

# MARITIME INDUSTRIES LIMITED

(the “Company”)

## SECTION 172 STATEMENT

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**Overview of how the Directors performed their duty to promote the success of the Company under section 172 of the Companies Act 2006.**

### **Purpose, strategy and values**

The parent was incorporated on 21 June 2012 to empower its subsidiary Davie Yard Canada to unlock its full potential for the benefit of all stakeholders, whilst providing shareholders with a superior return on their investment. This has been delivered through our investment strategy, whereby we acquired a high quality but underperforming shipbuilding business and invested heavily to improve performance and productivity, so that it became a stronger, better business under our responsible stewardship. The Company’s purpose and strategy is underpinned by the principles and values on which it was founded in 2012. We act with integrity, honesty, transparency and decisiveness, and believe in a lean operating model and high productivity. We invest in the companies we own with the vision of owning them forever. We do not shy away from difficult decisions. We provide the space and resources to empower people to perform and reward them well when they do. These are the principles that lie at the heart of the success of the Company and is the basis on which we strive for more success in the future.

### **Duty to promote the success of the Company**

In executing our strategy, Directors must act in accordance with a set of general duties detailed in section 172 of the Companies Act 2006. These general duties include a duty to promote the success of the Company, and specifically to act in a way that the Director considers, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, having regard (amongst other matters) to the:

- likely consequences of any decisions in the long-term;
- interests of the Company’s employees;
- need to foster the Company’s business relationships with suppliers, customers and others;
- impact of the Company’s operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between shareholders of the Company.

This statement has been prepared in accordance with the requirements of The Companies (Miscellaneous Reporting) Regulations 2018, which require the Company to describe how the Directors have had regard to the matters set out in section 172 of the Companies Act 2006 during the financial year under review. It is noted that the Directors have always acted in accordance with such duties in their decision making and they will continue to do so.

The Group operates on a decentralised basis, with the Board having established an organisational structure with clear reporting procedures, lines of responsibility and delegated authority, in line with the Group’s governance framework, which the Board reviews regularly. The Board is ultimately accountable to the Company’s shareholders for setting the Group’s strategy and for overseeing the Group’s financial and operational performance in line with the company’s strategic objectives, with implementation of the Group’s strategic objectives, as determined and overseen by the Board, delegated to senior management teams, and with day-to-day operational management delegated to the business unit executive teams. The Board cultivates strong relationships with key stakeholders so that it is well placed and sufficiently informed to take their considerations into account when making decisions where appropriate in order to discharge their

legal obligations and to pursue the Company's strategic objectives. Our purpose is to create long-term value for stakeholders and in order to do this, we need to understand our stakeholders and what matters to them.

The Group has multiple interactions with government bodies which are of strategic importance to the Company's long-term success. In Canada, the Company specifically has regular dialogue with the governance bodies with respect to Canadian Navy, Coastguard and Ferry operations and procurement, which services represent a large part of our shareholder community and it is important to us that we have their support in relation to areas of corporate governance. Having regard to the impact of the Company's operations on the community and environment in their decision making, the Directors need to have regard to the impact of the Company's operations on the community and environment. The Board plays a constructive role in tackling issues through engagement and investment. It is important for the long-term future of our business that we protect and enhance the environment. Climate change will affect how much non-renewable energy is available, and stakeholders are rightly concerned about the resilience of supplies and are looking to companies to adapt and take the necessary steps to reduce their climate change risk. We encourage our business to innovate and invest in new technologies to solve environmental challenges for future generations. We are also committed to reducing our carbon footprint and contribution to climate change where economically viable. The Board regularly reviews a range of matters affecting operations and relating to the community and environment.

### **Having regard to the desirability of the Company maintaining a reputation for high standards of business conduct**

The Board recognises that culture, values and standards are key contributors to how a company creates and sustains value over the longer term, and to enable it to maintain a reputation for high standards of business conduct. High standards of business conduct guide and assist in the Board's decision making, and in doing so, help promote the Company's success, recognising, amongst other things, the likely consequences of any decision in the long-term and wider stakeholder considerations. The standards set by the Board mandate certain requirements and behaviours with regards to the activities of the Directors, the Group's employees and others associated with the Group. Reflecting the decentralised nature of the Group, responsibility for the adoption of policies, practices and initiatives sits at operations level, including the ethics and compliance policies. The Group engages external expert firms to monitor and verify performance at a business unit level, which is conducted in respect of both financial and non-financial performance.

### **Having regard to the need to act fairly as between shareholders of the Company**

The Company has one class of ordinary shares, which have the same rights as regards voting, distributions and on a liquidation. The shareholders are personally known to the Board and on this basis the Board feels that the executive Directors are fully aligned with shareholders.

### **Our stakeholders**

The directors consider that the following groups are the Company's key stakeholders;

- Davie workforce
- Customers
- Creditors
- Suppliers
- Community and environment

The Board seeks to understand the respective interests of such stakeholder groups so that these may be properly considered in the Board's decisions. We do this through various methods, including direct engagement by Board members; receiving reports and updates from members of Davie management who engage with such groups and coverage in our Board papers of relevant stakeholder interests with regard to proposed courses of action.

The Group's governance structure includes accountability to key stakeholders as well as policies and management systems that contribute to efficient and effective operations. Improvements in good corporate governance have been a focus and the Group aims to incorporate best industry standards.

CDCI has ISO9001 and 14001 certifications and became the first shipyard in Canada to successfully integrate these two certifications. The Board has oversight responsibilities in preserving and enhancing the Group's long-term value for the stakeholders and oversees the Group's overall performance objectives, key organisational initiatives, financial plans and annual budget, major investments, financial performance reviews, risk management and corporate governance practices.

In May 2020, the board established the following three committees to ensure that it effectively executes its duties:-

- Risk & Compliance Committee
- Human Resources & Remuneration Committee
- Audit Committee

The committees are comprised of external industry experts in each relevant field (e.g. risk, compliance, HR, finance) and senior Davie executives.

These committees meet on a quarterly basis and consult internal and external subject matter experts on a range of pertinent topics.