

ANTI-FRAUD POLICY

Contents Pages

1. Purpose	3
2. What is fraud?	3
3. Failure to prevent fraud offence.....	3
4. Scope.....	4
5. What is Dialight doing to prevent fraud?	4
6. What you should be doing and how to report fraud	6
7. Breach of this Policy	6

1. Purpose

Prevention of fraud is essential to ensure compliance with applicable law and uphold ethical standards. As a qualifying 'large organisation', the new failure to prevent fraud offence under Economic Crime & Corporate Transparency Act 2023 (ECCTA) applies to the Dialight group. However, prevention of fraud is not just a legal obligation; it is central to how we do business. We expect all our employees, contractors, agents, and business partners to uphold these values and to play their part in protecting the organisation and its stakeholders from fraud.

The Board of directors in parallel with the Audit Committee takes an active role in overseeing our anti-fraud framework and will continue to monitor and review our internal controls, policy, training and culture to ensure we meet the standards expected under the ECCTA. This Policy shall be reviewed annually to ensure it is 'fit for purpose'.

This policy sets out the key responsibilities of Dialight and those acting on its behalf (described under section 4 'Scope' below) in observing and upholding its position as it relates to the prevention of fraud.

2. What is fraud?

Fraud is broadly defined as any dishonest act or omission that is made with the intent of making a gain or causing a loss (or the risk of a loss). Under the UK's Fraud Act 2006 there are three specific offences:

- fraud by false representation (section 2 Fraud Act 2006);
- fraud by failing to disclose information (section 3 Fraud Act 2006); and
- fraud by abuse of position (section 4 Fraud Act 2006).

The ECCTA strengthens the Fraud Act 2006 by creating a new "failure to prevent fraud" corporate offence, making large organisations liable if an employee commits a "base fraud" (such as those under the 2006 Act) to benefit the company. ECCTA acts as a corporate-level enforcement mechanism for individual frauds defined in the 2006 Act.

Under the ECCTA, the following six offences included:

- Participation in a fraudulent business (section 9, Fraud Act 2006)
- Obtaining services dishonestly (section 11 Fraud Act 2006)
- Cheating the public revenue (common law)
- False accounting (section 17 Theft Act 1968)
- False statements by company directors (section 19 Theft Act 1968)
- Fraudulent trading (section 993 Companies Act 2006)

Consequently, in total, there are nine fraud offences covered by the failure to prevent fraud offence.

3. Failure to prevent fraud offence

ECCTA includes an offence of failure to prevent fraud by persons associated with a business. Accordingly, Dialight could now potentially face an unlimited fine where:

- an associate of Dialight commits a specified fraud offence; and
- the fraud is intended to benefit Dialight, directly or indirectly, or a person to whom services are provided on behalf of the organisation.

The failure to prevent fraud offence is a strict liability offence where the organisation will be liable. A statutory defence is available if the Dialight has in place reasonable procedures to prevent fraud.

Individuals involved may also be personally liable and may be prosecuted for their role in any offence. These examples include both statutory fraud-related offences and the common-law offences.

4. Scope

This policy applies to all Dialight personnel, globally, and 'associated persons', including (but not necessarily limited to):

- Dialight officers, employees and workers (whether casual, temporary, fixed-term, permanent or on open-ended contracts), agency workers, seconded workers, volunteers or interns; and
- Associated persons, including:
- Dialight affiliate/subsidiary companies and joint venture entities where a Dialight group company wholly owns or controls the entity. This covers the joint venture partners and, where applicable, those companies conducting services on behalf of the joint venture
- Distributors, resellers, sales representatives, agents, contractors, associates, consultants, third-party representatives, business partners and suppliers.

Dialight expects third parties acting for it or providing services to our business not to commit fraud and will take appropriate measures and action should it discover that third parties are engaging in fraud. Third parties are advised, therefore, to make themselves fully aware of the provisions of this policy and, in particular, the standards relating to fraud. Where appropriate, Dialight will include contractual obligations in respect of adherence to this policy in its agreements with third parties.

5. What is Dialight doing to prevent fraud?

The directors take the provisions of the new ECCTA failure to prevent fraud seriously. The following sets out what Dialight does to prevent fraud:

Annual risk assessment

The identification of key, inherent, external and internal, fraud risks is key to the effective design of processes and controls to detect and prevent fraud.

Group Finance carried out a risk assessment which captures the possible financial and non-financial as they relate to fraud risks across the Dialight group.

Dialight acknowledges that despite the scoping of risk and the corresponding controls it has put in place there is still the residual risk of fraud in the ordinary course of its business activities.

The risks of fraud will be reviewed on an annual basis, alongside the wider risk assessment undertaken by Group Finance.

Reasonable procedures

To ensure Dialight is implementing reasonable procedures to prevent fraud it will do the following:

<p>Due diligence onboarding for all third parties</p>	<p>All third parties which Dialight engage shall be subject to automated due diligence checks for the onboarding of. Checks will be run through the GAN Integrity platform, which will check details (almost instantaneously) of the proposed third party against various compliance areas, including anti-bribery and corruption, fraud, slavery, sanctions and export control watchlists.</p>
<p>Fraud controls and detection</p>	<p>The onboarding process will require Dialight's third parties to answer self-certification questionnaires and sign off on end-use statements re compliance for customers and distributors.</p>
<p>Communication and training</p>	<p>Group Finance maintains a Group-wide Financial Control Framework ("FCF") that protects the business, while supporting its purpose and goals. This control framework includes a combination of preventative and detective controls to ensure that the processes and controls in place are operating effectively.</p>
<p>Monitoring and oversight</p>	<p>Dialight will provide all new staff with mandatory induction on compliance with all policies, including this Anti-Fraud Policy. All current staff will receive the Policy prior to publication on the public facing website and will be expected to read it and sign off to confirm they have read it and acknowledge and agree to comply with the policy. In addition, on a quarterly basis, Finance and Legal will carry out 'Review and Training Compliance Calls' with the senior team at each of our global sites to ensure training, updates, reporting and monitoring is consistent.</p>
<p>Management reporting</p>	<p>Dialight will monitor the effectiveness of the controls and processes in place to manage fraud risk using the quarterly check-in with global teams referenced above and also have three monitoring layers within the business to deliver oversight in prevention and detection of fraud:</p> <ul style="list-style-type: none"> – Functional heads: are responsible managing risks of fraud within their respective functional areas (e.g. Finance, HR), ensuring implementation of this Policy and internal controls put in place. – Finance is responsible for developing and delivering a strategy to ensure that effective fraud risk management arrangements are in place (see FCF). They are responsible for supporting the business to identify and assess key fraud risks and controls, ensuring that arrangements are regularly reviewed, and providing reporting and assurance over them. – Internal Audit is responsible for providing independent, objective assurance that arrangements for managing fraud risk are well designed and operating effectively.
<p>Management reporting</p>	<p>The Audit Committee will receive regular reports (at least every six months) on the following:</p> <ul style="list-style-type: none"> – number of reports received in the period; – an overview of the investigation status for all ongoing investigations; – for fraud risk reports, further detail may be provided in the report to the AC, including: <ul style="list-style-type: none"> o a description of the actions taken to date;

- details of the reports made to auditors;
 - regulators and / or law enforcement; and
 - a summary of the findings and remediation activities taken for completed investigations.
- On at least an annual basis a report on Dialight's fraud risks, including the adequacy of the Dialight's arrangements to prevent and detect irregularities, fraud and corruption will be provided. The report will reflect the nature and type of fraud risks reported in the period, to allow an assessment of trends which may require updates to the underlying assessment and control environment, including targeted training and communication.

6. What you should be doing and how to report fraud

Dialight expects its personnel and associated persons to uphold the highest standards of integrity and maintain compliance with relevant legislation. To ensure that there can be no suspicion or appearance of fraud or corruption, they are expected to:

- not commit any type of fraud;
- acknowledge and agree the content of this Policy and fully understand their responsibilities in order to comply with these at all times;
- undertake and promptly attend any training provided in relation to this Policy or the legislation.
- guard against the perpetration of fraud by or on behalf of anyone associated with the Dialight;
- if applicable to their role, undertake their responsibilities with respect to Dialight's FCF, and ensure compliance with its provisions;
- understand and facilitate the steps taken by the Dialight to prevent fraud (see section 5); and
- immediately report any suspected fraud, or irregular activity, through the reporting methods set out in the paragraph below.

Suspected fraud must be reported immediately to the **Group Finance Director**, or anonymously via the whistleblowing **Safecall hotline +44 (0) 800 915 1571** or contacts as outlined in the Whistleblowing Policy. All reports will be investigated promptly and confidentially, and where necessary the appropriate disciplinary or legal action will be taken.

7. Breach of this Policy

Breach of this Policy may amount to a disciplinary offence for officers and employees of Dialight, and will be subject to investigation under the Dialight's disciplinary procedures (see Disciplinary procedure in your region specific Dialight Employee handbook). In the most severe cases this could result in summary dismissal and termination of employment. It may also lead to civil recovery proceedings, and/or reference to professional bodies and/or the police or other criminal investigation agency and may result in prosecution.

For other associated persons (see definition in Section 4 'Scope', above), breach of this policy may result in other contractual or legal or other sanctions.

Individuals found guilty of an offence under the Fraud Act can face an unlimited fine and/or a prison sentence of up to 10 years.

Individuals who refuse to take part in fraud, or who report concerns under this Policy in good faith, will be protected from detrimental treatment or retaliation. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. (See also the provisions of the Public Interest Disclosure (Whistleblowing) Code of Practice).

Note that malicious or vexatious complaints may result in disciplinary action.

Actions of individuals or associated persons in breach of this Policy may lead to an **unlimited fine for Dialight**.