

Accsys QCA Code Statement of Compliance

In 2018, and following a review of corporate governance by the Board, the Company adopted the QCA Code which it now follows and reports against on a comply-or-explain basis.

This document contains an extract from the most current Annual Report & Accounts which sets out Accsys' compliance with the QCA Code during the relevant period.

The QCA Corporate Governance Code (the 'QCA Code') Statement of Compliance 2023

The QCA Code is constructed around ten broad principles of which our Company complies with all ten. Set out below are the principles of the QCA Code and a summary explanation of the Company's application against each key principle.

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

Compliant	How this was applied	Where to find further information in the Accounts
✓	<ul style="list-style-type: none"> The Company's strategy is to: <ul style="list-style-type: none"> (i) develop market opportunities to drive revenue growth by increasing the Accoya and Tricoya volume sold and number of distributors by developing market opportunities into core business; (ii) grow its global manufacturing production position and production capacity in Europe, the USA and Malaysia and establish new platforms in key markets in support of, and to enable, demand growth; (iii) develop research and development of product and process-related technologies and IP programmes to protect and grow its leading market position; and (iv) develop its people and organisational capability to enable Accsys to meet its growth objectives. The Board's annual schedule of agenda items ensures that the strategy and Business Model is reviewed at least once every year. The programme of Board effectiveness review considers whether the Board spends enough time on strategy and its business model. Decisions made in Board meetings consider key stakeholder groups and long-term value (including for shareholders). If, and to the extent, issues come to light which challenge the Company's ability to meet its strategy and Board model, the Board proactively addresses these. <p>Our Statement of Compliance explains in further detail the Company's key strengths which in turn promote long-term value for shareholders.</p>	<ul style="list-style-type: none"> Business model and strategy (page 26 and 28) Company's Corporate Governance QCA Compliance Statement (page 82) Strategic Report (page 20) Board activity (pages 68 to 69) Stakeholder engagement (page 67)

Principle 2. Seek to understand and meet shareholder needs and expectations

Compliant	How this was applied	Where to find further information in the Accounts
✓	<ul style="list-style-type: none"> Communications with shareholders are given high priority to ensure that its strategy, business model and performance are clearly understood. There is regular dialogue with shareholders, including webcast presentations after the Company's preliminary announcement of the year-end results and six monthly results, regular Regulatory News Service announcements and trading updates. Accsys also organises investor roadshows in the UK and Netherlands offering significant shareholders an opportunity to discuss the business, management and strategy of the Company with the Executive Directors. Representatives of the Company meet regularly with shareholders. For example, during FY23, the Company met with 121 shareholder representatives from 31 unique institutions, engaging in dialogue with 59.5% of its shareholder register. This degree of engagement helped the Board to better understand shareholders' expectations and motivations. Accsys also remains informed of shareholders' views via regular dialogue with its corporate brokers. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. The Chairs of the Board and all Board Committees, together with all other Directors, routinely attend the AGM and are available to answer questions from investors. 	<ul style="list-style-type: none"> Corporate Governance QCA Compliance Statement (page 82) Stakeholder engagement (page 67)

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

Compliant	How this was applied	Where to find further information in the Accounts
✓	<ul style="list-style-type: none"> The Company's business model identifies that investment in key resources on which the business relies – Accsys' intellectual property, expertise, innovation, research and development, branding, employees and relationships with numerous third parties including business partners, equipment manufacturers, wood suppliers, distributors and customers – underpins all that Accsys does. Investment from the Company's other key stakeholders, its shareholders and finance providers make this possible. The Board regularly receives reports on the status of key stakeholders, including investor relations led updates in respect of shareholders and updates on all levels of the workforce from the Chief People Officer. This is complemented by frequent briefings on ESG and customer and supplier issues to members of the Board. These sources support the Board to consider stakeholders' views during relevant decision-making processes. In addition to the above, the Board takes steps to verify feedback. For example, each year, the Board invites personnel to attend 'Meet the Board Lunches' at its offices, providing an informal forum to facilitate and encourage engagement and open dialogue between the Board and the Company's workforce. Further evidence of Accsys' awareness of and commitment to acting in a socially responsible way is set out in the Accsys Sustainability Report. This Report includes details of the impact that Accsys' business and operations has on the wider community. Furthermore, the Company has increased reporting scope and transparency, including reporting to established global reporting frameworks GRI and SASB. The Company published its first reports under these standards in FY22 and is going to publish reports under these standards again for FY23. The information required for GRI reporting has increased and so the Company will be providing more information than FY22 on its compliance with these standards. The 'further information' column provides details of where the Sustainability Report can be downloaded from. The Company is committed to continuing research and development concerning its products and processes. During FY23, Accsys participated in a number of shareholder ESG surveys. Feedback from these surveys was positive, including scoring the highest rating possible in one survey. 	<ul style="list-style-type: none"> Stakeholder engagement (page 67) Corporate Governance QCA Compliance Statement (page 82) See www.accsysplc.com/ for the Sustainability Report and Modern Slavery Statement

The QCA Corporate Governance Code (the 'QCA Code') Statement of Compliance 2023 continued

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

Compliant	How this was applied	Where to find further information in the Accounts
✓	<ul style="list-style-type: none"> The Board meets regularly and is responsible for strategy, performance, approval of major capital projects and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. The Board is responsible for establishing and maintaining the Company's system of internal risk management, including in relation to its priority surrounding health, safety and the environment, and places importance on maintaining a strong financial control environment. The key internal procedures which the Directors have established with a view to providing effective internal controls include clear lines of responsibility within the organisation structure, a comprehensive annual budget that is approved by the Board and the identification of major business risks to enable appropriate action. Furthermore, monthly results are reported against the budget and variances are closely monitored by the Directors. The Audit Committee is responsible for monitoring compliance with accounting and legal requirements and for reviewing the annual and interim financial statements prior to their submission for approval by the Board. The Risk Committee – comprised of the Executive Directors and certain members of the Senior Leadership Team – regularly meet and update a risk register which outlines the nature of principal risks facing the Company and any mitigating factors required to protect against such risks. The Risk Committee reports on the risk register to the Audit Committee and thereafter the Audit Committee reports on the same to the Board. 	<ul style="list-style-type: none"> Risk and risk management (page 50) Corporate Governance QCA Compliance Statement (page 82) See www.accsysplc.com/ for the Sustainability Report/ Modern Slavery Statement and Audit Committee Terms of Reference Audit Committee Report (page 88) Strategic Report (page 20)

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

Compliant	How this was applied	Where to find further information in the Accounts
✓	<ul style="list-style-type: none"> The Board has gone through a period of change. The Nomination Committee's Terms of Reference require it to ensure recommendations are made to the Board on the Board's composition, including with regard to diversity of skill, thought, background and experience. As at the date of this Annual Report, the Board is comprised of one Executive Chair (appointed as such on an interim basis with effect from 1 April 2023, having previously been Independent Non-Executive Chair), five Independent Non-Executive Directors, one of whom acts as Senior Independent Director, and the Chief Financial Officer. On 1 July 2023, the Executive Chair will revert to his prior role of Independent Non-Executive Chair and Jelena Arsic van Os – will join the Board as Chief Executive Officer. The Board has constituted four standing Committees: the Audit Committee, the Nomination Committee, the Remuneration Committee and the HSE Committee, with ad hoc committees constituted as required. In addition to regular scheduled Board meetings, there is frequent contact between all the Directors in connection with the Company's business including Audit, Nomination and Remuneration Committee meetings which are held as required, but as a minimum twice per annum. Non-Executive Directors' terms of appointment provide that they will spend as much time as necessary and/or reasonably requested by the Board for the fulfilment of their duties. This is anticipated to be in the order of 20 (or more) days per annum, although this is not definitive. All Executive Directors are engaged on a full-time basis. The Board has a Board effectiveness review programme. The Board receives updates and information on a structured basis through Board and Committee meeting packs, together with ad hoc information and dialogue provided as necessary by the Executive Directors between meetings. 	<ul style="list-style-type: none"> Board of Directors (page 74) Directors' attendance record (page 81) Audit Committee Report (page 88) Nomination Committee Report (page 90) Remuneration Committee Report (page 93) HSE Committee Report (page 92) See www.accsysplc.com ('Investors' page) for the Company's Corporate Governance QCA Compliance Statement, Sustainability Report, Modern Slavery Statement, Terms of Reference Audit Committee, Terms of Reference Nomination Committee, Terms of Reference Remuneration Committee and Terms of Reference HSE Committee

Principle 6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

Compliant	How this was applied	Where to find further information in the Accounts
✓	<ul style="list-style-type: none"> The Board is satisfied that it has the appropriate balance of financial, public markets and sector skills and experience, as well as an appropriate balance of personal qualities and capabilities and where appropriate, each Director keeps their skills up-to-date, for example by the completion of the Group's online training programme, attendance at seminars, briefings and through literature. Through the Nomination Committee, the Board ensures that it understands and challenges its own diversity, including gender balance, as part of reviewing the Board's composition. Expert advisors support the Group's businesses and contribute relevant industry and commercial experience. These advisors are drawn from industry, finance, legal and other advisory groups. For example, Deloitte LLP is appointed by the Remuneration Committee as an independent adviser and assisted the Board in the drafting of the Remuneration Policy that was approved by the shareholders at the 2021 AGM. Further information on the engagement and role of external advisors can be found in our Statement of Compliance of the QCA Code. All Directors have access to the advice and services of the Company Secretary and in-house legal counsel. In addition, procedures are in place to enable the Directors to obtain other independent professional advice (legal or otherwise) in the furtherance of their duties, if necessary, at the Company's expense. 	<ul style="list-style-type: none"> Board of Directors (page 74) Corporate Governance QCA Compliance Statement (page 82)

The QCA Corporate Governance Code (the 'QCA Code') Statement of Compliance 2023 continued

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

Compliant	How this was applied	Where to find further information in the Accounts
✓	<ul style="list-style-type: none"> The Board undertakes an annual review process whereby each Director completes a 'Board and Director Review and Evaluation Paper', ensuring that the Board regularly undertakes a formal and rigorous evaluation of its own performance and that of its Committees and individual Directors. During FY23, the Board made progress against recommendations made in the 2023 Board Evaluation. An internal Board effectiveness review was carried out in 2023 with an external review planned for 2024. The results of the Board evaluation were shared with the Board as a whole while the results of any individual assessments remained confidential between the Chair and the Director concerned. The results of the 2023 internal Board evaluation were discussed with the Board at a meeting in May 2023 and areas for development will be reviewed further in FY24. 	<ul style="list-style-type: none"> Corporate Governance QCA Compliance Statement (page 82) Board performance (page 79)

Principle 8. Promote a corporate culture which is based on ethical values and behaviours

Compliant	How this was applied	Where to find further information in the Accounts
✓	<ul style="list-style-type: none"> Since Accsys is an eco-friendly company that combines chemistry, technology and ingenuity to create high performance, sustainable wood building products, a focus on social responsibility lies at the very core of its business. Accsys aims to reduce the use of environmentally unfriendly building materials and products by the utilisation of its proprietary technology and the introduction and uptake of its products around the world. The planet continues to consume endangered materials like tropical hardwood and non-renewable, high emitting building materials such as plastics, concrete and metals at an alarming rate. Accsys' acetylated wood products offer alternative, sustainable new materials that resolve many of the environmental limitations that commonly used building materials have, whilst not compromising on performance. At present, Accoya is the only building product perfectly fitting in the biocycle of the circular economy while having the same performance as typical techno-cycle building products such as plastics and metals which cannot be renewed. The strategy and business model of the Company in relation to ethical values is readily promoted throughout and is evident from the Company's accreditations. The Board receives updates from the Executive on corporate culture which enables it to monitor and provide input into how Accsys' ethical values and behaviours are implemented through the organisation. 	<ul style="list-style-type: none"> Statement of Compliance of the QCA Code (page 82) Sustainability Report (page 56) Statement of Engagement with Employees (page 71) Stakeholder engagement (page 67) Environmental, Social and Governance Statements (available at www.Accsysplc.com 'Investors' page)

Principle 9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

Compliant	How this was applied	Where to find further information in the Accounts
✓	<ul style="list-style-type: none"> The Board meets regularly and is responsible for strategy, performance, approval of major capital projects and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. Board meetings are usually held in London with site visits scheduled to take place annually in at least Arnhem to ensure the Board has a deep understanding of the Group's operations. In addition to the scheduled meetings there is frequent discussion between all the Directors in connection with the Company's business including Audit, Nomination, Remuneration Committee and HSE Committee meetings which are held as required, but as a minimum twice per annum, save where the relevant Committee Terms of Reference require a higher frequency. Copies of the Terms of Reference for the Committees are available on the Corporate Governance page of our website, www.accsysplc.com. Day-to-day operating decisions are made by the Executive Directors with support from the Senior Leadership Team. The Board is responsible for the long-term success of the Company. There is a formal schedule of matters which are reserved for the Board, including matters relating to strategy and management, structure and capital, financial reporting and controls, internal controls, contracts, communications, board memberships, remuneration, delegation of authority, corporate governance and Group policies. This schedule of 'matters reserved' is reviewed periodically, and was updated in September 2021 to reflect the Group's evolution as a business and to update it in line with best corporate governance practice, as applicable for Accsys. 	<ul style="list-style-type: none"> Corporate Governance QCA Compliance Statement (page 82) See www.accsysplc.com for Sustainability Report, Modern Slavery Statement, Terms of Reference Audit Committee, Terms of Reference Nomination Committee and Terms of Reference Remuneration Committee. Section 172(1) Statement (page 67)

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

Compliant	How this was applied	Where to find further information in the Accounts
✓	<ul style="list-style-type: none"> The Company regularly communicates with shareholders including presentations after the Company's preliminary announcement of the year-end results and six-monthly results and bi-annual webcasts. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. The Company issues regular news to its stakeholders via RNS, all of which are displayed on the Company website (News). Constitutional and governance information, including relating to shareholder meetings and the outcome of shareholder votes, can also be found on the Company website (Corporate Governance). As noted above, the Board has constituted four standing Committees: the Audit Committee, Nomination Committee, Remuneration Committee and HSE Committee, with ad hoc Committees constituted as required. Details of the Committees' work during the year can be found in the Further Reading links opposite. 	<ul style="list-style-type: none"> Corporate Governance QCA Compliance Statement (page 82) Nomination Committee Report (page 90) Audit Committee Report (page 88) Remuneration Report (page 93) HSE Committee Report (page 92)