

Principles of the QCA Code

Deliver Growth

1. Establish a strategy and business model which promote long-term value for shareholders.
2. Seek to understand and meet shareholder needs and expectations.
3. Take into account wider stakeholder and social responsibilities, and their implications for long-term success.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.

Dynamic Management Framework

5. Maintain the Board as a well-functioning, balanced team led by the Chairman.
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.
8. Promote a corporate culture that is based on ethical values and behaviours.
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

Build Trust

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

How the Company has complied

The strategic aims and objectives of the Group are set by the Board. The strategy is set out on pages 5 to 7 and on the Group's website.

When implementing the Group's strategic aims, the Board takes into account expectations of the Company's shareholders and also its wider stakeholders and social responsibilities.

The responsibility for the Group's internal control and risk management systems also falls under the Board's remit.

The risks faced by the Group are regularly reviewed by the Board, which ensures that the mitigation strategies in place are the most effective and appropriate for the Group's operations.

In my role as Chairman, I regularly consider the operation of the Board as a whole and the performance of the Directors individually.

Directors attend seminars from time to time as appropriate to assist with training.

The Board carries out a formal review annually in respect of its performance over the previous year. The evaluation is informed by detailed questionnaires completed by each Director, which are then summarised on an anonymous basis, considered by the Board and action taken as appropriate.

All appointments to the Board are on merit, but with due consideration to the need for diversity on the Board. Such appointments are made to complement the existing balance of skills and experience on the Board.

The Company operates an open and inclusive culture and this is reflected in the way that the Board conducts itself. The Non-Executive Directors attend the Group's offices and other Group events. With a relatively small employee base, such interactions mean it is relatively straightforward for the Board to promote and assess the desired corporate culture.

The application of the QCA Code is monitored by the Board which will revise its governance framework as necessary as the Group evolves.

The Board recognises the importance of maintaining regular dialogue with institutional shareholders to ensure that the Group's strategy is communicated and to understand the expectations of our shareholders.



Corporate governance report

Board meetings

The Board has an established schedule of meetings throughout the year, with additional meetings convened when required. The Board addresses several recurring items at each Board meeting, including strategic, operational (including health & safety) and financial performance updates. The Directors maintain a dialogue between Board meetings on a variety of matters.

The table below sets out the attendance record of individual Directors at the Board meetings held during 2022:

Directors	Board
A J Kitchingman	9/9
Dr A Steels	9/9
W C Wilkins	9/9
A P Holland (joined the Board on 1 November 2022)	2/2
S A Fowler	9/9
D G Robertson	9/9
M G R Taylor*	8/9

*Mr Taylor was unable to attend one meeting due to illness.

Composition and independence of the Board

The Board currently consists of seven Directors: the Non-Executive Chairman, three Executive Directors and three Non-Executive Directors. However, for the majority of the year it was six Directors, only two of whom were Executive Directors. All the Non-Executive Directors are considered independent. Details of each Director's experience and background are given in their biographies on page 26. Their skills and experience are relevant and cover areas including financial management and control, capital raising, capital goods industries, banking, engineering, strategic planning, business development, mergers and acquisitions and international management.

Appointments to the Board and re-election

The Board has delegated the tasks of reviewing Board composition, searching for appropriate candidates and making recommendations to the Board on candidates to be appointed as Directors to the Remuneration and Nomination Committee. Further details on the role of the Remuneration and Nomination Committee, together with details of the recruitment process for Adam Holland, may be found on pages 36 to 44. All Directors will offer themselves for annual re-election, in accordance with best practice in corporate governance. The Board considers all Directors to be effective and committed to their roles.

Division of responsibilities

The Chairman and Chief Executive have separate, clearly defined roles. The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company, and the Chief Executive is responsible for implementing the Group's strategy and for its operational performance.

Executive Directors

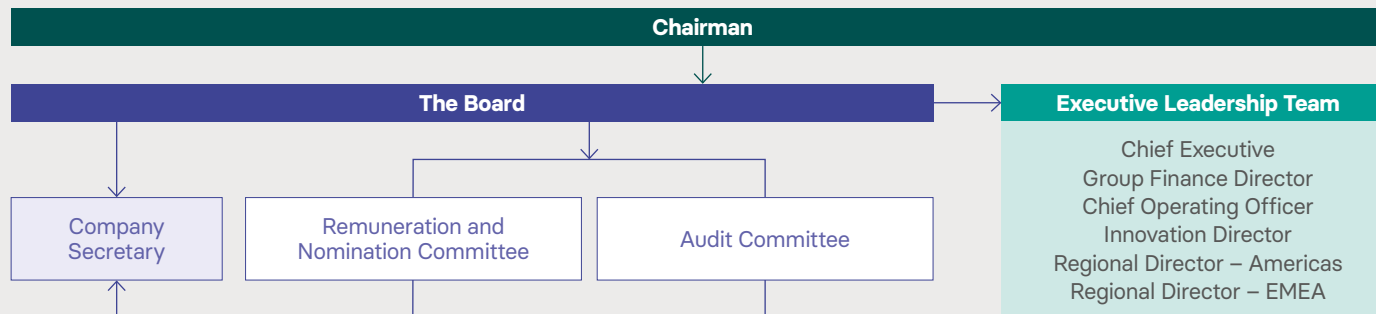
The Executive Directors are full-time employees of the Company and have entered into service agreements with the Company.

Non-Executive Directors

Each of the Non-Executive Directors has entered into a letter of appointment with the Company, which sets out the duties of the Director and commitment expected. They are expected to commit at least 24 days per annum to their role and are specifically tasked with:

- › bringing independent judgement to bear on issues put to the Board;
- › applying their knowledge and experience in considering matters such as strategy, company performance, use of resources and standards of conduct; and
- › ensuring high standards of financial probity and corporate governance.

Our Board and Committee structure



The Board delegates certain responsibilities to its Committees, so that it can operate efficiently and give an appropriate level of attention and consideration to relevant matters. The Company has an Audit Committee and a combined Remuneration and Nomination Committee, both of which operate within a scope and remit defined by specific terms of reference determined by the Board. The Annual Report includes a report from each of these Committees and describes the work each Committee has undertaken during the year. All of the Board Committees are authorised to obtain, at the Company's expense, professional advice on any matter within their Terms of Reference and to have access to sufficient resources in order to carry out their duties.

How the Board operates

The Board is responsible for:

- › developing Group strategy, business planning, budgeting and risk management;
- › monitoring performance against budget and other agreed objectives;
- › setting the Group's values and standards, including policies on employment, health and safety, environment and ethics;
- › relationships with shareholders and other major stakeholders;
- › determining the financial and corporate structure of the Group (including financing and dividend policy);
- › major investment and divestment decisions, including acquisitions, and approving material contracts; and
- › Group compliance with relevant laws and regulations.

The Board retains control of certain key decisions through the schedule of matters reserved for the Board. It has delegated other matters, responsibilities and authorities to each of the Audit and Remuneration and Nomination Committees and these are documented in the Terms of Reference of each of those Committees. Anything falling outside of the schedule of matters reserved or the Committee Terms of Reference falls within the responsibility and authority of the Chief Executive, including all executive management matters. Day-to-day management of the Company's business is delegated to the Executive Directors and in turn to senior members of the leadership team in accordance with a clear and comprehensive statement of delegated authorities.

The Board meets at regular intervals and met nine times during the year. Directors also have contact on a variety of issues between formal meetings and there is also regular contact with the Executive Leadership Team and the wider senior leadership of the Group. An agenda and accompanying detailed papers, covering key business and governance issues and including reports from the Executive Directors and other members of senior management, are circulated to the Board in advance of each Board meeting. All Directors have direct access to senior management should they require additional information on any of the items to be discussed. A calendar of matters to be discussed at each meeting is prepared to ensure that all key issues are captured.

At each meeting, the Board reviews comprehensive financial and trading information produced by the management team and considers the trends in the Company's business and its performance against strategic objectives and plans. It also regularly reviews the work of its formally constituted standing Committees as described below and compliance with the Group's policies and obligations.

All Directors are expected to attend all meetings of the Board and any Committees of which they are members, and to devote sufficient time to the Company's affairs to fulfil their duties as Directors. Where Directors are unable to attend a meeting, they are encouraged to submit any comments on paper to be considered at the meeting to the Chairman in advance to ensure that their views are recorded and taken into account during the meeting.

Directors are encouraged to question and voice any concerns they may have on any topic put to the Board for debate. The Board is supported in its work by Board Committees, which are responsible for a variety of tasks delegated by the Board. There is also an Executive Leadership Team composed of the Chief Executive and Group Finance Director, and representatives from senior management whose responsibilities are to implement the decisions of the Board and review the key business objectives and status of projects.

The main activities of the Board during the year

There are a number of standing and routine items included for review on each Board agenda. These include the Chief Executive's trading update, a health and safety report, operations reports, financial reports, governance and investor relations updates. In addition, key areas put to the Board for consideration and review included:

- › approval of annual and half-year report and financial statements;
- › dividend strategy;
- › review and approval of budget;
- › review against strategy;
- › implementation of strategy;
- › going concern and cash flow;
- › material customer proposals;
- › consideration of banking arrangements;
- › investor relations;
- › acquisitions and integration;
- › review of corporate governance and Group policies;
- › review of AGM business;
- › outcomes from the Board evaluation process; and
- › briefings and review of conflicts of interest.

During the year, the majority of the meetings were held virtually and in-person, with no Board meetings held overseas. This did not impact the Directors from undertaking their duties and all Directors participated fully in the meetings.

External advisers

The Board seeks advice on various matters from its nominated adviser Shore Capital and Corporate Limited and other advisers as appropriate. The Board also sought remuneration advice from KPMG LLP during the year.



Corporate governance report continued

Development, information and support

Directors keep their skillset up to date with a combination of attendance at industry events, individual reading and study, and experience gained from other Board roles. The Company Secretary ensures the Board is aware of any applicable regulatory and governance changes and developments and updates the Board as and when relevant. Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. Directors also have direct access to the advice and services of the Company Secretary. The Company Secretary supports the Chairman in ensuring that the Board receives the information and support it needs to carry out its roles.

Conflicts of interest

Under the Company's Articles, the Directors may authorise any actual or potential conflict of interest a Director may have and may impose any conditions on the Director that are felt to be appropriate. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and they are not counted in the quorum. A process is in place to identify any of the Directors' potential or actual conflicts of interest.

Performance evaluation

The Chairman considers the operation of the Board and performance of the Directors on an ongoing basis as part of his duties and will bring any areas of improvement he considers are needed to the attention of the Board. The Board carries out an evaluation process each year in respect of its performance over the previous year. The evaluation is informed by a detailed Board effectiveness questionnaire completed by each Director and covering topics such as the composition of the Board, the quality and timeliness of information provided, relationships between the Board, shareholders and employees and succession planning. The results are collated and reported to the Board for discussion.

An evaluation process has been undertaken in respect of 2022 and the results discussed by the Board. No substantive actions were taken as a result of the Board evaluation.

Accountability

The Company has in place a system of internal financial controls commensurate with its current size and activities, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. These procedures include the preparation of management accounts, forecast variance analysis and other ad-hoc reports. There are clearly defined authority limits throughout the Group, including matters reserved specifically for the Board.

Risk management and internal control

Risks throughout the Group are considered and reviewed on a regular basis. Risks are identified and mitigating actions put into place as appropriate. Principal risks identified are set out in the Strategic report on pages 17 to 21. Internal control and risk management procedures can only provide reasonable and not absolute assurance against material misstatement. The internal control procedures were in place throughout the financial year and up to the date of approval of this report.

Financial and business reporting

The Board seeks to present a fair, balanced and understandable assessment of the Group's position and prospects in all half-year, final and any other ad-hoc reports, and other information as may be required from time to time. The Board receives a number of reports, including those from the Audit Committee, to enable it to monitor and clearly understand the Group's financial position.

Business ethics

The Board is committed to the Group operating to the highest standards of ethical behaviour. The Group's Ethics policy, which was reviewed by the Board during the year, sets out certain principles that the Board expects all businesses within the Group to adhere to and certain values that should be embodied in the day-to-day activities of the Group. It expects all employees of the Group, led by the members of the Board and the Group's senior management, to encourage and support all other employees in acting in accordance with the policy. In support of this policy and its principles, the Board has published guidance in the Group Ethics policy, which is available on the Company's website at www.mpac-group.com/group-policies.

Whistleblowing

The Company has a whistleblowing procedure, details of which are provided to all employees. Staff may report any suspicion of fraud, financial irregularity or other malpractice to a senior manager, Executive Director, or an independent helpline. The policy is reviewed by the Audit Committee every year and updated as required. Details of any matters raised under this procedure are reported to the Audit Committee.

Shareholders

The Company welcomes contact with its shareholders and they can contact the Company via the Investors section of our website: www.mpac-group.com/contact-us/. Directors are available to discuss any matters that shareholders might wish to raise. They maintain communication with institutional shareholders, other investors and analysts through meetings, particularly following publication of the Group's interim and full-year preliminary results. Investor relations activity and a review of the shareholder register are quarterly items on the Board's agenda. The Board also regularly receives copies of analysts' and brokers' briefings.

The Company strives to provide a clear, balanced and comprehensive level of information and written material. The Company maintains a corporate website, which contains regularly updated regulatory and other information. The Annual Report and Accounts is a key communication document and is also available on the Company's website. The Company also issues both statutory and non-statutory regulatory news announcements throughout the year to update on financial, operational and other matters. The Company offers its larger shareholders, either directly or via its broker, face-to-face meetings on a bi-annual basis at a minimum to present and discuss performance and other matters and obtain any feedback. These meetings are hosted by the Company's Chief Executive and Group Finance Director. The Company also hosts a briefing for analysts, arranged by the Company's financial public relations adviser, twice a year to coincide with the announcement of its half-year and full-year financial results to present and discuss the same matters.

Annual General Meeting (AGM)

All shareholders are encouraged to attend the AGM at which the Group's activities will be considered and questions answered. The Directors are available to listen to the views of shareholders informally immediately following the AGM.

This year's AGM will be held on 17 May 2023. The Notice of Annual General Meeting is set out on pages 103 to 109 and will be available on the Company's website at www.mpac-group.com. Separate resolutions are provided on each issue so that they can be given proper consideration.

Andrew Kitchingman
Chairman

22 March 2023