

Anti-Facilitation of Tax Evasion Policy

Policy statement

It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country. We expect everyone who works with AB Dynamics plc or its subsidiaries to fully comply with their tax obligations. We will not tolerate, permit or allow any person associated with us to engage in the facilitation of tax evasion or tax fraud by any of our customers, suppliers, business partners, contractors, or employees anywhere in the world.

We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and have implemented and enforced the systems detailed herein to counter tax evasion, and tax evasion facilitation.

We will uphold all laws relevant to countering tax evasion in all the jurisdictions in which we operate, including the Criminal Finances Act 2017. We choose to do this by respecting not only the letter of the law, but the spirit of the underlying tax policy intent. We aim to pay the right amount of tax at the right time, on all the eligible profits we make.

Our total global tax contribution in our financial year 2023 was £502,000, which equates to an effective tax rate of 4.4%. We believe in paying our fair share, and that everyone working with us should too.

About this policy

This policy summarises the procedures of AB Dynamics plc and its subsidiaries to ensure all its subsidiaries, employees, and associated persons, including third parties acting on our behalf, do not facilitate tax evasion.

The purpose of this policy is to:

- set out our responsibilities, and of those working for us, in observing and upholding our position on preventing the criminal facilitation of tax evasion; and
- provide information and guidance to those working for us on how to recognise and avoid tax evasion.

As an employer, if we fail to prevent our employees, workers, agents or service providers facilitating tax evasion, we can face criminal sanctions including an unlimited fine, as well as exclusion from tendering for public contracts and damage to our reputation. We therefore take our legal responsibilities seriously.

The Group has undertaken a Group-wide Risk Assessment and have identified that the following are risks for our business:

- Accounts Payable
- Accounts Receivable
- Payment to contractors, agents and other third parties

Key factors which may increase risk include:

- Cash transactions
- Transactions in certain regions of the world

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To address those risks identified above and address the key factors which may increase risk, we have detailed several actions the Company must undertake, these are more particularly detailed within the Group's CFA Risk Assessment. For copies of the Risk Assessment please contact the Group's General Counsel.

In this policy, a third-party means any individual or organisation you encounter during the course of your employment for us, and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisers, representatives and officials, politicians and political parties.

This policy does not form part of any employee's contract of employment, and we may amend it at any time.

Who must comply with this policy?

This policy applies to all persons working for us or any Group Company or on our behalf in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, sponsors, or any other person associated with us, wherever located.

Who is responsible for the policy?

The Executive Directors of the Group have approved this policy and our commitment to zero tolerance of tax evasion or its facilitation. Whilst the Board is responsible for monitoring the Group's compliance with this policy, the Group's General Counsel has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.

The General Counsel has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and the Chief Financial Officer is responsible for auditing internal control systems and procedures to ensure they are effective in preventing the facilitation of tax evasion.

Management at all levels are responsible for ensuring those reporting to them understand and comply with this policy and are given adequate and regular training on it.

You are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions, and queries should be addressed to the Group General Counsel.

What is tax evasion facilitation?

For the purposes of this policy:

- Tax evasion means the offence of cheating the public revenue or fraudulently evading UK tax and is a criminal offence. The offence requires an element of fraud, which means there must be deliberate action, or omission with dishonest intent;
- Foreign tax evasion means evading tax in a foreign country, provided that conduct is an offence in that country and would be a criminal offence if committed in the UK. As with tax evasion, the element of fraud means there must be deliberate action, or omission with dishonest intent; and
- Tax evasion facilitation means being knowingly concerned in, or taking steps with a view to, the fraudulent evasion of tax (whether UK tax or tax in a foreign country) by another person, or aiding, abetting, counselling,

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or procuring the commission of that offence. Tax evasion facilitation is a criminal offence, where it is done deliberately and dishonestly.

Under the Criminal Finances Act 2017, a separate criminal offence is automatically committed by a corporate entity or partnership where the tax evasion is facilitated by a person acting in the capacity of an "associated person" to that body. For the offence to be made out, the associated person must deliberately and dishonestly take action to facilitate the tax evasion by the taxpayer. If the associated person accidentally, ignorantly, or negligently facilitates the tax evasion, then the corporate offence will not have been committed. The company does not have to have deliberately or dishonestly facilitated the tax evasion itself; the fact that the associated person has done so creates the liability for the company.

Tax evasion is not the same as tax avoidance or tax planning. Tax evasion involves deliberate and dishonest conduct. Tax avoidance is not illegal and involves taking steps, within the law, to minimise tax payable (or maximise tax reliefs).

In this policy, all references to tax include national insurance contributions (and their equivalents in any non-UK jurisdiction).

What you must not do

It is not acceptable for you (or someone on your behalf) to:

- engage in any form of facilitating tax evasion or foreign tax evasion;
- aid, abet, counsel or procure the commission of a tax evasion offence or foreign tax evasion offence by another person;
- fail to promptly report any request or demand from any third party to facilitate the fraudulent evasion of tax (whether UK tax or tax in a foreign country), or any suspected fraudulent evasion of tax (whether UK tax or tax in a foreign country) by another person, in accordance with this policy;
- engage in any other activity that might lead to a breach of this policy; or
- threaten or retaliate against another individual who has refused to commit a tax evasion offence or a foreign tax evasion offence or who has raised concerns under this policy.

Your responsibilities

You must ensure that you read, understand, and comply with this policy.

The prevention, detection and reporting of tax evasion and foreign tax evasion are the responsibility of all those working for us or under our control. You are required to avoid any activity that might lead to, or suggest, a breach of this policy.

You must notify your manager, the Group's General Counsel or notify the company through ABD's Whistleblowing SpeakUp portal <https://abdynamics.speakup.report/raiseyourconcern> as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future. For example, if an employee or supplier asks to be paid into an offshore bank account, without good reason, or a supplier asks to be paid in cash, indicating that this will mean the payment is not subject to VAT. Further "red flags" that may indicate potential tax evasion or foreign tax evasion are set out in the section entitled "potential Red Flags".

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How to raise a concern

You are encouraged to raise concerns about any issue or suspicion of tax evasion or foreign tax evasion at the earliest possible stage.

If you become aware of any fraudulent evasion of tax (whether UK tax or tax in a foreign country) by another person in the course of your work, or you are asked to assist another person in their fraudulent evasion of tax (whether directly or indirectly), or if you believe or suspect that any fraudulent evasion of tax has occurred or may occur, whether in respect to UK tax or tax in a foreign country, you must notify your manager or the Group's General Counsel or report it through ABD's Whistleblowing: SpeakUp portal <https://abdynamics.speakup.report/raiseyourconcern> in accordance with our Whistleblowing Policy as soon as possible.

If you are unsure about whether a particular act constitutes tax evasion or foreign tax evasion, raise it with your manager or the Chief Financial Officer or through the ABD's Whistleblowing: SpeakUp portal <https://abdynamics.speakup.report/raiseyourconcern> as soon as possible. You should note that the offence is only committed where you deliberately and dishonestly take action to facilitate the tax evasion or foreign tax evasion. In addition, a deliberate failure to report suspected tax evasion or foreign tax evasion, or "turning a blind eye" to suspicious activity could amount to criminal facilitation of tax evasion.

Protection

Individuals who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

We are committed to ensuring no one suffers any detrimental treatment as a result of:

- refusing to take part in, be concerned in, or facilitate tax evasion or foreign tax evasion by another person;
- refusing to aid, abet, counsel or procure the commission of a tax evasion offence or a foreign tax evasion offence by another person; or
- reporting in good faith their suspicion that an actual or potential tax evasion offence or foreign tax evasion offence has taken place or may take place in the future.

Detrimental treatment includes dismissal, disciplinary action, threats, or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the Group HR Director immediately. If the matter is not remedied, and you are an employee, you should raise it formally using your entity's Grievance Procedure.

Training and communication

Training on this policy will be provided as necessary.

We will ensure that mandatory training on this policy is offered to those employees, workers and associated persons who have been identified as being at risk of exposure to criminal tax evasion.

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Our zero-tolerance approach to tax evasion and foreign tax evasion must be communicated to all suppliers, contractors, and business partners at the outset of our business relationship with them and as appropriate after that.

Breaches of this policy

Any employee who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.

We may terminate our relationship with other individuals and organisations working on our behalf if they breach this policy.

Potential risk scenarios: "red flags"

The following is a list of possible red flags that may arise during the course of you working for us and which may raise concerns related to tax evasion or foreign tax evasion. The list is not intended to be exhaustive and is for illustrative purposes only.

If you encounter any of these red flags while working for us, you must report them promptly to the General Counsel or local compliance manager using the procedure set out in the whistleblowing policy:

- a third-party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- you become aware, in the course of your work, that a third party working for us as an employee asks to be treated as a self-employed contractor, but without any material changes to their working conditions;
- a supplier or other subcontractor is paid gross when they should have been paid net, under a scheme such as the Construction Industry Scheme;
- a third-party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- a third-party to whom we have provided services requests that their invoice is addressed to a different entity, where we did not provide services to such entity directly;
- a third party to whom we have provided services asks us to change the description of services rendered on an invoice in a way that seems designed to obscure the nature of the services provided;
- you receive an invoice from a third party that appears to be non-standard or customised;
- a third party insists on the use of side letters or refuses to put terms agreed in writing or asks for contracts or other documentation to be backdated;
- you notice that we have been invoiced for a commission or fee payment that appears too large or too small, given the service stated to have been provided;
- a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us;
- you become aware, in the course of your work, that a third party has made or intends to make a false statement relating to tax, has failed to disclose income or gains to, or to register with, HMRC (or the equivalent

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authority in any relevant non-UK jurisdiction), has delivered or intends to deliver a false document relating to tax, or has set up or intends to set up a structure to try to hide income, gains or assets from a tax authority;

- you become aware, in the course of your work, that a third party has deliberately failed to register for VAT (or the equivalent tax in any relevant non-UK jurisdiction) or failed to account for VAT.

This policy may be changed at any time, in accordance with the practices and needs of the Company. It will also be reviewed on a regular basis and updated in accordance with changes to relevant legislation.

This document is a statement of Company policy, is non-contractual in its effect and does not form part of employees' terms and conditions of employment.