

Sustainability continued

Sustainable products

In line with the UN SDG 9 (Sustainable Innovation), our ambition is to continue to be a pioneer of innovation and support in the development of the EV market, through testing of battery technology and charging infrastructure. ABD Solutions' core mission is to accelerate the transition to autonomy by providing retrofit solutions that reuse existing vehicles to automate vehicle applications, helping our customers achieve their sustainability targets.

Resource efficiency and product innovation

We integrate sustainability into our product design by considering key factors such as energy and resource efficiency. Our suite of products does not have a high carbon footprint, and our simulation business, which enables OEMs to replicate the set-up of a particular vehicle and drive it around various settings virtually, reduces emissions by taking cars off the road. By encouraging our customers to use track testing and simulation, we significantly reduce the CO₂ emissions compared to on-road vehicle testing. Wherever possible, we minimise our raw material use and avoid the use of conflict materials in our manufacturing processes. We use minimal levels of hazardous substances in our production process but continue to examine how we can improve this. We are looking at our product life cycle management to consider how emissions can be reduced in line with the Group's net zero target.

As a Group, we have implemented several measures to encourage resource efficiency across our operations. These include meeting all energy needs in the UK from renewable sources, water conservation initiatives, raw material efficiency, waste minimisation initiatives, including a centralised waste and recycling facility, and resource recovery projects like our solar panels on two UK facilities. We have worked closely with our supply chain to review the sustainability risks associated with procurement and to implement initiatives to reduce life cycle carbon, through programmes to reduce packaging and source locally where possible.

We lead through engineering innovation and technology. Our employees are encouraged to generate new ideas relating to new products, new processes, major improvements or technology breakthroughs. We remain passionate about technology and aim to lead new trends in our market through our engineering design centre and simulation centre of excellence, responsible for innovative products like our new generation of driving simulators.

All our employees undergo rigorous training on product safety issues and to raise their awareness of their environmental protection responsibilities. This year, we also introduced specific training workshops on quality control, precautionary testing and product safety which all relevant staff attended, to ensure the highest environmental, quality and safety standards are maintained.

Responsible sourcing

In order to achieve our sustainability goals, it is vital that we develop, educate and work closely with our supply chain to uphold the ethical, human rights and environmental criteria that are at the heart of our business. We recognise the need for a proactive and engaged supply chain strategy that meets our own high standards and that of our stakeholders. Our communications and relationships with customers, suppliers and advisers are managed within each subsidiary by senior management, and the Group expects the same high standards of expertise and business principles to be maintained in such dealings. Our aim is to ensure that there is consistency across our international entities, to enable us to monitor compliance. We have chosen to operate under a centralised, head office-controlled framework but devolve responsibility for compliance within this framework to operating divisional or jurisdictional management, with the aim of global harmonisation around local requirements and legislation.

Supplier due diligence

Our supply chain is geographically diversified. All suppliers need to remain compliant with the legal framework in their respective countries. Before new suppliers are selected, they are subject

to a due diligence assessment which involves on-site visits and checks to determine if they are 'fit for purpose'. This includes an assessment of their financial strength, environmental credentials and quality assurance. All suppliers are required to have a quality management system in line with ISO 9001 and, in line with these requirements, are audited by an independent third party annually and re-accredited every three years. We select suppliers for audit based on our supply chain risk assessments. Throughout the course of the year, these audits assess each supplier's approach to anti-bribery and corruption, human rights, data protection, modern slavery and health, safety and environmental issues amongst other matters. If any risks are identified, the Group works with suppliers to address them. Suppliers are then monitored in line with our non-conformance process, for environmental quality and safety issues, with any corrective actions recorded and monitored.

We intend to work with our suppliers to build mutually beneficial, long-term partnerships, to ensure measurable, long-term sustainability improvements throughout our supply chain. We will continue to focus on and roll out our Company supplier assurance and management schedule. This encompasses supplier audits to ensure our supply chain continues to meet our performance standards and simultaneously delivers on our social and environmental standards.

Prompt payment

We understand the importance of predictable payments when operating a business and encourage good practice across the Group. When entering into new agreements for the supply of goods and/or services, our subsidiaries are responsible for agreeing appropriate payment terms. Group companies are encouraged to abide by the payment terms they have agreed, so long as they are satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.