

## DISCLOSURES AGAINST THE PRINCIPLES OF THE QCA CODE – 23 NOVEMBER 2022

	Principle	Disclosure
1	<b>Establish a strategy and business model which promotes long-term value for shareholders</b>	<p>AB Dynamic plc's (the Group) 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 Group's strategy and business model is set out in the Annual Report 2022 (which can be found at <a href="http://www.abdplc.com/investors/results-reports-and-presentations/">www.abdplc.com/investors/results-reports-and-presentations/</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 14 and 15 of the Annual Report 2022. 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 Group's investor relations are managed by the Chief Executive Officer and Chief Financial Officer with the support and assistance of the Group's broker, Peel Hunt LLP. The Group 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 (the AGM), 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 directly engage with institutional shareholders, private client brokers and investment analysts. Existing and prospective institutional and other investors are given the opportunity to meet with senior management to 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 information for shareholders, which includes the Annual Report and Accounts of the past nine years (since the</p>

		<p>Group's 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 Directors 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 their availability in person at the Group's AGM to talk about any matter that our shareholders might want to raise.</p>
3	<b>Take into account wider stakeholder and social responsibilities and their implications for long term-success</b>	<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 2022 provides specific details of the Group's stakeholder engagement on pages 52 and 53 and supporting information can be found in the Stakeholder Engagement section of the Governance Report on pages 75 and 76.</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 requirements and expectations of a sophisticated and discerning customer base. More information about the Group's approach to its business ethics and compliance can be found on page 51 of the Annual Report.</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. Information about the Group's approach to diversity and inclusion can be found on pages 38 to 43 of the Annual Report 2022 and our approach to sustainable products is set out on page 50 of our Annual Report 2022.</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 report (on pages 34 to 51 of the Annual Report 2022). The Group monitors feedback from all of its stakeholders and uses this to develop future policy.</p>

4	<b>Embed effective risk management, considering both opportunities and threats, throughout the organisation</b>	<p>The Board is responsible for the Group's system of internal controls and to review and assess the effectiveness of those controls. 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>The Board has overall accountability for corporate risk management and determines the Group's overall risk appetite. The Board is supported by the Audit and Risk Committee which reviews the effectiveness of the risk management framework and internal controls. The Group sets out its Principal risks and uncertainties in the Annual Report 2022 on pages 56 to 58. In the financial year ended 31 August 2022, the Group saw increased risks in the areas of supply chain disruption, downturn or instability in major geographic markets or market sectors, foreign currency and environmental risks.</p> <p>The main methods by which the Board monitors the Group's financial controls are: the setting and approval of an annual budget; regular reforecasts and; monthly reviews of 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 weekly 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 includes 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 56 to 58 of the Annual Report 2022 and the Audit and Risk Committee's report can be found on pages 79 and 80 of the Annual Report 2022.</p> <p><b>Anti-corruption</b></p> <p>Since its deployment in FY 2020, 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 Group'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.</p> <p><b>Whistleblowing</b></p>
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5	<b>Maintain the board as a well-functioning, balanced team led by the chair</b>	<p>The purpose of the Board of Directors is to ensure that the Group 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 Group.</p> <p>The Board currently comprises two Executive Directors and three independent Non-Executive Directors with Richard Elsy acting as the Non-Executive Chairman.</p>

	<p>The Board is supported by the Audit and 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 Group's cost, to enable each Committee to effectively perform and discharge its duties. A description of the role and responsibilities of the Group's Committees is available in the Annual Report 2022 on page 68.</p> <p>The Audit and Risk Committee is comprised of two Independent Non-Executive Directors and is chaired by Louise Evans. The Audit and Risk Committee meets at least twice a year (three meetings in the last financial 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 meetings and the Audit and Risk Committee will have discussions with the external auditors at least once a year without any Executive Directors being present. The Audit and Risk Committee's report is available on pages 79 and 80 of the Annual Report 2022.</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 our shareholders. In determining the remuneration of Executive Directors, the Remuneration Committee seeks to enable the Group to attract and retain executives of a 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 (seven meetings within the last financial year). The Remuneration Committee's report is available on pages 82 to 89 of the Annual Report 2022.</p> <p>The Nomination Committee is comprised of 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 Group. The Nomination Committee also meets as and when necessary (one meeting 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 five working days before meetings take place (with some papers circulated nearer to the time of the meeting on an exceptional basis). 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>
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6	<b>Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</b>	<p>The Directors of the Group are:</p> <p>Richard Elsy (Non-Executive Chairman)  James Routh (Chief Executive Officer)  Sarah Matthews-DeMers (Chief Financial Officer)  Louise Evans (Non-Executive Director)  Richard Hickinbotham (Non-Executive Director)</p>

		<p>The Directors' roles on the Board, biographical details and skills and experience, are set out on pages 62 and 63 of the Annual Report 2022 and can also be located on the Group's website: <a href="http://www.abdplc.com">www.abdplc.com</a>. The Board comprises a range of different skills including industry, risk 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 listed 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. 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 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.</p>
7	<b>Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</b>	<p>In this financial year the Board instructed Savendie to undertake part two of an independent board review and evaluation. Part one was performed during July and August 2021 and reviewed whether the Board is spending its time together effectively, considering and discussing the correct matters and with good quality information. Part two was performed in August 2022 and considered progress of the recommendations highlighted in 2021 and explored in more detail the effectiveness of the Board operating as a team, the nature of debate and constructive challenge in Board and Committee meetings and the combination of skills required to cover strategic challenges. Overall, the report described an effective Board with an interest in continuous development and noted: (1) that actions from the 2021 review had been progressed well with demonstratable improvement in Board processes and (2) Board meetings are conducted to encourage an open sharing of information which generates debate and appropriate challenge. The findings of the Board evaluation is available on page 72 of the Annual Report 2022.</p> <p>At this time, the Nomination Committee remains comfortable with the balance of two Executive and three Non-Executive Directors but will continue to keep this under review and will consider the appointment of additional Directors at an appropriate time having regard to the growing scale and complexity of the Group's activities and the collective skills, knowledge and experience available to the business. Please see the Nomination Committee's report on pages 77 and 78 of the Annual Report 2022 for more information about the Nomination Committee's activities.</p> <p>For more information on the Board's approach to corporate governance please see the Statement of corporate governance on pages 66 to 76 of the Annual Report 2022</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 ethical standards and compliance with applicable laws and regulations. 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 fit for purpose and support good decision making by the board</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 Chairman 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; 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></p> <p>The role of the independent Non-Executive Directors includes questioning and challenging the Executive Directors and assisting where possible in developing strategic proposals; to review and comment on the integrity of the Group's financial reporting systems and the information they provide; ensure that appropriate standards of corporate governance are adhered to; review of internal control systems; ensure that risk management systems are robust and; review corporate performance and ensure that performance is reported to shareholders.</p> <p><b>Matters reserved for the Board</b></p> <p>There are a wide range of matters reserved for the board, for further details please see the Group's Annual Report 2022 (page 68). These include strategy, finance, health and safety, corporate governance, approval of significant capital expenditure, appointment of key personnel and compliance with legal and regulatory requirements.</p> <p>The Group's governance framework is regularly reviewed to maintain the highest levels of business performance.</p>
10	<b>Communicate how the company is governed and is</b>	<p>The Directors believe that stakeholder engagement remains vital to building a sustainable business. Throughout the financial year ended 31 August 2022, members of the Board have sought to actively engage with shareholders on a number of occasions, through meetings, presentations and roadshows.</p>



	<p><b>performing by maintaining a dialogue with shareholders and other relevant stakeholders</b></p>	<p>The Group's Directors are given regular updates as to the views of institutional shareholders and changes in significant shareholdings through research carried out monthly by the Group's broker and advisor, Peel Hunt LLP. 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. 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 2022, and the Interim Report published at the half-year, play an important part in communicating an assessment of the Group's position and prospects to all the Group's shareholders. The Annual Report 2022 provides a section 172(1) Companies Act 2006 statement on stakeholder engagement at pages 52 and 53. Page 75 of the Annual Report 2022 provides more information on how stakeholder interests have influenced the Board's and Committees' decision making in the financial year ended 31 August 2022. 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 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. The results of the vote on the resolutions put to our shareholders at the AGM will be announced to the market following the closure of the AGM.</p>
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