



Mincon Group plc Corporate Governance Statement

28 September 2018

As the Chairman for Mincon Group plc (the "Group", "Company", or "Mincon"), I have an overall responsibility for implementing effective corporate governance.

Working with the the company secretary, I am responsible for our drafting corporate governance statements. The board is collectively responsible for setting the tone and culture of the Company, as well as promoting good corporate governance.

As of 2018, Mincon has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code (the "Code"). Mincon absolutely believes in sound corporate governance and accountability, with our approach to corporate governance very much a part of our culture and business values.

To this end, the board has taken steps to apply the ten principles of the QCA Code as far as it is practicable. Included below are disclosures that detail how the QCA Code is applied by Mincon, with information on how the board is led, its responsibilities, our risk reporting, governance structure, and engagement with stakeholders.

Mincon embraces strong corporate governance, which will be instrumental in the long-term success of the Group. Applying the principles of this Code will ensure sustainable performance while mitigating risk.

In instances where our application differs to the recommendations proposed by the QCA Code, we provide insight and reasons. We also highlight any significant changes in our corporate governance over the previous 12 months, details of which will be published in the Group's 2018 Annual Report.

Finally, we will regularly review our governance framework and our approach for how we apply the QCA Code. When changes are made, this statement will be updated.

Mincon makes use of two platforms for communicating its corporate governance structure: the annual report and the investor information area at www.mincon.com. Mincon's management team and directors also engage directly with shareholders, both private and institutional, to answer their questions.

Patrick Purcell
Chairman
Mincon Group plc



QCA Corporate Governance Code Compliance Overview

The QCA Code prescribes 10 principles for good corporate governance. Below is a summary of how Mincon applies each of these principles. Where it makes sense to do so, principles dealing with similar areas of governance are addressed together.

- **Business Model**

- *Establishing a strategy and business model that promotes long-term value for shareholders (see QCA Code principle 1)*

The Company's strategy statement as approved by the Board is as follows: Mincon seeks to provide long-term, competitive advantages in all its products and services for customers, and to ensure the best interests of shareholders and all stakeholders.

Mincon specialises in the design, manufacture, supply and servicing of market-leading hard-rock drilling consumables for numerous surface drilling industries. The Group's products are centred in an ethos of superior engineering and innovation, with a focus on class-leading efficiency, durability, and productivity.

The Group's global footprint is strategic. Mincon's customer service centres accommodate customers in key areas, and regional production facilities help meet local demand. Through acquisitions, Mincon has expanded the scope of its global operations and diversified its product line-up, contributing to the objective to be a leading supplier for the most efficient hard-rock drilling solutions, products and services.

Finally, Mincon strives to build excellent working relationships with the customers it services. Customers are provided with training and support to obtain the best possible results in their operations. Customer feedback and data provided to Mincon engineers informs iterative design changes and process improvements.

The Mincon strategy and business model are also available in the Group's annual report, on pages 8 – 25. The annual report is available for download in the investor information area at www.mincon.com.

- **Board Composition**

- *Maintaining the board as a well-functioning and balanced team led by the chairman (see QCA Code principle 5)*
- *Ensuring that board members have the necessary skills, experience and capabilities (see QCA Code principle 6)*



The Mincon Board comprises two executive directors (Joe Purcell; Tom Purcell) and two non-executive directors (Paddy Purcell; Jussi Rautiainen), and two independent non-executive directors (Hugh McCullough; John Doris). The board considers itself to be well-balanced and in line with recommendations in the QCA Code.

To ensure it is effective, the Board meets a minimum of six times per year to review the operational and financial performance of the business, while being updated on matters relating to strategy, commerce, products and service.

New directors are elected by shareholders, with candidates proposed by the Nominations Committee. Following their appointment to the Board, directors may seek re-election every three years.

The Board considers all non-executive directors to be sufficiently competent, with relevant skills and experience for their roles. This experience includes direct involvement in corporate finance and investment; mining operations; and leadership roles at competitor companies.

Regular reviews are held to ensure the Board has the necessary breadth and depth of skills to support the ongoing development of the Group.

The Chairman is responsible for leading an effective board, and is tasked with:

- Chairing board meetings and setting the agenda;
- Ensuring adequate time is available for all agenda items;
- Encouraging discussion of, and decision-making for, all agenda items;
- Ensuring accurate and comprehensive management information is distributed to board members in a timely manner;
- Ensuring compliance with high standards of corporate governance and ethical behaviour; and
- Facilitating a biennial internal evaluation of the board

Directors' biographies are available in the investor information area at www.mincon.com

- **Board evaluation**

- *Evaluating the board's performance using clear and relevant objectives, as well as continuous improvement (see QCA Code principle 7)*

The Board evaluates its own performance, including individuals, the Chairman, and subcommittees. Evaluations are conducted biennially, following an audit. This takes place in conjunction with a detailed review of performance, systems and outcomes.



Evaluation criteria will include cover performance in several areas to help the Board identify any shortcomings or gaps that can be addressed through amendments, training, or recruitment.

This will also be the reference to facilitate and guide succession planning at the board level.

- **Board oversight**

- *Maintaining governance structures and processes that work for the company and promote good decision-making by the board (see QCA Code principle 9)*

The Board has established three Board Committees: An Audit Committee, a Remuneration Committee, and Nominations Committee. Their respective responsibilities are summarised below.

Audit Committee

The Audit has responsibility reviewing the annual report, as well as accounts and interim statements – involving external auditors where appropriate. The Committee approves external auditors' fees and ensures their independence. The Committee focuses on compliance with legal requirements and accounting standards, which includes ensuring an effective system of internal control is maintained.

Remuneration Committee

The Remuneration Committee convenes at least once per year, with the responsibility for making recommendations on the compensation of senior executives and determining the specific remuneration packages for each of the Executive Directors and C-level executives. This Committee also supervises the Company's share incentive schemes.

A summary of this Committee's work undertaken for FY17 is available on page 27 of the Group's 2017 Annual Report. The Directors' Remuneration Report is available on page 28 of the 2017 Annual Report, which is available for download in the investor information area on www.mincon.com.

The Board believes that these disclosures are sufficient to meet the requirements of the QCA Code, thus a separate Remuneration Committee Report is not presented in the Group's Annual Report.

Nominations Committee

The Nominations Committee convenes at least once per year, with the responsibility for reviewing the size and composition of the Board; the appointment of replacement or additional directors; monitoring compliance with



applicable laws, regulations and corporate governance guidance; and making appropriate recommendations to the Board.

- **Risk Management**

- *Embedding throughout the organization effective risk management that considers both opportunities and threats (see QCA Code principle 4)*

The Board has internal controls designed to manage rather than eliminate risk, providing reasonable but not absolute assurance against material misstatement or loss.

Risk controls are reviewed annually by the Audit Committee. The Committee also meets with auditors, both exclusive and inclusive of executive management, to discuss business compliance and development of systems, risk mitigation and commercial procedures.

The Group maintains appropriate insurance cover in respect to actions taken against the directors because of their roles, as well as material loss or claims against the Group. This insurance is comprehensively reviewed as necessary.

Compliance, audit, risk and policy matters are reported to the executive as they occur. These are discussed and reported to the Board and Chairman to consider necessary steps for action.

A summary of the principal risks and uncertainties facing the Group is available on pages 29 – 31 of the Group's 2017 Annual Report, which is available for download in the investor information area on www.mincon.com.

- **Shareholder relations**

- *Seeking to understand and meet shareholder needs and expectations (principle 2)*
- *Communicating with shareholders and relevant stakeholders regarding the company's governance and performance (see QCA Code principle 10)*

The Group considers open and frequent engagement with shareholders and stakeholders an important matter.

It maintains regular dialogue with existing and potential shareholders, sharing the Group's strategy and progress. Shareholder needs and expectations are also taken into consideration.



Shareholders are encouraged to attend the Group's Annual General Meeting, as notified on the website and by direct communication. The CEO and other executives, as deemed necessary, have regular and ad hoc engagements with investors and analysts to provide updates on the Group's business as well as obtain feedback regarding market expectations. Shareholders are also invited to visit the Group's sites, meet key people, and discuss the business of the Group.

Mincon also provides the market with considerable detail on its operations and trading. This quarterly information goes beyond what is required for compliance, to provide investors with a detailed insight to the Group's thinking, strategy, and resource allocation.

The Company is a regular presenter at invited investor events, which provide an opportunity for investors to meet Group representatives in a more informal setting. Contact numbers for the relevant executives are provided with company announcements.

Outside of shareholder engagements, stakeholder relations are conducted using the appropriate platforms. Announcements are issued through the stock exchange, with all financial reports, notices, and calendars available in the investor information area at www.mincon.com.

- **Stakeholder considerations**

- *Considering wider stakeholder and social responsibilities, as well as their implications for long-term success (see QCA Code principle 3)*
- *Promoting a corporate culture based on ethical values and behaviours (see QCA Code principle 8)*

The Group has identified the following as wider stakeholders: shareholders, the workforce, investors, suppliers, customers, regulatory authorities, and communities in which it operates.

The Group understands that these stakeholders are all impacted by its activities. The Group's operations and working methodologies take their needs and wellbeing into consideration, in context of the Board's primary responsibility to promote the success of the Group for the benefit of all stakeholders.

The Group has an open culture and strives for clear and accurate communication in its engagement with employee stakeholders. Where it is consistent with the Group's longer-term strategy, the necessary steps are taken to amend operational plans.



The Group's energy management policy has the objective to minimise its environmental footprint through reducing carbon emissions, reducing energy usage and lowering waste.

The Group is committed to providing a safe environment for its workforce and all parties to which it has responsibility in this area. The Executive operates a Health and Safety Committee at each manufacturing facility. This Committee meets regularly to monitor and review health and safety matters, acting where necessary. This policy and associated procedures are enshrined in the Group's documented quality systems. The Board is provided with a regular report on health and safety matters.

Changes in Mincon's Corporate Governance since 1 January 2018

Since the last published annual report, the following corporate governance-related changes have taken place within Mincon

1. Adoption of the QCA Code as per AIM listing rule amendments, with approval from the Board
2. Appointment of Jussi Rautiainen as non-executive director, following a vote and approval from the Board and shareholders
3. Retirement of Kevin Barry as non-executive director
4. Hugh McCullough was appointed as deputy Chairman

This corporate governance statement was last updated on 28 September 2018.