

Corporate Governance Statement

Reference: D-014-TGP-03a (Corporate Governance Statement)

Revision	Date	Issued For	Prepared	Reviewed	Approved
NA	July 2020	External Distribution	NA	SH	AM

Chairman's Introduction

We have a clear vision to become the partner of choice for the supply and installation support of subsea protection equipment to the global offshore energy markets.

We aim to achieve this by growing our business through our people, track record, heritage, and reputation for excellence. The Board believe this approach is vital to creating a sustainable growing business. This supports the Group's objective for growth through fundamentally increasing revenue per customer and revenue per project.

We understand that good corporate governance is about building strong relationships with both shareholders and stakeholders for the long-term benefit of all parties. Combined with effective and efficient decision-making, the Board aim to minimise risk and maximise value within our business. In support of this goal we have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). We believe the QCA Code is an excellent way for us to demonstrate our commitment to all stakeholders and shareholders and a description of how we apply the ten governance principles is provided below.

Any further requests for information can be made to investors@tekmar.co.uk and thank you for your interest in Tekmar.

Alasdair MacDonald, Chairman

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

The Board have a clear strategy for delivering long-term shareholder value.

We will do this through:

- Increasing market share - through focusing on our differentiated value proposition.
- Bringing in new opportunities - through adding new customers.
- Increasing our offer to the market - through increasing our technology and service portfolio.
- Maximise growth - through developing a strong regional presence in high demand and high growth areas.

The strategy is supported by our core building blocks of:

- Organic Growth – increasing sales to new and existing customers.
- Accelerated Growth – investing in our business, R&D, and operations.
- Acquisition Strategy – targeting businesses which align with our brand and values; that would benefit from Group support; will add to Tekmar's customer base and product offering; smooth seasonality of contract revenues; and which leverage engineering skills whilst maintaining margins.

To achieve this and to protect shareholders, we manage risk closely to limit any potential adverse effects in the implementation of our strategy. We do this by ensuring that we have a framework in place to identify and monitor risk and uncertainty in line with our business risk assessment policy and reporting.

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

Tekmar is committed to communicating openly with shareholders to ensure that its strategy, business model and performance are clearly understood.

Understanding what analysts and investors think about us, including their drivers on why they choose to invest, and helping our stakeholders understand our business is a key part of driving our business forward.

Maintaining consistent and positive engagement with shareholders is a high priority. Due in part to the AIM admission in June 2018, there has been considerable engagement with shareholders, and we expect this to continue.

The principal methods of communication are through disclosures in the Annual Report; the interim and full-year results announcements; the Annual General Meeting and other announcements to be found on the Group's investor website. We will also carry out investor roadshows at key dates throughout the year, attend investor conferences and host investors for site visits.

If and when voting decisions at AGMs or General Meetings are not in line with the Company's expectations, the Board will engage with shareholders to understand and address any issues informing those decisions.

Requests for information on any of these matters, including details of investor days, can be made to investors@tekmar.co.uk.

Note: no unpublished price sensitive information will be provided by this email address. All Tekmar Group plc communications will align and accord with official AIM guidelines.

Principle 3. Take into account wider stakeholder and social responsibilities, and implications for longer term success

In line with our corporate social responsibility policy, the Board upholds its commitment to being a socially and ethically responsible company.

The executive team oversee our social and ethical framework and are responsible for reviewing operational processes for managing social, environmental, and ethical risk.

These processes and strength in this area are externally audited and reflected by our ISO accreditation and Tekmar’s Investors in People certification. Tekmar is accredited to ISO 9001:2015 (quality management system), ISO 14:001:2015 (environmental management systems) and ISO 45001:2018 (occupational health and safety management systems).

Tekmar Energy Ltd was recently confirmed as the first offshore company to receive ISO 45001:2018 accreditation, proving our leading position in the industry and commitment to health and safety management.

Our commitment to these areas is shown through their inclusion in our annual strategic planning process, including a review of any associated strengths, weaknesses, opportunities, and threats, and thus integrated into the company’s strategy and business model.

The Board recognises the need to maintain effective working relationships across a wide range of stakeholders, including investors, employees, partners, and local communities. This is managed by our Head of Marketing and Strategy, with solid and continued feedback from our wider stakeholders as an essential part of ensuring long term success.

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

The Board has overall responsibility for the determination of the Group’s risk management objectives and policies. This risk management is included and reviewed monthly within our business plan; and includes our business risk register. As an offshore energy business, managing risk is core to our everyday responsibilities and has been demonstrated by over 30 years of proven policies, procedures, and behaviours.

The objective of the Board is to set policies that seek to reduce ongoing risk as far as possible, without unduly affecting the Group’s competitiveness and flexibility. The Board believes this helps to sustain shareholder value; including the company’s supply chain, from key suppliers to end-customer, while also protecting the Group’s corporate culture.

A detailed breakdown of the Company’s risk factors can be found on Page 30 of the Admission Document available here [\[LINK\]](#) and are updated each year in the Annual Report.

Risk management, including financial and non-financial controls; what the board does to identify, assess and manage risk and how it gets assurance that the risk management and control systems are effective, is covered by the company’s business risk assessment procedures.

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

The Directors acknowledge the importance of high standards of corporate governance and believe the QCA Code provides the best fit for the Group by setting out a standard best practice for small and midsize quoted companies, particularly those listed on AIM. The Chairman has overall responsibility for ensuring the Group's compliance to the QCA Code. The Non-Executive Directors are also responsible for the effective running of the Board's committees which comprise an important element of the governance process.

In line with QCA code guidance, three of the Non-Executive Directors, one of whom is the Chairman, are independent. The Non-Executive Directors of the Board have been selected with the objectives of increasing the breadth of skills and experience of the Board and bringing constructive challenge to the Executive Directors.

The Company Directors are:

- Alasdair MacDonald, Independent Non-Executive Chairman
- Christopher Gill, Senior Independent Non-Executive Director
- Julian Brown, Independent Non-Executive Director
- Sue Hurst, Chief Financial Officer

Full details and biographies can be found here [\[LINK\]](#).

The Group has determined that the composition of the Board and its committees brings a desirable range of skills, personal qualities, and experience for delivering the strategy, based upon the size and nature of the business. All Directors are subject to re-election by shareholders at the Annual General Meeting within a three-year period of their appointment.

Any Directors appointed during the financial year must be formally elected at the Annual General Meeting following their appointment. The Group believes that the successful functioning and effectiveness of the Board is premised upon a number of key factors in addition to Board composition. These are:

- Operations – the agenda and frequency of meetings, and monitoring of attendance.
- Access to the appropriate advice and administrative services – via the Company Secretary and external resources as required.
- Thorough induction of new Directors to the Board and its committees.

Performance assessment of the Board as a unit and of its members individually. Both the Chairman and the Board hold these factors in the highest regard and commit to performing ongoing evaluation to review and assess their application in practice.

Details regarding Board Committees can be found on the Investor website [\[LINK\]](#). The time commitments of the Non-Executive Directors are as follows:

- Alasdair MacDonald minimum time commitment of four/five days per month.
- Christopher Gill minimum time commitment of two / three days per month.
- Julian Brown minimum time commitment of two / three days per month.

Further details can be found within the Admission Document [\[LINK\]](#).

Group Advisers to the Board can be found on the Investor website [\[LINK\]](#).

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

The Board is satisfied that its members have the appropriate balance of backgrounds, competencies, and knowledge in order to deliver on its core objectives. The Board has particular experience in offshore energy; engineering; manufacturing; operations and finance, in both private and public companies. Full details and biographies can be found here [\[LINK\]](#).

The Nomination Committee is responsible for overseeing the selection of Board members that are equipped with the correct range of experience, knowledge, integrity, and ethics. Throughout the year, the Directors have access to the advice and services of independent professional advisors at the expense of the Company.

The Company's statement on its Audit, Remuneration and Nomination Committees can be found here [\[LINK\]](#).

All the Directors are active in the energy sector and continually refine and improve their knowledge of the latest techniques and strategies.

For the acquisition activity Tekmar use a range of professional advisors to protect the Group's position as it executes its strategy. Information on the Company's advisors can be found here [\[LINK\]](#).

Principle 7. Evaluate Board performance based upon clear objectives and reassess continuously

The Board will formally appraise the individual members of the Board annually. The scope of which includes skills, experience, and capabilities, and take account of additional responsibilities such as chairing or membership of the Board committees. The annual appraisal will be carried out by the Chairman with reference to the competencies set out by the Nomination Committee pursuant to each Board role. As part of this process, any training and personal development needs will be identified.

The Chairman will also be subject to appraisal through a process managed by a Chairman Appraisal Group comprising the Chief Executive Officer and the Chief Financial Officer.

The objectives of the Board are to review, formulate and approve the Group's strategy, budgets, and corporate activities, and to oversee the Group's progress towards its goals. The Group has a process for evaluating the performance of the Board, its committees, and the individual Directors, including the Chairman, in respect of these objectives.

The Board will carry out a full evaluation of its performance annually. The evaluation criteria include Board composition and skills, strategy and performance, governance and organisation, Board dynamics, and communication with shareholders and key stakeholders. The evaluation will be based upon the self-assessment of the Chairman and Directors. An external evaluation using an independent adviser may be executed if deemed necessary. The results of the evaluation process will be analysed and reported back to the Board to agree any action required.

The Nomination Committee may use the results of the evaluation process when reviewing the composition of the Board for selecting any new Board members, and in succession planning for the Directors of the Board as well as key executive team members.

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

At Tekmar we have a clear vision, mission, and values. Our Vision, Mission and Values statements can be found here [\[LINK\]](#).

Our values are:

Safety: Paramount to everything we do for our people, our customers, and the environment in which we operate. We always aim higher than industry standards.

Heritage: Capitalising on years of experience and lessons learned to deliver intelligent solutions that we're proud of.

Innovation: Apply our technical excellence, experience, and vision to engineer products and services that evolve with the marketplace.

Collaboration: Committed to establishing strategic partnerships to create robust and effective solutions that exceed expectations.

People: Are the foundation on which the business operates through their integrity, intelligence, empowerment, and ongoing investment in their development.

The Board promotes ethical responsibility and good conduct within the Group, fostering a culture of inclusion, responsibility and openness which is consistent with the Group’s objectives. A demonstration of this is Tekmar Energy’s “Tekcare” initiative. Tekcare was introduced to ensure safety remains the top priority as the Company continues to grow. Tekmar strives to actively promote a proactive attitude towards HSQE by all stakeholders and has a safety-first approach in everything they do. The full press release on Tekcare can be found here [\[LINK\]](#).

The Group is an equal opportunities employer and encourages diversity at all levels. These values are embedded in the Group’s leadership and throughout the organisation.

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

Our business is built upon quality. Within the offshore energy industry, standards and the protection of these standards are paramount and something which the Tekmar Group Board has a wealth of experience in. Our independently audited quality management systems and ISO accreditation demonstrate our commitment in this area.

The Group operates an effective governance framework. Within this framework the Board supports the executive team in developing and executing the Group’s strategy. Any decisions between and within these governance structures are reached through an open and constructive dialogue.

The Chairman leads the Board and is responsible for its governance structures, performance, and effectiveness. This includes ensuring that the dynamics of the Board are functional and productive, and that no individual Director dominates discussion or decision making. The Chairman is also responsible for ensuring that the links between the Board and the executive team and the Board and the shareholders, are strong and efficient. Meanwhile, the Chief Executive Officer is responsible for the day-to-day management of the Group’s operations and for implementing the strategic goals agreed by the Board.

The Board has an agenda of regular business, financial and operational matters for discussion, as well as a review of each committee’s area of work. The Board is ultimately responsible for making any key strategic or business decisions. Members of the executive team may be invited to attend meetings of the Board to facilitate these processes. In other instances, the executive team is represented by the Chief Executive Officer, who communicates all their relevant views and information.

The effectiveness of the corporate governance structures and processes is formally assessed as part of the annual Board evaluation.

Following the recent admission to AIM, it is considered that the Board composition is appropriate for the company's current size and structure. This will also be reviewed annually. Effectiveness of the Board is premised upon a number of key factors in addition to Board composition.

These are:

- Operations – the agenda and frequency of meetings, and monitoring of attendance.
- Access to the appropriate advice and administrative services – via the Company Secretary and external resources as required.
- Thorough induction of new Directors to the Board and its committees.
- Performance assessment of the Board as a unit and of its members individually.

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

Tekmar is committed to communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding what stakeholders think about us, including their drivers on why they choose to invest is a key part of developing our business. We also focus strongly on helping our stakeholders understand our business. We aim to achieve this through a constant dialogue with the investor community via our broker.

The principal methods of communication with shareholders are the Annual Report, the interim and full year results announcements, the Annual General Meeting, and other announcements as and when applicable on the Group's investor website.

The website is updated regularly with information regarding Group activities and performance, and users can register to receive alerts regarding new announcements, reports, and events, including Annual General Meetings.

We will also proactively support investor roadshows at key dates throughout the year, attend investor conferences and host site visits to Tekmar Group premises, including ad-hoc meetings by exception.

Further information can be requested to investors@tekmar.co.uk.

Summary

We have a clear vision to become the partner of choice for the supply and installation support of subsea protection equipment to the global offshore energy markets. We believe we have a strong and credible plan to

achieve this and the QCA Code is an excellent way for us to demonstrate this commitment to all stakeholders and shareholders and we thank you for interest in Tekmar Group plc.

Alasdair MacDonald, Chairman