

# Corporate Governance Statement

## Introduction

We have a clear vision to become the partner of choice for the supply of technology and services support 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 all stakeholders for the long-term benefit of all parties. As well as ensuring effective and efficient decision-making, the Board aims to minimise risk at the same time as maximising value within our business and, in support of this goal, we have adopted the QCA Code. We believe that adherence to the QCA Code is an excellent way for us to demonstrate our commitment to all stakeholders, including shareholders, and a description of how we apply the ten governance principles is provided below.

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

The Board maintains 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.
- Maximising 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 our engineering skillset 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**

We are dedicated to communicating openly with shareholders to ensure that our strategy, business model and performance are clearly understood.

Understanding what analysts and investors think about us, including the factors which drive their investment decisions towards us, and helping our stakeholders understand our business, is a key component in driving our business forward.

Maintaining regular and positive engagement with shareholders is a priority. Our primary methods of communication are through the Annual Report; interim and full-year results announcements; the Annual General Meeting and other information shared on the Group's investor website. Where possible, we will continue to carry out investor roadshows at significant times throughout the year, attend investor conferences and host investors for site visits.

If and when voting decisions at AGMs or General Meetings deviate from the Company's expectations, the Board will communicate 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](mailto: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**

The Board strives to create a socially and ethically responsible Company and is further developing the ESG Strategy to support this vision. The executive team maintain oversight over 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 the ISO accreditations within our subsidiary businesses. Our commitment to these areas is shown through their inclusion in our annual strategic planning process, including a SWOT analysis, and thus they are embedded into the company's strategy and business model.

The Board appreciates 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 executive team, with continued feedback from our wider stakeholders and actions taken as a result, is seen 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, as well as the Group's risk appetite. This risk management is included in and reviewed as part of our business plan. Operating in the offshore energy sector, managing risk is fundamental to our everyday responsibilities and has been demonstrated by over 30 years of proven policies, procedures and behaviours.

The aim of the Board is to set policies that provide a balance between reducing risk as far as possible, without unduly impacting the Group's competitiveness and flexibility. The Board believes this helps to sustain stakeholder value; including the company's supply chain, from key suppliers to end-customer; while also protecting the Group's established corporate culture.

A breakdown of the Company's key risk factors can be found in the Risk Management section within the latest Annual Report. Risk management, including financial and non-financial controls; what the Board does to identify, assess and manage risk and how it obtains assurance that our risk management and control systems are operating effectively, is all 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 recognise the importance of high standards of corporate governance and believe the QCA Code provides the most appropriate fit for the Group by setting out a standard best practice for small and mid-size quoted companies, particularly those admitted to trading on AIM. The Chairman maintains overall responsibility for ensuring the Group's compliance with the QCA Code. The Non-Executive Directors share responsibility for the effective running of the Board's committees which comprise an important element of the governance process.

In line with the QCA Code, 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 desire to increase the breadth of skills and experience of the Board and bring constructive challenge to the Executive Directors.

The Company Directors are:

- Julian Brown, Independent Non-Executive Chairman
- Christopher Gill, Senior Independent Non-Executive Director
- Ian Ritchey, Independent Non-Executive Director
- Alasdair MacDonald, Chief Executive Officer
- Derek Bulmer, Chief Financial Officer

The Group has determined that the composition of the Board and its committees brings a desirable portfolio of skills, personal qualities, and experience for delivering our 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 predicated upon a number of key factors, in addition to its composition. These are:

- Operations – the agenda and frequency of meetings, and monitoring of attendance.

- Access to appropriate advice and administrative services – via both the Company Secretary and external resources, as required.
- Detailed induction of new Directors to the Board and its committees.
- Regular assessment of Board performance – both as a unit and of its members individually.

Both the Chairman and the other members of the Board hold these factors in the highest regard and are dedicated to performing ongoing evaluation to evaluate how they are applied in practice.

The time commitments of the Non-Executive Directors are as follows:

- Julian Brown minimum time commitment of four or five days per month.
- Christopher Gill minimum time commitment of two or three days per month.
- Ian Ritchey minimum time commitment of two or three days per month.

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

The Board is confident that its members have an appropriate balance of backgrounds, skills and knowledge in order to deliver on its core objectives. The members of the Board have particular experience in offshore energy; engineering; manufacturing; operations and finance, covering both private and public companies.

The Nomination Committee is responsible for overseeing the selection of Board members that possess an appropriate range of experience, knowledge, integrity and ethics. Throughout the year, the Directors can access advice and services of independent professional advisors, at the expense of the Company.

Each of the Directors are active in the energy sector and continually refine and improve their knowledge of the latest techniques and strategies in order to ensure they are adding maximum value to the Board.

For acquisition activity we use a range of professional advisors to protect and enhance the Group's position as it delivers on its strategy.

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

The Board has an annual process for the performance appraisal of its members, the scope of which includes skills, experience and capabilities, and incorporates consideration of additional responsibilities such as chairing or membership of the Board committees. The annual appraisal is carried out by the Chairman with regards to the competencies and responsibilities 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 and a plan formulated to ensure these are met over an appropriate timeframe.

The Chairman's performance is also appraised through a process managed by a Chairman Appraisal Group, comprising the Chief Executive Officer and the Chief Financial Officer.

The responsibilities 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 defined process for

evaluating the performance of the Board, its committees and the individual Directors, including the Chairman, in respect of these objectives.

The Board carries out an evaluation of its performance review regularly, covering Board composition and skills, strategy and performance, governance and organisation, Board dynamics, and communication with shareholders and other key stakeholders. This evaluation is based upon the self-assessment of the Chairman and Directors. If deemed necessary an external adviser may be brought in to support with the evaluation.

The Nomination Committee may use the output of the evaluation process when evaluating the composition of the Board for selecting 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 which is based on ethical values and behaviours**

We have a clear vision, mission and values. 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.

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

**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.

The Board advocates ethical responsibility and good conduct within the Group, encouraging a culture of inclusion, responsibility and openness which is consistent with the Group's objectives. We constantly strive to actively promote a proactive attitude towards HSQE by all stakeholders and we have a safety-first approach in everything we do.

The Group is an equal opportunities employer and actively 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**

Quality underpins everything we do. Within the offshore energy industry, standards and the protection of those standards are paramount and something which the Tekmar Group Board has a wealth of experience in. Our independently audited quality management systems and ISO accreditations demonstrate our commitment in this area.

The Group operates an effective governance framework. Within this framework the Board encourages and challenges the executive team in developing and delivering the Group's strategy. An open and constructive dialogue is entered into before decisions within these governance structures are concluded.

The Chairman leads the Board and takes responsibility for its governance structures, performance and effectiveness. This includes ensuring that the dynamics of the Board are functional and productive, and that deliberations and discussions are not dominated by any individual member. The Chairman is also responsible for ensuring that links between the Board and the executive team and the Board and shareholders, are strong and effective. Meanwhile, the Chief Executive Officer takes responsibility for the day-to-day management of the Group's operations and for delivering the strategic goals agreed by the Board.

The Board maintains an agenda of regular financial and operational matters for discussion, as well as reviewing each committee's area of work. The Board takes ultimate responsibility for making any key strategic or business decisions. Members of the executive team are invited to attend appropriate portions of meetings of the Board in order to facilitate these processes. In other instances, the Chief Executive Officer communicates their relevant views and information to the rest of the Board.

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

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

We are committed to communicating openly with our shareholders to ensure our strategy, business model and performance are all clearly understood. Understanding what key stakeholders think about us, including the drivers behind their investment decisions, is a key part of developing our business. We also maintain a strong focus on ensuring our stakeholders understand our business. We achieve this through a regular 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 developments across the Group, and users can register to receive email alerts regarding new announcements, reports and events, including Annual General Meetings. Where possible, we proactively support investor roadshows at key dates throughout the year, attend investor conferences and host site visits to Tekmar Group premises, restrictions permitting; including ad-hoc meetings by exception.

Further information can be requested to [investors@tekmar.co.uk](mailto:investors@tekmar.co.uk).