Statement of Compliance with the QCA Corporate Governance Code

As an AIM quoted company, we recognise the importance of applying sound governance principles in the successful running of the Group. Given the size and nature of the Company and composition of the Board, we have formally adopted the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies (the QCA Code) and will report annually on our compliance with the QCA Code in our Annual Report.

The sections below set out how we currently comply with the ten principles of the QCA Code.

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

The strategy and business operations of the Group are set out in the 2018 Strategic Report on pages 13 to 19.

The Executive Directors are responsible for the leadership and day-to-day management of the Group. This includes formulating and recommending the Group's strategy for Board approval and then executing the approved strategy.

2. Seek to understand and meet shareholders needs and expectations

The Group seeks regular dialogue with both existing and potential new shareholders, ensuring our strategy, business model and performance are clearly understood as well as to understand the needs and expectations of shareholders. The Executive Chairman and Chief Financial Officer meet regularly with investors and analysts via investor roadshows, investor presentations and events and hosting tours of our development sites in order to provide them with updates on the Group's business and obtain feedback regarding the market's expectations of the Group.

The Board invites communication from its private investors and encourages participation by them at the Annual General Meeting (AGM). All Board members present at the AGM are available to answer questions from shareholders. Notice of the AGM is in excess of 21 clear days and the business of the meeting is conducted with separate resolutions, voted on initially by a show of hands and with the result of the voting being clearly indicated. The results of the AGM are announced through a regulatory information service.

The normal channel of communication with shareholders is via our Chief Financial Officer and Executive Chairman. Our Non-Executive Director, Chris Jones is available to shareholders where concerns have not been resolved through the normal channels of communication with the Board and for when such contact would be inappropriate. Details relating to this can be found on our website at https://cyanconnode.com/investors/governance/

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

Our technology has been designed to address social problems, particularly in emerging territories such as India where there are significant losses to the government in the electricity sector. The technology is low-cost, low-power and seeks to prevent theft from electricity or tampering with electricity meters. These features have allowed utilities to safely read meters and carry on business remotely during the Covid-19 pandemic.

The Group is mindful of its corporate social responsibilities and the need to build and maintain strong relationships across a range of stakeholder groups is a key principle in what we do. Engaging with our stakeholders allows us to create a positive legacy and create strong stakeholder relationships. Our project teams engage with stakeholders throughout the development life cycle to help enrich communities.

Our employees are at the heart of our business and we consistently strive to ensure they have the opportunity to develop in a job they enjoy. We embrace diversity and employ people from a range of cultures and backgrounds across the group. Further information on our diversity policy can be found on page 18 of our Strategic Report in the 2018 Annual Report. The Group's revenue is dependent on delivering complex projects to specific markets and therefore ensures that cross-functional teams including senior employees work together with customers and local, in-country employees and partners to ensure the successful integration of its products and technologies.

3. **Take into account wider stakeholder and social responsibilities and their implications for long-term success (continued)**

Our customers and partners are key to the Group's success. The sales and delivery teams obtain feedback from customers regarding current products, product requirements and customer service through regular interactions with customers mainly comprising both face to face meetings and online discussions where travel is not possible (such as during the Covid-19 pandemic).

Our Environmental policy and Health and Safety Management policy, see page 19 of the 2018 Annual Report, provides information on the Company's approach to the environment. The Group has recently been awarded accreditation for the ISO14001, ISO9001 (2015) and ISO27001 standards.

CyanConnode fully abides by the Modern Slavery Act 2015.

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

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. Such a system is designed to mitigate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

There is an ongoing process for identifying, evaluating and managing the Group's significant risks and is regularly reviewed by the Board. This has been of particular importance during the Covid-19 pandemic and the Group has found its processes to be robust minimising any impact of the lockdown.

The internal control procedures are delegated to Executive Directors and senior management in the Group, operating within a clearly defined departmental structure. The Board regularly reviews the internal control procedures in light of the ongoing assessment of the Group's significant risks.

On a monthly basis, management accounts, including a comprehensive cash flow forecast, are reviewed by the Board in order to provide effective monitoring of financial performance. At the same time the Board considers other significant strategic, organisational and compliance issues to ensure that the Group's assets are safeguarded, and financial information and accounting records can be relied upon. The Board formally monitors monthly progress on each development.

Please see pages 15 to 18 of the 2018 Annual Report for a summary of the principal risks and uncertainties facing the Group, as well as mitigating actions.

The Group takes security of personal data seriously and ensures compliance with the GDPR which came into effect on 25 May 2018. The Group's privacy policy can be found on the Company's website at https://cyanconnode.com/about/ privacy-policy/

The Group also takes security of all data and its intellectual property very seriously and in 2019 received accreditation for the ISO27001 standard. Quality of product and process are important to the Group. The Group has been accredited for ISO9001:2008 since 2008 and has recently received accreditation for the ISO9001:2015 standard.

The Company has adopted an Anti-Bribery policy which can be found on the Company's website at https://cyanconnode. com/investors/bribery-act/ The Group Bribery Officer ensures that all partners and agents working for the Group sign acceptance of the terms of this policy prior to engagement with any Group company, and provides training to employees on this policy.

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

The Company and Group are managed by a Board of directors chaired by John Cronin. The Board is responsible for taking all major strategic decisions and also addressing any significant operational matters. In addition, the Board

reviews the risk profile of the Group and ensures that an adequate system of internal control is in place. A formal schedule of Matters Reserved for the Board was adopted in March 2018 and will be reviewed periodically.

It has been agreed that the Board will at any time consist of either two or three Executive Directors and three Non-Executive Directors. Two of the Non-Executive Directors are considered by the Board to be independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement in accordance with the QCA Code. David Johns-Powell is only considered as non-independent due to his significant shareholding in the Company.

The Non-Executive Chris Jones is available to shareholders where concerns have not been resolved through the normal channels of communication with the Board and for when such contact would be inappropriate.

The Board has sufficient members to contain the appropriate balance of skills and experience to effectively operate and control the business. No one individual has unfettered powers to make decisions.

The Roles of the Chairman and Chief Executive are not separate, however following consultation with the company's Nominated Adviser it is believed that this situation is appropriate for the Group's current size and stage of growth. This position is reviewed regularly and discussed with advisers. The Executive Chairman's main responsibility is the leadership and management of the Board and its governance. The Group has a CEO of India to manage the Indian operations. Engineering and operations are managed by the VP of Operations and Engineering. These two executive managers are very experienced and it is therefore felt that there is no need for a separate Chief Executive Officer role.

The Executive Directors are responsible for the leadership and day-to-day management of the Group. This includes formulating and recommending the Group's strategy for Board approval and executing the approved strategy.

The Board meets regularly, at least 9 times a year and more frequently if necessary. In addition to this the Board attends strategy meetings with senior members of staff presenting on areas of the business and business strategy.

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

The Board considers that the skills, experience and knowledge of each director gives them the ability to constructively challenge strategy and decision making and scrutinise performance. Their biographical details are set out on the Company's website at https://cyanconnode.com/about/team/

As the business has developed, the composition of the Board has been under review to ensure that it remains appropriate to the managerial requirements of the group. One third of the directors retire annually in rotation in accordance with the Company's Articles of Association. This enables the shareholders to decide on the election of the Company's Board.

The Board takes decisions regarding the appointment of new directors as a whole and this is only done following a thorough assessment of a potential candidate's skills and suitability for the role. During the course of the year, directors received updates from the Company Secretary and external advisers, where relevant, on corporate governance matters, and corporate governance is an agenda item for all Board Meetings where updates will be discussed.

Directors have access to independent professional advice at the Company's expense. In addition, they have access to the advice and services of the Company Secretary who is responsible to the Board for advice on corporate governance matters.

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

The Board has completed an evaluation of Board performance and effectiveness in late 2018. The evaluation covered the following areas:

- Board and committee composition (mix of skills, experience, and adequate succession planning);
- Board communication;

- Board responsibilities;
- Decision processes;
- Board induction and training; and
- Meeting arrangements and processes.

The effectiveness of the Board and its committees will be kept under review in accordance with corporate governance best practice and at a minimum on an annual basis.

8.   Promote a corporate culture that is based on ethical values and behaviours
We recognise that it is our people who make us different, and we strive to recruit, retain, engage and develop the best. We continue to encourage our unique and supportive culture, which we believe sets us apart from competitors.

Our comprehensive set of policies and procedures cover all of our operations. They are constantly updated and communicated to relevant employees and everyone else working on our sites. Details of these policies can be found on pages 18 and 19 of the 2018 Annual Report.

9.   Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board
The Board has an Audit Committee, a Remuneration Committee and a Nominations Committee to oversee and consider issues of policy outside main Board meetings. All recommendations for appointments to the Board are however considered by the Board as a whole.

Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities, adopted by the Board in March 2018.

Board committees are authorised to engage the services of external advisers as they deem necessary in the furtherance of their duties at the Company's expense. Details concerning the composition and meetings of the committees are contained in the Annual Report and on the Company's website at https://cyanconnode.com/investors/governance/

10.   Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders
Communications with shareholders is through the Annual Report and Accounts, full-year and half-year announcements, periodic market announcements (as appropriate), the AGM, investor presentations, one-to-one meetings and investor road shows.

The Group's website www.cyanconnode.com is regularly updated and users can register at https://cyanconnode.com/investors/shareholder-information/investor-alert/ to be alerted when announcements or details of presentations and events are posted on the website. Annual reports and notices of meetings for at least the last five years can be found on the Group's website.