

## DISCLOSURES AGAINST THE PRINCIPLES OF THE QCA CODE – 24 NOVEMBER 2021

	<b>Principle</b>	<b>Disclosure</b>
1	<b>Establish a strategy and business model which promotes long-term value for shareholders</b>	<p>AB Dynamic’s mission is to accelerate our customers’ drive towards net zero emissions, improving road safety and the automation of vehicle applications through leadership and innovation in engineering and technology. The Company’s strategy and business model is set out in the Annual Report 2021 (which can be found at <a href="http://www.abdplc.com">www.abdplc.com</a>).</p> <p>The Group’s business model supports the delivery of the Group’s mission. The Group innovates and partners at the cutting edge of vehicle automation and development; providing products and services to help organisations develop zero emissions and autonomous products safely and securely.</p> <p>The Group’s business model is set out on pages 18 and 19 of the Annual Report 2021. The business model explains how the Group aims to create long-term value for all of its stakeholders, including its shareholders.</p>
2	<b>Seek to understand and meet shareholder needs and expectations</b>	<p>The Company’s investor relations are managed by the Chief Executive Officer and Chief Financial Officer with the support and assistance of the Company’s broker, Peel Hunt LLP. The Company maintains regular contact with its major shareholders to communicate the Group’s objectives.</p> <p>The Board is committed to communicating openly with shareholders to ensure that its strategy and performance are clearly understood; this is achieved through the Annual Report and the Interim Report, trading and other stock exchange announcements and at the Annual General Meeting, where the Board encourages shareholders to participate.</p> <p>Following the announcement of the Group’s half year and full year results the Chief Executive Officer and Chief Financial Officer make presentations to institutional shareholders, private client brokers and investment analysts. Following a reduction in restrictions in relation to the COVID-19 pandemic, face-to-face meetings and site visits are beginning to resume with existing and prospective institutional and other investors at which attendees are given the opportunity to meet with senior management and gain a better understanding of the Group’s product portfolios and market. Formal feedback from shareholder meetings is also provided by the Group’s broker and discussion of the outcomes of these meetings is a regular agenda item for Board meetings across the financial year.</p> <p>The Group also maintains a website (<a href="http://www.abdplc.com">www.abdplc.com</a>) which contains information on the Group’s businesses, corporate information and specific disclosures required under AIM rules and the QCA Code. It contains up-to-date</p>

		<p>information for shareholders, which includes the Annual Report and Accounts of the past eight years (since its admission to AIM), a link to current share price information, and all announcements released via RNS. The website also contains factual data on the Group's businesses, products and services and links to its press releases.</p> <p>The Group's Executives and Non-Executives are provided with regular updates as to the views of institutional shareholders and changes to the Group's significant shareholdings through research carried out on a monthly basis by the Group's broker and nominated advisor. The Chairman and independent Non-Executive Directors will also attend meetings with investors and analysts as required, in addition to being available at the Group's AGM to discuss any matter that shareholders might wish to raise.</p>
3	<p><b>Take into account wider stakeholder and social responsibilities and their implications for long term-success</b></p>	<p>The Board recognises its responsibility under UK law to promote the success of the Group for the benefit of its stakeholders and understands that the business has a responsibility towards its shareholders, employees, partners, customers, suppliers and to the local community. The Annual Report 2021 provides specific details of the Company's stakeholder engagement on pages 50 and 51 and supporting information can be found in the Stakeholder Engagement section of the Governance Report on pages 73 and 74.</p> <p>The Board is very conscious that the tone and culture that it sets will greatly impact all aspects of the Group and the way employees behave and operate.</p> <p>The importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives whilst, in particular, meeting the exacting demands of a sophisticated and demanding customer base.</p> <p>The Board's assessment of the culture within the Group is one where there is respect for all individuals, there is open dialogue and commitment to providing the best service possible to customers and considerate interactions with our trusted suppliers.</p> <p>The Group participates in its local communities and continues to support various causes, for more information please see the Annual Report: Environmental, Social and Governance (ESG) Strategy section (as detailed on pages 36 to 53 of the Annual Report 2021). The Company monitors feedback from all of its stakeholders and uses this to develop future policy.</p>
4	<p><b>Embed effective risk management, considering both</b></p>	<p>The Board is responsible for the Group's system of internal controls and for reviewing the effectiveness of that system. It is designed to manage, rather than eliminate, the risk of failure to achieve the Group's strategic objectives and can only provide reasonable but not absolute assurance against material damage, deficiency or loss.</p>

<p><b>opportunities and threats, throughout the organisation</b></p>	<p>The Board monitors financial controls through, inter alia, the setting and approval of an annual budget, regular reforecasts and review of monthly management accounts. Management accounts contain several indicators that are designed to reduce the possibility of error in the financial statements.</p> <p>The Group has in place defined authorisation levels for expenditure, contractual approvals, placing of orders and signing authorities. The daily cash movements of the Group are reconciled and monitored by Group finance. The Group's cash flow is also monitored by management.</p> <p>Each year on behalf of the Board, the Audit and Risk Committee reviews the effectiveness of these systems. This is achieved primarily by a comprehensive review of the risks within a business risk assessment matrix which covers both financial and non-financial issues potentially affecting the Group, and from discussions with the external auditor. A comprehensive risk review is undertaken bi-annually with the monitoring/management of those risks being a regular Board agenda item at both Group and subsidiary level. The principal risks which the Board has identified this year are set out in the Risk Management section on pages 54 to 58 of the Annual Report 2021. The Audit and Risk Committee's report can be found on pages 77 to 78 of the Annual Report 2021.</p> <p><b>Anti-corruption</b>  Since its deployment last year, AB Dynamics plc has maintained a Group-wide policy on anti-corruption that fully addresses the requirements of the Bribery Act 2010. The policy has been issued to each member of staff globally through the Company's HR portal and individuals have been asked to acknowledge acceptance of its terms. Online anti-bribery training has also been rolled out to all UK based personnel to ensure and record continued and effective compliance, and overseas training is now available to all overseas employees as well. At the date of this disclosure 90% of staff (globally) have signed the Anti-Bribery policy, and 62% of staff in the UK have completed the online training, the Company intends to roll out this training to all subsidiaries and staff globally.</p> <p><b>Whistleblowing</b>  This financial year the Company has overhauled its approach to whistleblowing with the implementation of an on-line whistleblowing hotline through EQS Group. The tool enables employees to raise any concerns anonymously through a third-party tool (EQS) to an independent director of the Group, and facilitates communications in all of the core languages of the Company (as detailed on page 71 of the Annual Report 2021). The Company's Whistleblowing Policy is available on its website <a href="http://www.abdplc.com">www.abdplc.com</a>. All reports are investigated in line with the policy. There were no whistleblowing reports received during this period.</p>
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5	<p><b>Maintain the board as a well-functioning, balanced team led by the chair</b></p>	<p>The purpose of the Board is to ensure that the business is managed for the long-term benefit of all shareholders, whilst at the same time having regard for employees, customers, suppliers and our impact on the environment and the communities in which we operate. The full Board is responsible and accountable to the shareholders for the management and success of the Group and to provide effective controls to assess and manage risks in the Company.</p> <p>The Board currently comprises two Executive Directors and three independent Non-Executive Directors with Richard Elsy acting as the Non-executive Chair.</p> <p>The Board is supported by the Audit &amp; Risk, Remuneration, Nominations and Environmental, Social and Governance Committees, each of which has access to information, resources and advice that it deems necessary, at the Company's cost, to enable the committee to discharge its duties.</p> <p>These duties are set out in the Terms of Reference of each committee which are available on the Group's website (<a href="http://www.abdplc.com">www.abdplc.com</a>).</p> <p>The Audit &amp; Risk Committee is comprised of two Independent Non-Executive Directors and is chaired by Louise Evans. The Audit &amp; Risk Committee meets at least twice a year and is responsible for ensuring that the financial performance of the Group is properly reported and monitored and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems. The external auditors attend a number of these</p>

		<p>meetings and the Audit &amp; Risk Committee will have discussions with the external auditors at least once a year without any Executive Directors being present.</p> <p>The Remuneration Committee comprises all three independent non-executive directors and is chaired by Richard Hickinbotham. The Remuneration Committee reviews the performance of the Executive Directors and sets and reviews the scale and structure of their remuneration and the terms of their service agreements with due regard to the interests of the Shareholders. In determining the remuneration of Executive Directors, the Remuneration Committee seeks to enable the Group to attract and retain executives of high calibre. No director is permitted to participate in discussions or decisions concerning his or her own remuneration. The Remuneration Committee meets as and when necessary (three times within the last financial year).</p> <p>The Nominations Committee comprises all three independent non-executive directors and is chaired by Richard Elsy. The Nomination Committee is responsible for recommendations to the Board for the appointment of additional directors or replacement of current directors and for succession planning for the Company. The Nomination Committee also meets as and when necessary (twice in the last financial year).</p> <p>The Board and its committees receive appropriate and timely information prior to each meeting. A formal agenda is produced for each meeting and Board committee papers are distributed several days before meetings take place. Any director can challenge proposals with decisions being taken after discussion. Any director can ask for a concern to be noted in the minutes of the meeting which are circulated to all directors. Specific actions arising from meetings are agreed by the Board or relevant committee and then followed up by management. Directors have access to advice or services needed to enable them to carry out their roles and duties.</p> <p>Details of each directors' attendance at Board and Committee meetings throughout the year can be found on page 68 of the Company's Annual Report 2021.</p> <p>Louise Evans, Richard Hickinbotham and Richard Elsy are Non-Executive Directors and are considered to be independent of the management and free to exercise independence of judgement. Richard Elsy was assessed to be independent on his appointment as Non-Executive Chair of the Board.</p> <p>The Company has published a Conflicts of Interest Policy and in conjunction with the Company's Articles of Association these clearly define the procedures the Company has adopted to identify and monitor potential or actual conflicts of interest.</p>
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6	<p><b>Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</b></p>	<p>The directors of the Company are:</p> <p>Richard Elsy (Non-Executive Chair)          James Routh (Chief Executive Officer)          Sarah Matthews-DeMers (Chief Financial Officer)          Louise Evans (Non-Executive Director)          Richard Hickinbotham (Non-Executive Director)</p> <p>Their roles on the Board, biographical details and skills and experience, are set out on pages 60 and 61 of the Annual Report 2021 and can also be located on the Company's website: <a href="http://www.abdplc.com">www.abdplc.com</a>. The Board comprises a range of different skills including business, engineering and financial. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance. In addition, the Group's Non-executive Directors have all held senior executive positions and several hold non-executive roles in other public companies.</p> <p>The Company Secretary is responsible for ensuring that the Board and its committees receive appropriate and timely information prior to each meeting. A formal agenda is notified ahead of each meeting and relevant Board committee papers are distributed before meetings take place. The Company Secretary is not an executive director. Any director can challenge proposals discussed within Board and Committee meetings, with decisions being taken after discussion and/or a vote where appropriate. Any director can ask for a concern to be noted in the minutes of</p>

		the meeting which are circulated to all directors. Specific actions arising from meetings are agreed by the Board or relevant committee and then followed up by management.
7	<b>Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</b>	<p>In this financial year the Board has instructed Savendie to undertake an independent board review and evaluation. This will be undertaken in two parts, with the initial phase having been performed during July and August 2021 to review whether the Board is spending its time together effectively, considering and discussing the correct matters and with good quality information. This work included a review of Board materials and individual interviews with Directors. Initial recommendations suggested improvements to some Board processes and consideration of succession planning in parallel with strategic development and described an effective Board driving a clear strategy and identifying and managing risks.</p> <p>The second phase will address whether the Board is operating effectively as a team demonstrating a balance of support and constructive challenge with the combined skills to cover the strategic challenges that the Company faces. This will be completed during 2022. The review process, once complete, should provide the Board with a good understanding of its strengths and weaknesses and identify areas of development for the coming year. At this time, the Nomination Committee is confident the Board is operating in an open and transparent manner, and in an environment of trust with all Board members having the freedom to express opinions for the benefit of the business.</p> <p>For more information on the Board's approach to Corporate Governance please see the Statement of Corporate Governance on pages 62 to 74 of the Annual Report 2021.</p>
8	<b>Promote a corporate culture that is based on ethical values and behaviours.</b>	<p>We are committed to ensuring that the behaviours and practices of our organisation, including those within our supply chains, reflect our own high business standards and compliance with applicable laws and standards. We strive to conduct business honestly, openly and with integrity, as this approach will support our long-term success and the sustainability.</p> <p>We hold our leaders accountable for ensuring their businesses operate according to the strict ethical standards we expect. We have in place a series of Group policies forming a global subsidiary governance framework to guide our actions and those of our employees, suppliers and partners to ensure good governance and ethical behaviour across our Group. These policies include Human Rights, Anti-bribery, Modern Slavery, Conflicts of Interest, Competition and Anti-trust. These policies can be located on our website (<a href="http://www.abdplc.com">www.abdplc.com</a>).</p>
9	<b>Maintain Governance structures and processes that are</b>	<p><b>Roles of the Non-Executive Chairman and Chief Executive Officer</b></p> <p>There is a clear ongoing division of responsibility between the Non-Executive Chairman and the Chief Executive Officer. The Chair is responsible for: ensuring the effective operation of the Board and its Committees; setting the agenda, style and tone of Board discussions (to promote constructive debate and effective decision-making); and</p>

	<p><b>fit for purpose and support good decision making by the board</b></p>	<p>to foster effective working relationships between the Executive and Non-Executive Directors. The Chief Executive Officer is responsible for proposing the strategic focus to the Board, implementing it once it has been agreed and overseeing the day-to-day leadership of the Group.</p> <p><b>Role of the independent Non-Executive Directors</b> The role of the independent Non-Executive Directors includes questioning and challenging the Executive Directors and assisting where possible in developing strategic proposals; reviewing and commenting on the integrity of the Group's financial reporting systems and the information they provide; ensuring that appropriate standards of corporate governance are adhered to; reviewing internal control systems; ensuring that risk management systems are robust, and reviewing corporate performance and ensuring that performance is reported to shareholders.</p> <p><b>Matters reserved for the Board</b> There are a wide range of matters reserved for the board, for further details please see the Company's Annual Report 2021 (page 66). These include strategy, finance, corporate governance, approval of significant capital expenditure, appointment of key personnel and compliance with legal and regulatory requirements.</p> <p>The Company's governance framework is regularly reviewed to maintain the highest levels of business performance.</p>
10	<p><b>Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</b></p>	<p>The Directors believe that stakeholder engagement remains vital to building a sustainable business. Throughout the financial year ended 31 August 2021, members of the Board have sought to actively engage with shareholders on a number of occasions, through meetings, presentations and roadshows, and with the reduction in safety measures related to the COVID-19 pandemic, face-to-face meetings are beginning to resume.</p> <p>The Group's Executives and Non-Executives are given regular updates as to the views of institutional shareholders and changes significant shareholdings through research carried out monthly by the Group's broker and advisor, Peel Hunt LLP. The Chair and independent Non-Executive Directors will also attend meetings with investors and analysts as required, in addition to being available at the Group's AGM to discuss any matter that shareholders might wish to raise. Formal feedback from shareholder meetings is also provided by the Group's broker and discussion of these meetings and feedback is a regular item on the Board's agenda.</p> <p>The Board believes that the Annual Report and Accounts 2021, and the Interim Report published at the half-year, play an important part in presenting all shareholders with an assessment of the Group's position and prospects. The Annual Report 2021 provides a section 172(1) Companies Act 2006 statement on stakeholder engagement at pages 50 to 53. The Annual Report 2021 provides more information on how stakeholder interests have influenced the</p>

		<p>board and committee decision making in the financial year ended 31 August 2021 on page 73. All reports and press releases are published on the Group's website (<a href="http://www.abdplc.com">www.abdplc.com</a>).</p> <p>The Annual General Meeting ('AGM') is the principal opportunity for private shareholders to meet and discuss the Group's business with the Directors, where an open question and answer session is conducted to allow shareholders to ask questions both about the resolutions being proposed and the business in general. With the reduction in safety measures related to the ongoing COVID-19 pandemic, the next Annual General Meeting ("AGM") is planned to be an open meeting. The Chair of the meeting will direct that all resolutions will take place by way of a poll, rather than a show of hands, to ensure that proxy votes are recognised, in order to more accurately reflect the views of shareholders. The results of voting on the resolutions put to the AGM will be announced to the market following the closure of the AGM. The Company will continue to monitor the situation and, if circumstances change such that shareholders are not safely able to attend the AGM, the Company will make an announcement via the Regulatory News Service and provide an update on its website.</p>
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