

**AMTE POWER PLC**  
(*'AMTE Power' or the 'Company'*)

**CORPORATE GOVERNANCE**

**Compliance statement**

The directors of AMTE Power (the 'Board') recognise the importance of sound corporate governance. In accordance with the AIM Rules for Companies ('AIM Rules') the Board has chosen to apply the Quoted Companies Alliance's ('QCA') Corporate Governance Code 2018 (the 'QCA Code'). The Board chose to apply this code as it believes that it is suitable for small and mid-size companies.

As Chair, my role is to manage the Board in the best interests of our stakeholders, to ensure that our shareholders' views are communicated to the Board and to be responsible for ensuring the Board's integrity and effectiveness. I recognise that my role also involves my responsibility over the correct implementation of the QCA Corporate Governance Code into AMTE Power's corporate governance practice.

The Company is managed by the Board and it is the Board's job to ensure that AMTE Power is managed for the long-term benefit of all shareholders, with effective and efficient decision-making. Corporate governance is an important part of that job, reducing risk and adding value to our business.

The QCA Code includes ten governance principles and a set of disclosures. The Board has considered how we apply each principle to the extent appropriate. An explanation of the approach taken in relation to each of these principles, and any areas where we do not comply with the QCA code, is set out below.

The Board considers that it has complied with the provisions of the QCA Code, with the exception of the following areas:

1. The Board has not prepared a formal statement on culture, ethical values and behaviours and so there is no formal, regular measurement or assessment of this. The Board is however confident that it can adequately assess the corporate culture within the Company; and
2. The Board has not established a nominations committee and so all matters relating to the appointment of directors are reserved for the full Board.

The ten QCA governance principles laid down and our response to them are provided for in the following pages.

David Morgan

Chair  
27 July 2022

***Principle 1: Establish a strategy and business model which promote long-term value for shareholders***

**Application**

The AMTE Power strategy is focussed around three key areas; Innovation, Commercialisation and Supply, as will be explained fully within the Strategic Report Section of our Report and Annual Accounts. The Board must be able to express a shared view of the Company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the Company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the Company from unnecessary risk and securing its long-term future.

**Evidence & disclosure**

The executive directors of the Company prepare and present the strategic plan to the Board, which the Board challenges in order to determine the strategic priorities. Similarly, the executive directors also prepare and present the business plan, which is updated every three years or as directed by the Board, and associated annual budget. The Board reviews and critiques the plan and budgets to ensure they are achievable within funding and resource constraints, as well as consistent with the Company's longer-term strategic plan.

***Principle 2: Seek to understand and meet shareholder needs and expectations***

**Application**

The Board must develop a good understanding of the needs and expectations of all elements of the Company's shareholder base.

The Board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.

AMTE Power encourages two-way communication with both its institutional and private investors and responds quickly to all queries received. The CEO talks regularly with the Company's major shareholders and ensures that their views are communicated fully to the Board.

The Board recognises that annual general meetings ('AGMs') and other shareholder meetings ('GMs') as important opportunities to meet private shareholders. The directors are available to listen to the views of shareholders informally immediately following these meetings. The Company has a dedicated email address ([hello@amtepower.com](mailto:hello@amtepower.com)) for all such queries. Where voting decisions are not in line with the Company's expectations, the Board will engage with those shareholders to understand and address any issues.

**Evidence & disclosure**

The Company has implemented a detailed Financial Performance and Reporting ('FPR') plan. The CEO and CFO twice yearly, as a minimum, offer meetings with its institutional and other significant shareholders to allow these shareholders to formally meet and discuss the performance of the business to date. The Chair of the Board also offers a direct line of communication to these, and other shareholders, in case other questions arise that need to be answered independently.

The Company, once a year, holds its AGM and the Board all attend and are available to answer any specific questions raised.

***Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success***

**Application**

Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (licensors, suppliers, customers, regulators and others). The Board needs to identify the Company's stakeholders and understand their needs, interests and expectations.

Where matters that relate to the Company's impact on society, the communities within which it operates or the environment have the potential to affect the Company's ability to deliver shareholder value over the medium- to long-term, then those matters must be integrated into the Company's strategy and business model.

Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.

**Evidence & disclosure**

The Company has established Mission and Vision statements along with a clear set of values as laid out in in the Company's strategy document against which the Company's corporate responsibilities are measured.

The Company's staff are enormously important to the future performance of the Company and so significant time and effort is taken to ensure that each member feels part of the team and are rewarded accordingly.

***Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation***

**Application**

The Board needs to ensure that the Company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the Company's supply chain, from key suppliers to end-customer.

Setting strategy includes determining the extent of exposure to the identified risks that the Company is able to bear and willing to take (risk tolerance and risk appetite).

### **Evidence & disclosure**

The Board is responsible for ensuring that the appropriate framework of controls is in place to enable the proper assessment and management of risks. The risk management framework is a specific matter of overview by the Audit & Risk Committee, which advises the Board accordingly. The Company's admission document lists the risks associated with an investment in the Company. Both the Board and senior managers are responsible for reviewing and evaluating risk and the executive directors meet at least monthly to review ongoing trading performance, discuss budgets and forecasts and new risks associated with ongoing trading. This process allows the Board to gain assurance that the risk management and related control systems in place are effective.

The executive directors are responsible for the management of the business and implementing the Board's decisions.

### ***Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair***

#### **Application**

The Board members have a collective responsibility and legal obligation to promote the interests of the Company and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chair of the Board.

The Board (and any committees) should be provided with high-quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.

The Board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a Board judgement. The Board should be supported by committees (e.g. audit, remuneration) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.

Directors must commit the time necessary to fulfil their roles.

### **Evidence & disclosure**

The Board is collectively responsible for the long-term success of the Company and provides effective leadership by setting the strategic aim of the Company and overseeing the efficient implementation of these aims to achieve a successful and sustainable business. The Board has a specific list of items and activities that can only be authorised by the full Board and has delegated other matters to the CEO.

The Board of AMTE Power is made up of an independent Non-Executive Chair, two independent Non-Executive directors, a further Non-Executive director, the CEO and CFO. Details of the Board's experience are shown in the admission document, which demonstrate the range of skills and insight that they bring to the Board.

All executive directors work on a full-time basis and the Non-Executive directors' service agreements set out expected time commitments. All directors recognise that at a certain time of increased activity, the preparation and attendance at meetings will increase. The Board considers that all Non-Executive directors bring an independent judgement to bear notwithstanding the varying lengths of service.

All directors are subject to election by the shareholders at the first Annual General Meeting following their appointment, and to re-election thereafter every three years.



Under the articles of association, the Board has the authority to approve any conflicts or potential conflicts of interest that are declared by individual directors; conditions may be attached to such approvals and directors will generally not be entitled to participate in discussions or vote on matters in which they have or may have a conflict of interest.

The Board typically meets formally eight to ten times per year to review and discuss the operating and financial performance of the Company relative to its annual operating plan and budget, assess any matters specifically reserved for the board, and to review progress towards its longer term strategic goals.

Directors can formally attend meetings either: in person; by conference call or by video conferencing. The executive directors are employed on a full-time basis.

### **Division of roles and responsibilities**

The Chair is responsible for the leadership of the Board and ensuring the effectiveness of all aspects of its role. Each scheduled meeting includes an agenda that allows each executive director to report to the Board on performance of the business including risk analysis and monitoring. Non-scheduled meetings are normally called to discuss single points of matter.

The Chair's role and the Chief Executive's role have been divided. The Chair sets the agenda for each meeting and ensures compliance with Board procedures and sets the highest standards of integrity, probity, and corporate governance throughout the Company. The Chief Executive is responsible for running the Company's business by proposing and developing the Company's strategy and overall commercial objectives. The Chief Executive also ensures that the Chair is notified of forthcoming matters that may affect the running of the Company that the Chair may not be aware of.

The articles of association require that at the AGM one third, or as near as possible, of the directors will retire by rotation. In addition, any new director to the Board will automatically stand for re-election at the first AGM following his or her appointment.

The Company maintains appropriate insurance cover in respect of legal action against the directors.

## **Committees**

The Board has established two committees to assist in its considerations and to make recommendations to the Board. These committees are the Audit & Risk Committee and the Remuneration Committee.

***Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities***

### **Application**

The Board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The Board should understand and challenge its own diversity, including gender balance, as part of its composition.

The Board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a Board.

As companies evolve, the mix of skills and experience required on the Board will change, and Board composition will need to evolve to reflect this change.

### **Evidence & disclosure**

Details of the Board biographies are provided in the admission document.

The Board has a broad spectrum of experience allowing it to assess and monitor the full spectrum of risks and requirements of the Company. Where required the directors will take further advice from professional advisors such as lawyers, accountants and tax specialists. Each director has the full authority of the Board to take any advice they feel necessary to undertake their individual roles.

***Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement***

### **Application**

The Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.

The Board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.

It is healthy for membership of the Board to be periodically refreshed. Succession planning is a vital task for boards. No member of the Board should become indispensable.

### **Evidence & disclosure**

The Board will carry out an evaluation of its performance annually, taking into account the Financial Reporting Council's Guidance on Board Effectiveness. The Company will perform regular reviews of its Board composition, considering whether each director has the appropriate skills for the proper performance of their duties. The Board should be satisfied that each individual has the right balance of financial and market knowledge to understand the performance and prospects of the business for the proper development of the Company.

All continuing directors stand for re-election every three years. All directors undergo a performance evaluation before being proposed for re-election to ensure that their performance is and continues to be effective, that where appropriate they maintain their independence and that they are demonstrating continued commitment to the role.

Appraisals are carried out each year for all executive directors.

The Audit & Risk Committee monitors succession planning as part of its general remit on risk mitigation. The Board has not established a nominations committee and so appointments of new directors are currently the responsibility of the whole board.

***Principle 8: Promote a corporate culture that is based on ethical values and behaviours***

**Application**

The Board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.

The policy set by the Board should be visible in the actions and decisions of the Chief Executive and the rest of the management team. Corporate values should guide the objectives and strategy of the Company.

The culture should be visible in every aspect of the business, including recruitment, nominations, training, and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the Company.

The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the Company.

**Evidence & disclosure**

The Company continues to monitor its corporate and social responsibility policies.

All new employee positions are advertised to all employees in the Company and where possible we will look to promote existing employees to more senior positions, before offering a position to a new externally hired person.

On a regular basis the Board reviews its adherence to policies that it has in place to promote sound ethical values and behaviours

***Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.***

#### **Application**

The Company should maintain governance structures and processes in line with its corporate culture and appropriate to its size and complexity, and capacity, appetite and tolerance for risk. The governance structures should evolve over time in parallel with its objectives, strategy, and business model to reflect the development of the Company.

#### **Evidence & disclosure**

The Board reviews a management reporting pack each month focused upon financial and operating metrics and performance against budgets and other targets. More detailed Board reports are prepared by management on an ad hoc basis, where they relate to strategic matters considered important and timely to the business. Taken together, these reports and Board meetings enable the directors to fulfil all their duties of stewardship.

The Company's corporate governance statement on structure and processes is available on its corporate website within the AIM Rule 26, Corporate Governance section.

Details of the roles and responsibilities of the Chair and Chief Executive are provided for under Principle 5 of this document and can also be found along with those of the other directors within the admission document.

#### **The Audit & Risk Committee**

The Audit & Risk Committee will be chaired by Alyson Levett. Its other members will be Viscount Thurso, David Morgan and Adam Park. The Audit & Risk Committee will have primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company.

Further, the Audit & Risk Committee will advise the Board on the Company's overall risk appetite and strategy including, inter alia, regularly reviewing and updating (if appropriate) the risk assessment processes in place, including in relation to remuneration and compliance functions, and assisting in overseeing implementation of the adopted strategy.

The Audit and Risk Committee will meet at least twice a year and will have unrestricted access to the Company's auditors.

#### **The Remuneration Committee**

The Remuneration Committee will be chaired by Viscount Thurso. Its other members will be David Morgan, Adam Park and Alyson Levett. The Remuneration Committee will make recommendations to the Board on matters relating to the remuneration and terms of employment of the Executive directors. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the Non-Executive directors of the Company will be set by the Board.



***Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders***

**Application**

A healthy dialogue should exist between the Board and all its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the Company.

In particular, appropriate communication and reporting structures should exist between the Board and all constituent parts of its shareholder base. This will assist the communication of shareholders' views to the Board; and the shareholders' understanding of the various issues and constraints faced by the Company.

**Application & disclosure**

The Board recognises the importance of regular and effective communication with shareholders. The primary forms of communication are:

1. The annual and interim statutory financial reports and associated investor and analyst presentations and reports.
2. Announcements relating to trading or business updates released to the London Stock Exchange. As the Company grows, the Board is committed to expanding its disclosures to ensure that all stakeholders are able to fully understand not just the Company's financial results, but also its business model and strategy.
3. The AGM which provides shareholders with an opportunity to meet the Board of directors and to ask questions relating to the business. All votes made at any AGM or GM are published and the Board will publish commentary on any vote where 20% or more of the independent shareholders have voted against any resolution.
4. Private investor roadshows and presentations at investor conferences.
5. The Board recognizes the AGM and other GMs as important opportunities to meet private shareholders. The directors are available to listen to the views of shareholders informally, immediately following any general meeting of the Company.

All statutory financial reports are published on [www.amtepower.com](http://www.amtepower.com) and are made available on a timely basis.