

Statement of Compliance with the QCA Corporate Governance

Code Changes to corporate governance regime

The London Stock Exchange requires all AIM listed companies to adopt a recognised corporate governance code. The TP Group Board has selected and applied the Quoted Companies Alliance (QCA) Corporate Governance Code (the “QCA Code”). This code contains ten principles, details of which and TP Group’s compliance thereof, are disclosed below. This statement was last updated May 2021

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

Business Model

TP Group is a consulting, software and technologies business, working to make the world a safer place, employing more than 400 highly skilled individuals across six European countries and seven main legal entities. We combine to deliver mission, business and safety critical services and solutions across three high growth sectors - Defence, Space and Energy.

Our business is positioned across three complementary value streams which allow us to be clearer in the nature of our offerings to support customers through the full lifecycle of their projects or programmes. Our consultants can support initial planning, justification and project management whilst specialist teams can deliver software or equipment as required.:

- **Atmosphere Control Solutions** – life support systems and specialist electronics in critical workspaces, and hydrogen-based renewable energy solutions (previously T&E).
- **Consulting** - specialist services to enable our clients to transform their enterprise and evolve their systems and services.
- **Software and Digital Solutions** - solving complex problems in dynamic and changing environments with AI and software tools.

Strategy

The TP Group strategy focuses on a number of key elements:

Achieve sustainable competitive leadership in complex, mission- critical systems

2020 achievements

New orders and opportunities developing in AI solutions and hydrogen fuel systems.

2021 priorities

Build upon initial contracts to achieve critical mass in emerging technology areas including AI and clean energy.

Drive value from excellent relationships with major customers

2020 achievements

Major extensions to contracts with ESA and the MoD.

2021 priorities

Develop newly acquired customers into long-term high-value relationships.

Invest in best-in-class operating capabilities and technologies

2020 achievements

Significant internal investment in internal solution development across AI, ECLIPSE, maritime and electronics systems.

2021 priorities

To provide combined support of product and team development, with supporting technologies and infrastructure.

Supplement organic growth with suitable acquisitions and partnerships

2020 achievements

Successful acquisition and integration of Osprey Consulting Services Ltd.

2021 priorities

Identify further available companies with complementary capabilities to continue our growth path.

Expand our geographic reach in customers and capabilities

2020 achievements

First AI system contracts in the United States and Middle East, extended the ESA framework contract and won new business with EUROCONTROL.

2021 priorities

Consolidate our European presence with more cross-selling of whole Group capabilities and build upon the US entry achieved this year.

Long Term Value

Our business model and strategy allow us to establish a value generating cycle for the long term - we have world-leading capabilities that are made available to our customers through our long-standing relationships. We monetise these capabilities through the delivery of well-funded projects that are valued by our customers. The income received supports and develops our staff and other resources, is invested in future capabilities and where possible is used to reward those that have committed themselves to this process.

In considering the long term value we wish to deliver to our shareholders and wider stakeholders the balance between business growth and risk management is always carefully considered and detailed risk planning and effective but appropriate controls are in place at all levels across the business to ensure this balance is achieved to drive profitability across our contracts. Principle 4 covers our approach to risk management in more detail.

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

TP Group remains committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are understood and supported. Understanding what investors and analysts think about us, and in turn, helping these audiences understand our business, is a key part of driving our business forward and we actively seek dialogue with the market via regular investor roadshows and our reporting activities.

There are a number of methods for engaging with and informing shareholders. The Regulatory News Service (“RNS”) ensures that relevant updates are provided in near-real-time to the market and we work closely with our Nominated Advisor (“NOMAD”) and communications advisor to ensure that the appropriate information is released in a timely fashion. We have also updated the investor section of our website to support better engagement and understanding of TP Group.

Despite the COVID-19 restrictions in place during the reporting period, we have been able to hold regular meetings with key shareholders coinciding with half-year and end-year updates. Our 2020 AGM was held as a closed meeting, with shareholders invited to ask questions via email in line with guidance from the FCA and our advisors.

In addition, the Board are available to meet with or talk to shareholders for any specific matters arising through the year.

Institutional shareholders

The Directors actively seek to build a relationship with institutional shareholders as they are typically providers of longer term capital. Shareholder relations are managed primarily by the Company’s Chief Executive Officer with support from the Chief Financial Officer and our broker, Cenkos as appropriate. The Chief Executive Officer and Chief Financial Officer make presentations to institutional shareholders and analysts each year immediately following the release of the full-year and half-year results.

The Board as a whole is kept informed of the views and concerns of major shareholders by briefings from the Chief Executive Officer and Cenkos. Any significant investment reports from analysts are also circulated to the Board. The Non-Executive Chairman is available to meet with major shareholders if required to discuss issues of importance to them.

To request any meetings please contact: SEC Newgate (email: TPGroup@secnewgate.co.uk)

Private shareholders

The Annual General Meeting (“AGM”) is the main forum for dialogue with all shareholders and the Board. The Notice of the Meeting is sent to shareholders at least 21 days beforehand. The chairs of the Board and all committees, together with all other Directors, routinely attend the AGM and are available to answer questions raised by shareholders. For each vote, the number of proxy votes

received for, against and withheld is announced at the meeting. The results of the AGM are subsequently published on the Company's corporate website.

The voting results for most recently held AGM (June 2019) are [here](#)

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

Effective stakeholder engagement and support is important to TP Group and is managed effectively at all levels through our business. Our key stakeholder groups (aside from shareholders) are identified below. The specific members of each stakeholder group may change from time to time with any specific needs related to these individual stakeholders assessed and reviewed appropriately as part of the engagement process.

Customers and suppliers

Across the Group, we have many long-standing and highly successful relationships with large customers and suppliers worldwide. We seek to have appropriate, risk-balanced agreements in place with all our customers and suppliers to create proactive working relationships across the supply chain.

Effective communication across our supply chain is key and this is managed both formally (via scheduled meetings, audit activities, project management reporting etc.), and informally through day-to-day contact. Many of our customers are themselves providing equipment and/or services to end-users and so we aim to be flexible (within sensible boundaries) and open to the requirements they may have.

Our account and supply chain management teams are encouraged to build proactive open relationships across the supply chain in order to understand and respond to their needs. This stands us in good stead when we require support from time to time on specific matters – for example, we are able to have open discussions about payment profiling when required.

Our consultancy services business often operates as “Customer Friend” and we are trusted and relied upon to provide clear, unbiased advice and guidance across a range of critical programmes in this regard.

Employees

Alongside our shareholders, suppliers and customers, we recognise that our employees are one of our most important stakeholder groups. They offer skillsets and experience that are critical to our long-term business success and we have rolled out a strategic 3-year strategic employee programme to underpin how we attract, retain, develop and reward our employees.

During 2020 we developed our employee value proposition, engaging all employees through a survey on what was important to them. We invested in a new employee portal called Horizon which connects people across the business for the first time. Towards the end of the period, an engaging game based survey was undertaken to look at benefits and the results of this will drive our benefits offerings across our employee base.

Through COVID-19, we made rapid changes to ensure that we kept employees safe whilst complying with Government guidelines. This included flexible shifts, increased PPE, antibacterial stations,

information and training for those within the workplace, whilst providing online training and support for those working from home.

Inclusivity is part of our culture. We encourage equal opportunities and, since 2019, TP Group has been part of the Government's Disability Confident Scheme which encourages employers to think differently about disabilities and to improve how they recruit, retain and develop disabled people.

The development of our company Core Values programme, and regular review of our company Code of Conduct, our key policies and ways of working ensure that employees have the tools and information they need to perform effectively while feeling valued within the business. As we continue to grow, both organically and via acquisition, we are continually seeking ways to ensure that the underlying culture within TP Group can be maintained and understood, and that all employees feel valued.

Wider Communities

TP Group is looking at ways to improve its wider community engagement as part of its general ESG planning. It is recognised that more can and should be done across these areas as part of our developing ESG strategy and we will continue our focus on this over the coming reporting periods.

The Company has engaged with external advisors to look at our carbon footprint across the Group and understand how we can offset this in a balanced way without impacting the performance of the business. We take our responsibilities to our communities seriously and have a long history of supporting local charity events, engaging with schools and colleges, and sponsoring local sports teams etc. During the reporting period the Company has continued to support the Mind: Blue Light Works mental health awareness charity and Cancer Research UK, and local sites have been encouraged to hold a number of events to raise money while connecting with each other during the COVID-19 lockdown period. TP Group provided people and equipment to support a 24/7 programme that provided face shields to community care teams. As a result, over 13,000 health workers have been better protected as they carry out their critical work. Our Reading office has also set up a recycling/donations point to donate clothing to SmartWorks and a local homeless support charity.

We are a Disability Confident organisation and are signed up to the Armed Force Covenant for Employers.

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

The Board has ultimate responsibility for the Group's system of internal controls and for reviewing its effectiveness. However, any such system of internal controls can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

Financial controls

The Company has an established framework of internal financial controls, the effectiveness of which is reviewed by the Audit Committee, the Board and the Executive Management, including:

- the Board is responsible for reviewing and signing off the overall Company strategy, including approving revenue, profit and capital budgets and plans, and for determining the financial and reporting structure of the Company. There are well-understood and implemented processes for budgeting and forecasting;
- the Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, operational and financial controls. The Group prepares its financial statements in accordance with International Financial Reporting Standards (IFRSs);
- a detailed board pack is regularly provided to and discussed by the Board, which includes amongst other things:
- the financial statements of the Group (income statements, cash flows, capital expenditure and balance sheets)
- monthly variances to budget and prior year. Forecasts for the current financial year are regularly revised and presented to the Board, typically on a quarterly basis, in light of actual performance to ensure that information is up to date and any risks in meeting year-end numbers can be identified and mitigated as soon as possible
- the Executive Directors and Senior Management Team undertake a number of reviews on a weekly, monthly and quarterly basis, including performance against KPIs and other business measures.

Non-financial controls

The principal elements of the Group's internal non-financial controls include:

- close management of the day-to-day activities of the Group by the Executive Directors and the Senior Management team;
- an organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risks;
- the Company maintains a business risk register. Risks facing the business are continually re-assessed, and mitigating actions are considered and implemented when necessary to help protect the business
- a clearly documented and enforced approval process covering matters such as capital and operational expenditure, recruitment, tendering, and contract acceptance;
- detailed monthly reviews of major contract activities;
- robust procedures to review, implement and oversee adherence to the internal controls, policies and ways of working considered appropriate for our business;
- central control over key areas such as material capital expenditure and banking facilities;
- a Group Legal and Compliance Director to support the board in the proper and effective identification, and management of risk across our business including ensuring that appropriate legal rigour is enforced in all our business negotiations; and
- the development and roll out of an overarching Risk Management Policy to which all employees must adhere.

The Group continues to review its system of internal controls to ensure compliance with best practice, while also having regard to its size and the resources available.

Standards and policies

The Board is committed to maintaining appropriate standards for all the Company's business activities and ensuring that these standards are set out in written policies which are regularly reviewed to ensure that remain fit for purpose within our evolving business. Training is also provided across a range of key compliance areas (including GDPR, Anti-Bribery and Security) to all applicable staff annually. New employees are required to review key policies as part of the induction and on-boarding process. All policies are underpinned by our culture of "Doing the right thing for our customers, people and suppliers". Senior managers are responsible for the implementation of these procedures, and compliance is monitored.

Approval Process

All material contracts are required to be reviewed and signed by a Director or Officer of the company (or approved delegate) and reviewed by a member of our legal and commercial team.

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair

The Board comprises the Non-Executive Chairman, two Non-Executive Directors and two Executive Directors, who between them provide a broad range of skills and experience in their respective roles and joint overall responsibility. The Board considers, after careful review and taking into account background, other business interests and a confirmation that there are no links to key stakeholders, that the Non-Executive Directors bring an independent judgement to bear.

The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. The Chairman engages with the Directors outside of the board meetings on a one-to-one basis as and when required to discuss matters of the business. During 2020, 8 Board meetings took place and all members attended all meetings they were invited to.

Matters for the Board

Key Board activities include but are not limited to:

- strategy review and approval;
- approval of the annual budget;
- careful review and assessment of all acquisition opportunities and targets;
- assessment of key risks for the business;
- approval of key senior management recruitments and promotions; and
- approval of external reporting.

In addition to the above matters, the Chairman has ultimate responsibility for governance matters across the Group, with this being delegated to the compliance team with in the business.

Committees

The Audit Committee comprises three independent non-executive directors and is chaired by Philip Holland, who was appointed as chair in February 2017 upon his appointment to the Board. The Committee has specific terms of reference that deal with its authority and duties. It typically meets at least twice a year, with the executive directors, and auditor attending by invitation.

The Remuneration Committee, as of May 2021, is made up of three independent non-executive directors and is chaired by Jeremy Warner-Allen. Meetings are attended by the Chief Executive by invitation. The Remuneration Committee sets and annually reviews the terms and conditions of employment of the executive directors. The remuneration of non-executive directors is fixed by the board as a whole.

Directors' conflict of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

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

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of compliance with the AIM Rules for Companies and other related legislation, finance, internal controls, risk assessment and management, innovation, international trading, business growth, M&A activity and people development. The board work effectively together as a balanced team with no one member being able to dominate over the others in forcing decisions.

All Directors are made aware of their obligations under S172 of the Companies Act and other applicable legislation and are encouraged to keep up to date with their knowledge and skills. Training on specific areas is arranged by the Company Secretary as required or on request of any of the Board members.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting. The Board members service contracts are available for inspection at the Company's registered office and at the Annual General Meeting ("AGM").

Appointment, removal and re-election of Directors

The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments, which is set out in the Company's Articles of Association. Directors are put up for re-election at the AGM on a strict rotation basis in accordance with the Company's Articles of Association.

Independent advice

All Directors are able to seek independent professional advice in the furtherance of their duties, if

necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer.

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

The Board has adopted a self-assessment approach to meeting this objective, utilizing questions provided from a range of sources including the QCA. The first full assessment will be undertaken during 2021 and then annually thereafter with the questions and overall process reviewed periodically to ensure it remains fit for the intended purpose.

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

TP Group introduced its Core Values in 2019 to establish an ethical values based culture and progress continues to ensure that these Core Values are understood and embraced across the Group. Towards the end of 202 we introduced a reward scheme whereby employees may nominate peers to receive recognition rewards for "going above and beyond" in relation to one or more Core Values which further supports the drive towards embedding the Core Values within our culture and day to day business dealings.

The Core Values are:

- Strive for Excellence
- Embrace Responsibility
- Achieve Together
- Building Unity
- Challenge Ourselves
- Have Integrity in all we do

Our Core Values are presented in all major tenders and form part of our wider Code of Conduct (which itself covers a wide range of cultural and ethical concepts around matters such as equality, service standards, anti-corruption and environmental matters. This Code of Conduct is reviewed regularly and updated as required to ensure it continues to be fit for purpose and accurately reflects our business standards.

Our corporate code of conduct is available [here](#).

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

Board programme

The Board sets direction for and reviews the performance of the Company through a formal schedule of matters reserved for its decision and meets approximately eight times each year in accordance with its scheduled meeting calendar.

Prior to the start of each financial year, a schedule of dates for that year's Board and committee meetings is compiled to ensure an appropriate spread of meetings across the financial year, taking account of its financial and trading year key calendar events, supplemented by additional meetings as and when required. In addition to the Board meetings, regular meetings of the Audit and Remuneration Committees are scheduled.

The Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and Committee papers are distributed several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management.

Roles of the Board, Chairman and Chief Executive Officer

The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved for the Board. It is responsible for overall Group strategy; approval of major investments (whether Capex or Opex); approval of the annual and interim results; annual budgets; approval of major contracts, review of external announcements and reporting, Board structure and M&A activity. It monitors the exposure to key business risks and reviews the strategic direction of the two business streams, their annual budgets and their performance in relation to those budgets. There is a clear division of responsibility across the Board:

- the Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction; and Version 2.0 February 2020
- the Chief Executive Officer is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company through the CFO and senior management team.

Senior Management Team

The senior management team is responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Group's businesses and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. It also manages and oversees key risks, management development and corporate responsibility programmes. Any member of this team may raise issues to the CFO or CEO for discussion as necessary at the Board. The controls applied by the senior management team to financial and non-financial matters are set out in various internal policies and procedure documents, and the effectiveness of these controls is regularly reported to the Audit Committee and the Board.

Board committees

The Board is supported by the Audit and Remuneration committees. Each Committee has access to such resources, information and advice, as it deems necessary, at the cost of the Company, to enable the Committee to discharge its duties.

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

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM), regular RNS updates and oneto-

one meetings with large existing or potential new shareholders as well as more informally via twitter and LinkedIn.

The Board receives regular updates on the views of shareholders through briefings and reports from the Chief Executive Officer, Chief Financial Officer and the Company's brokers (Cenkos). The Company communicates with institutional investors frequently through briefings with management. In addition, analysts' notes and brokers' briefings are reviewed to achieve a wide understanding of investors' views.

Copies of latest and prior year Annual Reports and AGM voting results can be found on the Investors section of our website