

Corporate Governance Statement

The Board is focussed on effective strategy development and deployment to ensure the long-term sustainable success of the Group, generating value for shareholders whilst managing risk. We adhere to the QCA Code in support of this and demonstrate our commitment to all stakeholders, including shareholders, with a description of how we apply the ten governance principles is provided below.

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

The Board has a clear strategy for delivering long-term shareholder value. Our ambition is to:

Create greater scale, resilience and return on capital by;

- Doubling Tekmar's revenue within 3-5 years through organic growth and complement this growth through targeted M&A
- Delivering EBITDA growth that out performs revenue growth
- Further underpinning Tekmar's technology leadership position within the offshore energy industry
- Diversifying Tekmar's offering, expanding service revenues and expanding geographical reach to capitalise on expanding global offshore energy markets
- Creating a diverse and dynamic environment that provides our people with the platform to drive success and to grow with our business

The key focus areas within our growth strategy:

- Organic Growth – Capitalising on our industry pedigree and improving market conditions to significantly expand our orderbook to support sustainable revenue growth
- Utilising existing capacity and benefiting from operational gearing to as well as continuously improving our operational efficiency and commercial discipline to deliver higher % profits and positive cash generation
- Sustainable business – target ongoing business improvement, underpinned by our People Strategy and our ESG Strategy
- Invest strategically in businesses and technology that further reinforce our position as a complete subsea systems solutions provider

Our organic & acquisitive strategic pillars are deployable in parallel as Tekmar benefits from its position on the public markets and has the additional flexibility of the £18m Convertible Loan Note facility with major shareholder SCF Partners. This will enable us to realise our growth potential more quickly and to outperform our markets maximising returns and shareholder value.

Further incremental investments will support growth and be self-funded where possible, to protect the business and shareholder interests. We will 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 procedures.

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

We are dedicated to communicating clearly and 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. We will also continue to carry out investor roadshows at significant times throughout the year, attend investor conferences and a commitment to host investors at Tekmar's facilities where appropriate. The Company also seeks improved levels of communication with a bolstered financial PR and Investor Relations function and the use of the Investor Meet Company platform. Information in relation to the Company, garnered from these engagements will be relayed back to the Board by the CEO and CFO, to ensure the concerns of shareholders are promptly addressed

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. 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 business and has developed an ESG Strategy to formalise our alignment to the UN Sustainable Development Goals. The Executive Team maintain oversight over the delivery of this strategy going forward including delivery against targeted improvements.

The Board appreciates the need to maintain effective working relationships across a wide range of stakeholders, including investors, employees, partners and local communities. Our ESG Strategy will continue to evolve as we respond to feedback from our wider stakeholders and actions taken as a result seen as an essential part of ensuring long term success.

Our operational processes are also 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 Group's strategy and business model.

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 annual business plan and Strategic Review. Operating in the offshore energy sector, managing risk is fundamental to our everyday responsibilities and our policies, procedures and behaviours are continuously reviewed to ensure these are appropriate.

The Board aims 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 Group's supply chain through to the 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 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 covered by the Group'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 guidance for the Group by setting out a standard best practice for small and mid-size quoted companies, particularly those listed 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 QCA guidance, three of the Non-Executive Directors 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:

- Steve Lockard, Non-Executive Chairman
- David Wilkinson, Senior Independent Non-Executive Director
- Richard Turner, Chief Executive Officer
- Leanne Wilkinson, Chief Financial Officer
- Colin Welsh, Non-Executive Director
- David Kemp, Non-Executive Director
- Lars Bondo Krogsgaard, Non-Executive Director

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.

It is considered that the composition of the Board is appropriate for the Group's current size and structure and supports our strategic aims. This is reviewed on an annual basis. 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; and
- 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:

- Steve Lockard minimum time commitment of four days per month.
- David Wilkinson minimum time commitment of three or four days per month.
- Colin Welsh minimum time commitment of two days per month.
- David Kemp minimum time commitment of two or three days per month.
- Lars Bondo Krogsgaard 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.

Linked to the strategic investment in April 2023, Colin Welsh and Steve Lockard joined the Board as representatives of SCF. Colin is a Partner of SCF with global energy sector experience and experience as an advisor and investor. Steve is an Operating Partner within SCF and has over 35 years' experience in global operations and executive leadership.

In August 2024, in light of Ian Ritchey and Julian Brown stepping down from the Board, the Group announced the appointment of two Non-Executive Directors, David Kemp and Lars Bondo Krogsgaard. David is an accomplished and experienced FTSE 250 CFO with a strong track record leading diverse global teams. Before joining Tekmar, David was the CFO at John Wood plc. Lars brings considerable wind industry experience and an extensive track record leading global organisations for over 20 years, including publicly listed 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 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 and values. Our values are:

Work Together- We foster teamwork without boundaries, to ensure the best results are delivered in an environment where people feel empowered, safe, trusted, confident and inspired to develop.

Do Things Right - We take a united approach towards Safety, Quality and Delivery. We lead by example and constantly find ways to raise standards. We challenge the norm and have courage to stand up for what is right.

Break the boundaries - We collaborate with our customers and constantly look for ways to develop our technology and services to make today's impossible tomorrow's deliverable.

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 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.

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. In support of this communication the company meets at least bi-annually with institutional investors and also utilises the Investor Meets Company platform at relevant points during the year to address the retail investor community. Where possible, we proactively support investor roadshows at key dates throughout the year, attend investor conferences and host site visits to Tekmar premises, including ad-hoc meetings by exception.

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.