fraud; and
2. provide information and guidance on how to recognise and deal with fraud threats.

2. SCOPE

This policy applies to Mears' directors, officers, consultants, contractors, employees ("Mears personnel") and any other person or organisation providing services for or on behalf of Mears.

3. DEFINITIONS

"Mears" means Mears Group PLC and its subsidiary companies.

The terms "consultants" and "contractors" mean individuals who are specifically engaged to perform services within Mears on a temporary basis who do not have the status of "employee".

A "third party" means: (i) any individual who is not Mears personnel, and (ii) any organisation other than Mears.

4. RESPONSIBILITIES

The Audit Committee has overall responsibility for managing fraud risk.

The Compliance & Risk Team has responsibility for: (i) ensuring this policy complies with our legal and ethical obligations and (ii) providing advice and assistance on the application of the policy.

All Mears personnel have responsibility for implementing this policy and all directors and managers have responsibility for ensuring their staff comply with its requirements.

5. POLICY

A – What is fraud?

Fraud is illegal across the UK, although it is defined slightly differently in Scotland from England, Wales, and Northern Ireland. Dishonesty for gain is a core part of fraud.

For the purposes of this policy any false pretence causing a practical result, amounts to fraud. Fraud can be committed in variety of ways including by: (i) making express or implied false representations, (ii) failing to disclose information when under a legal duty to do so, and (iii) abusing a position of trust.

B – Culture and top-level commitment

Mears' Board is committed to preventing fraud. It recognises that a policy alone cannot protect against fraud. Mears adopts a zero-tolerance approach to fraud both internally and across our supply chain.

Mears is committed to maintaining and further developing a culture which does not tolerate, and is not complacent about the risks, of fraud. Mears is committed to maintaining reasonable procedures to prevent fraud being committed by its personnel or other persons providing services for or on our behalf.

Mears is committed to developing this culture including through training, education, and awareness initiatives.

Mears is aware of the corporate failure to prevent fraud offence created by section 199 of the Economic Crime and Corporate Transparency Act 2023. The UK government has published guidance on the failure to prevent fraud offence and the reasonable prevention procedures it expects organisations to implement. We have taken account of the guidance when preparing this policy and our related fraud prevention procedures.

C – What forms can fraud take?

Fraud can take various forms. Key types of fraud include:

1. **Identity fraud** – where a fraudster steals the identity of a legitimate business and uses it to obtain goods, money, or services.
2. **Internal fraud** – for example, false or inflated expenses claims submitted by personnel, or use of confidential information for personal gain.

3. **Invoice fraud** – for example, submission of false or inflated invoices by suppliers, or the impersonation by a fraudster of a genuine supplier and submission of false invoice in their name.
4. **Computer fraud** – for example, the use of IT equipment to dishonestly manipulate systems, programs, or data, for example by destroying, changing or substituting records.

This kind of conduct creates potential criminal liability for the person(s) or organisation(s) engaged in it. In addition, where that person or organisation is providing services for or on Mears' behalf and where they intend, by their fraudulent conduct, to benefit Mears or its customers, Mears may also be criminally liable.

D – Fraud red flags

Some key "red flags" for fraud are:

1. Inappropriate relationships with suppliers, customers or other third parties;
2. Insistence by external suppliers, contractors or other on dealing with a particular person;
3. Discrepancies in information (such as signatures or dates) and lack of essential information;
4. Requests for non-standard types of payment;
5. Evidence of excessive spending by personnel;
6. Abnormal expenses or overtime claims;
7. Undue possessiveness of records or incoming mail;
8. Anomalies in record keeping;
9. Pressure to circumvent or override standard control procedures.

Fraud may also relate to bribery and corruption. For more information on our approach to bribery, please see the Anti-Bribery and Corruption Policy.

E – Duties of Mears personnel

Mears personnel must not commit, or be concerned, in fraud.

Mears personnel must be alert to fraud red flags in all aspects of their work.

Where Mears personnel identify a red flag (both in relation to other Mears personnel or third parties providing services for us or on our behalf), they must notify their line manager or the Compliance & Risk team immediately, or make a notification under our Whistleblowing policy. Reports of fraud concerns will be investigated and appropriate action taken.

F – Risk Assessment and monitoring

The Audit Committee monitors Mears' risk of fraud, annually via its independent external audit, and periodically, via its independent internal audit processes.

Before undertaking new activities or operations, Mears assesses risk of exposure to fraud and implements such controls to mitigate that risk as are appropriate.

Mears understands that the nature of the fraud risks will change and evolve over time. Mears will monitor the effectiveness of its fraud prevention procedures, including its fraud risk control measures, via periodic audits and reviews.

Failure to comply with this policy will result in formal action. For staff, the formal action will be disciplinary action, potentially resulting in dismissal. Any non-employee who breaches this policy is liable to have their contract with Mears terminated with immediate effect. We may also report them to the criminal authorities where warranted.

G – Training and communication

All Mears personnel receive training on this policy during the induction process.

Training is provided to other personnel at appropriate intervals. Enhanced training is provided to those colleagues most likely to be exposed to fraud risks.

Mears's zero-tolerance approach to fraud is communicated to suppliers and other third parties with whom we do business at the establishment of the business relationship. We expect such third parties to have reasonable procedures in place to prevent fraud. Mears conducts due diligence on all third parties prior to entering a business relationship. In addition, Mears reviews the conduct of the third parties with which it does business via continuous audit and monitoring.

H – Duty to make a notification

If you consider: (i) you, (ii) other Mears personnel, or (iii) a Mears subcontractor or supplier may have breached the law, this policy, or any applicable Mears policy, procedure, or guidance, you must report this as soon as possible to the Compliance & Risk Team or in accordance with the Whistleblowing Policy at whistleblowing@mearsgroup.co.uk

Personnel who make a notification about a third party in good faith will not be subjected to detrimental treatment by Mears for doing so.

Mears will not tolerate any attempt to retaliate against anyone who has made a notification in good faith.

Further information in relation to Mears' management of good faith notifications can be found in the Whistleblowing policy.

6. OTHER RELATED POLICIES & PROCEDURES

1. Anti-Bribery and Corruption policy
2. Whistleblowing policy