

Aukett Swanke Group Plc - Compliance with QCA Code

AIM RULE 26

Introduction

Following the introduction of AIM Rule 26, Aukett Swanke Group Plc has resolved to adopt the QCA Code. Accordingly additional website and Report and Accounts disclosures are required.

The QCA Code comprises 10 Principles. We have set out our compliance with these Principles below and have cross referenced them to a matrix ('QCA matrix') which also includes related considerations and requirements. These related considerations and requirements have been assigned a sub-number within each of the 10 Principles.

PRINCIPLE 1

Strategy and business model (1.1, 1.2)

The current strategy and business model for the Group is set out in the current Report and Accounts and is updated annually. The following is based upon the 2023 Report and Accounts.

Our strategic objective is to improve the performance of our architecture activities and create shareholder value over the longer term by developing the group into a quoted holding company for an ecosystem of smart buildings businesses. The cyclical nature of the markets in which we currently operate gives rise to peaks and troughs in our financial performance. Management is cognisant that our business model needs to reflect this variable factor in both our decision making and expectation of future performance. We will reduce this effect by developing business streams that have a high degree of contractually recurring long term revenues, which can be scaled without a proportionate scaling of costs.

We operate a structure covering the United Kingdom with sites in London, Manchester, and East Anglia; Continental Europe with significant investments in Berlin and Frankfurt; along with a Licensee operation in Istanbul and a Marketing Agreement with an operation in the Middle East with an office in Dubai.

The UK Architecture hub comprises two principal service offerings: comprehensive architectural design including master planning, interior design and fit-out capability under the 'Aukett Swanke' brand, and an executive architectural delivery service operating under the 'Veretec' brand.

Our Continental European Architecture operations provide services offered that are consistent with those of the UK Architecture operation.

Our Licence Agreement is marketed under the 'Aukett Swanke' brand. The service offers within the regions they operate within include architectural and interior design, post contract delivery services including architect of record and project execution stage services.

PRINCIPLE 2

Share capital and shareholders (2.1, 2.2, 10.1)

Information about the Company's shares, listing information, significant shareholders, Directors' shareholdings and share donations are set out on the Group plc website under Investor Relations > Share information and in the annual Report and Accounts.

The Executive Directors understand the importance of shareholder dialogue and regularly seek to engage with shareholders at the time of results announcements, at the AGM or as requested. In addition, there is a separate mailbox plcenquiries@aukettswanke.com

The Directors also appreciate the value of a dividend policy and they endeavour to ensure that the Company's policy is clear.

The primary contact for investors is Nick Clark, Chief Executive.

PRINCIPLE 3

Corporate Social Responsibility & Stakeholder Engagement (3.1, 3.2, 3.3, 3.4)

Our Group plc website under About> sets out our vision and explains how we engage with our clientele and related stakeholders. This also provides the contact and separate website details of each entity within the Group.

Our employees recognise that the professional services we offer have a significant impact on not just our direct clientele but also on the public realm, society and the environment as a whole, and this is recognized in the websites for each entity in the Awards sections of each website.

Client and stakeholder engagement and feedback are an integral and iterative part of the design process undertaken on projects, as expressed in the Awards sections of the websites.

Alongside the contribution made to our clientele and others through the execution of our services we actively participate as thought and practice leaders in initiatives and events in the property and proptech industries. We also undertake on occasion voluntary and charitable endeavours that are featured in the News> sections of the various websites, internal Intranet sites and social media platforms.

PRINCIPLE 4

Risk Management (4.1, 4.2)

The Group's risk management objective is to identify, document and monitor those factors that represent risks to the Group in fulfilling its strategic objectives and to manage those risks consistent with agreed risk tolerances.

The Business Risk Review (BRR) is the principal tool by which the Group carries out this process and allows the Board to assess the business risks in the context of best practice consistent with any codes of corporate governance. This tool sets out the level of risk incurred and its probability of occurrence to establish a level of tolerance applicable to the business.

The BBR is structured to allow monthly reporting from all local businesses and elevated monthly to the Plc Board with any significant risks given a 'Red Flag'. These Red Flag items reflect the key Risks and Uncertainties as set out in the Report and Accounts.

PRINCIPLE 5

Board structure and composition (5.1, 5.4, 9.1)

The Board comprises two Non-Executive Directors (NED's) and four Executive directors. The Board believes that the optimal structure is balanced between NEDs and Executives such that equal weighting is given to oversight and governance, and strategic development and operational performance in order to promote the company.

Committees (5.3, 9.3, 10.2)

These are set out under: The Plc Board > section of the Group plc website.

Additionally, each year the relevant sub Committee produces its own Business Plan for inclusion in the Group Business Plan setting out any changes to its Terms of Reference and the principal activities it is to undertake in the forthcoming financial period. External surveys and internal analysis of implementation is provided to the relevant committee.

PRINCIPLE 6

Directors' experience and capabilities (6.1)

The biographies of each current board member can be found under the Investment section Plc Board > on our website.

Other roles (5.5, 6.2)

Board members are encouraged to take on other roles that do not conflict with their membership of the Board or are seen as supportive of their current role.

Nick Clark (Chief Executive) is a non-executive director of an AIM-quoted SaaS business, Antony Barkwith (Group Finance Director) is a member of the Architect's Financial Management Group (AFMG), Clive Carver (Chairman and NED) holds also chairs another AIM company, and Robert Fry (Deputy Chairman) is a member of the RIBA and is a regular contributor and awards judge for World Architecture News (WAN). Tandeep Minhas (NED) is head of Corporate Finance at a leading law firm.

Group management structure (5.1, 6.1, 6.2, 6.3, 8.4, 9.1, 9.2, 9.3, 9.4, 10.1, 10.2, 10.3)

The ultimate management of the Group is by the Board and its committees. The role, remits and reports of the committees are set out in the Report and Accounts and on the website under Plc Board and Investor Relations > Other Documents. Implicit within all remits is the obligation of the Board under The Companies Act 2006 to promote the success of the company.

Day to day and operational management is delegated to the Chief Executive, Group Finance Director, Chief Operating Officer, Chief Technical Officer and the subsidiary directors. Each business in the group

has its own management team and its own board. At least two of the Chief Executive, COO, CTO and GFD are represented on all boards.

Delegated responsibility is defined at each level and there are authority matrices which set out limits of responsibility at specific levels and for specific actions and activities. Each individual board meets formally at least quarterly, and informally more frequently. The Directors and senior members of staff review, mentor and develop colleagues on an ongoing basis in a coaching and advisory capacity.

All members of the Board endeavour to keep up-to-date and attend seminars and training courses as appropriate. Directors are required to complete CPD in accordance with their professional qualification where relevant.

PRINCIPLE 7

Evaluation of the Board (5.5, 6.1, 7.1, 7.2, 7.5, 9.3)

The Nomination Sub Committee of the Board reviews the skills of each board member on an annual basis using a matrix grid of core requirements and level of each attribute achieved.

The Skills matrix covers 14 key skills identified as relevant to the operations of the listed company and its key activities. Each skill is given a weighting factor of 1 to 3 and graded by level of knowledge and experience on a scale of 1 to 4. This then provides a weighted ranking of the skills provided by the current board and each member in relation to that ranking.

Following completion of the annual review the Nomination Committee makes recommendations to the Board on further training or mentoring requirements as necessary.

The Chairman carries out appraisals of each board member on an annual basis. The NEDs appraise the Chairman. As a result of these meetings, any mentoring and training needs are established.

Board attendance & Effectiveness (5.6, 7.1)

Microsoft Teams or similar online meeting technologies are used consistently to permit Board members to reduce travel in the Post-Covid 19 era. This has resulted in the high attendance record. The Board meets formally on a bi-monthly basis.

The attendance record for the year will be contained in the next Report and Accounts.

Board remit (7.1, 9.4)

The role of the Board and its composition is set out in the Group's Report and Accounts which are on the Group's website.

In summary the Board is a balanced team of executives and non-executives with the remit to ensure good, appropriate, safe governance and compliance with the Group and to manage the staff and assets, monitoring performance and developing and implementing strategy to deliver the best possible results for the shareholders.

The principal matters reserved for the Board are set out on the website, see Investor Relations> Other documents.

Succession planning (7.3, 7.4)

The Nomination Committee is responsible for managing the succession plan of the Board. This is carried out by maintaining a succession planning matrix. This matrix contains information on: the Role, Job Holder, Sub Committee membership, term and notice period, AGM re-election dates, and alternatives for either temporary or permanent replacement.

NEDs hold office for no more than three successive terms of three years - in line with industry norms.

Executives are on contracts of six months' notice duration.

PRINCIPLE 8

Corporate Governance – External (8.1, 8.2, 8.4)

Key corporate governance statements relating to the company and its operations are set out on the Group plc website under: Investor Relations > Other Documents.

Our strategic health & safety statement acknowledging our duties and responsibilities is signed by the Chief Executive. Two other Plc Board members form a part of the H&S Steering Committee which meets quarterly and reports into the Plc Board meetings.

Data Privacy (GDPR)

A data privacy notice outlines our policy and procedures covering how information is collected and used whether via our website or by visiting our sites, an individual's rights and the measures to be adopted for reporting any breaches.

Corporate Governance – Internal (8.1, 8.2)

Our external statements are supported by other policy and procedural documents located on our intranet site and in a Studio Handbook (UK) for the benefit of our employees.

The company's intranet site provides details of our Group and internal management structure, design culture, employment, sustainability, health & safety, data privacy, anti-corruption & bribery, social media, whistle blowing, equality & diversity, share dealing and modern slavery policies.

The Studio Handbook is a separate printable document available on the intranet site which contains more detailed operational information and requirements pertaining to the activities of employees. It includes various sections covering Practice Profile, Studio wellbeing, health & safety, fire evacuation, IT protocols, CPD, mentoring, training and office administration.

The Project Handbook is a separate section of the intranet site that covers the range of policy, procedures, guidelines and templates for the application of our professional skills on the projects we design and deliver for our clients. It includes project execution, drawing and Revit/BIM protocols, guides and templates, a design review methodology and data management tools.

Our business operation in the practice of architecture, master planning and interior design in the UK is underpinned by accreditation and certification by the British Standards Institute for our Environmental Management System ISO 14001:2015 and our Quality Management System ISO 9001:2016. These standards are emulated in our overseas operations where relevant and in relation to local standards and license requirements.

In addition, we have an extensive track record of peer recognition and reward through award winning projects meeting exacting design, delivery and environmental performance requirements such as the RIBA, British Council for Offices, BREEAM, LEED, SKA, Estidama and DGNB.

Performance and rewards (7.1, 9.3)

The Remuneration Committee is responsible for assessing the Board on a performance and rewards basis. The Committee uses industry available material to assess remuneration levels and has undertaken external reviews of the level of reward for both executive and non-executive directors. The most recent external review was undertaken in 2017 by UHY Hacker Young and the most recent AIM survey information was provided by BDO in 2018.

PRINCIPLE 9

Roles (5.1, 5.2, 9.2)

Chairman – leads the Board at its regular meetings, sets the Agenda, oversees the governance aspects of the internal control process and monitors and challenges the strategic direction of the company.

Chief Executive – provides guidance and information to inform the strategic direction of the company and its operations. Along with the senior management team the Chief Executive leads the delivery of the strategy.

Non-Executive Directors – act as independent voices on the Board and attend a maximum of 24 to 48 days per annum under their contracts.

PRINCIPLE 10

Corporate information (10.5)

The following documents are held on the Group's website:

- Annual Report and Accounts
- Interim Announcements
- General Meeting notices (where separately issued and not contained in the Report and Accounts).
- Trading updates
- Memorandum and Articles of Association

Company's registered office:

10 Bonhill Street, London, EC2A 4PE

The Group's advisers

As set out in the Report and accounts:

Auditors

Moore Kingston Smith LLP

www.mooreks.co.uk

Broker

Zeus Capital

www.zeuscapital.co.uk

Nomad

Strand Hanson

www.strandhanson.co.uk

Registrar

Equiniti

www.equiniti.com

Solicitors

Fox Williams

www.foxwilliams.com

Non-Compliance with Rule 26 (10.4)

The following requirements of the QCA code are not covered by our website or Report and Accounts:

8.3 Rewards reflecting company values

8.5 Rewarding ethical behaviour

Date of Review: 23/01/24