



A Yokogawa Company

Section 172(1) statement

This statement requires directors to take into consideration the interests of stakeholders in their decision making. The directors continue to have regard to the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, the environment and the Group's reputation, including our parent entity Yokogawa, when making decisions. Acting in good faith and fairly, the directors consider what is most likely to promote the success of the Group for its members in the long term. KBC's board is chaired by and is majority controlled by senior executives from the parent company, who ensure KBC remains strategically and operationally focused on the combined group's vision, mission, and goals described above.

The revised Code has reinforced and expanded on the requirements of the UK Companies Act for directors to remain mindful of their duties to consider the interests of key stakeholders. The directors understand the decisions being made impact not only on our people but also many stakeholders who have an interest in our business.

Employees

Employees are critical to the operation and success of the Group. For our business to succeed, it needs to manage our employees' performance and development, bringing through talent whilst ensuring we operate efficiently. Foremost to this, we need to ensure the safety of our employees as they travel globally to fulfil the commitments of their role. There are number of ways in which KBC engage with our employees:

- Include a Safety Moment and/or a Leadership Moment at the beginning of all internal meetings.
- Employee engagement surveys and responding to feedback
- Regular internal communications via the intranet site.
- Quarterly all employee Town Hall meetings
- A Talent Management Committee which aims to attract, retain and coach future leaders within the organisation and support succession planning.
- KBC has a wide range of people policies, covering every aspect of the employee lifecycle. Recently this has included guidance on remote working whilst offices were closed due to COVID-19.

Please see further details within the Directors' Report on Employee involvement.

Clients and customers

The Group understands that customers are central to the success of the business and the directors aim to ensure our business is adaptable and innovative to ensure customer satisfaction.

The directors engage with customers directly through virtual and physical visits and via customer feedback, and look to make decisions to support the customer's requirements and requests. During the year, key contracts have been awarded with the directors being involved from initiation to the final sign off. We have seen the landscape changing in recent years with KBC working with customers to offer a contract price which is dependent on the level of success experienced by the customer. This ensures that KBC works with our clients to create the best possible outcome for both parties.



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Suppliers

Our aim is to develop and maintain strong relationships with our suppliers. We value our suppliers and the Group hold multi-year contracts with key suppliers. As is common in consultancy organisations, the workforce is supplemented in peak periods with the use of associates and subcontractors. Appropriate controls are put in place to procure and manage this resource to ensure their safety and provide quality service to our customers.

The Group conducts an annual review of policies and processes to ensure that we are compliant with the Modern Slavery Act 2015 and payment policies, practices and performance reporting requirements.

Society and the community

Sustainability is centre stage. Our parent entity, Yokogawa Electric Corporation, has set goals in its 2050 strategy of achieving net zero emissions, well-being of all and circular economy and is working towards sustainability targets linked to the United Nations Sustainable Development Goals. As a Yokogawa company we are proud to be part of this vision, making the world a better place through our digitalisation technologies, practices and people.

The Board of Yokogawa Electric Corporation

The Group's directors are committed to engaging with the parent entity's board, as we recognise the importance of effective dialogue and transparency. It is important that Yokogawa's board understands the strategy and objectives of KBC. Regular communication is maintained with Yokogawa's board including monthly result presentations and annual budget presentations.

The likely consequences of any decision in the long term

Our long-term objective is to achieve a sustainable rate of growth and support the long-term vision of our parent entity Yokogawa Electric Corporation. The directors, acknowledge that they have a fiduciary duty to all stakeholder groups, ensuring they are considered during their decision-making process. Any long-term decisions would need to be approved by the Board and also by management within our parent entity.

The directors are satisfied that they have met the requirements of the Companies Act in particular the requirements of section 172(1).

July 2022