

**LONGBOAT ENERGY PLC**  
**CORPORATE GOVERNANCE POLICY**

The QCA Code identifies ten corporate governance principles that AIM companies should follow. Details of how the Company follows these ten principles are set out below.

**1. PRINCIPLE 1 - ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTE LONG-TERM VALUE FOR THE SHAREHOLDERS**

Longboat's strategy and business model are developed by the Chief Executive and approved by the Board. The Executive Committee, led by the Chief Executive, is responsible for implementing the strategy and managing the business of the Company.

The investment objectives of the Company are to create a full-cycle North Sea E&P company to deliver value to investors. Through focus on and investment in acquired assets, the Directors believe that they will be able to achieve the investment objectives of the Company and create value: by targeting assets that are non-core to existing owners; through geological expertise, technical knowledge and understanding in addition to deep experience across the E&P life cycle; through more efficient operations, cost reductions and targeted investments in the assets to be acquired; and by focusing on assets that have the potential to provide material upside to the Company.

The Company aims to deliver value by applying the business model of growing production and reserves through value creative M&A and exploration focusing on 'near field' exploration with access to infrastructure and de-risking through nearby discoveries. The Company is targeting an initial acquisition that will deliver asset(s) that are able to meet its investment criteria (including near term cashflow) as well as provide an appropriate basis to build on the Company's investment objectives.

**2. PRINCIPLE 2 - SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS**

The Company seeks to maintain a continuing dialogue with its shareholders in order to communicate the Company's strategy and results and to understand the needs and expectations of its shareholders. In addition to shareholder General Meetings, the Chief Executive and the CFO are available to all significant shareholders after the release of the financial results and the announcement of any significant transaction or result.

The Senior Independent Non-Executive Director is available to attend meetings with major shareholders without the Executive Directors present, if requested by shareholders. The Board will use the Annual General Meeting to communicate with private and institutional investors and welcomes their participation

**3. PRINCIPLE 3 - TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS**

The Company is aware of its corporate responsibilities to its stakeholders including personnel, future joint venture partners, regulatory and licensing authorities, the environment and wider society. As and when the Company makes its first acquisition it intends to consider feedback received from its stakeholders by making amendments to its business plans and operations as appropriate.

The environmental impact of the Company's activities, following its first acquisition, will be carefully considered and the maintenance of high environmental standards will be a key priority and essential for the long-term success of the business.

**4. Principle 4 - Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board is responsible for establishing and maintaining the system of internal controls and risk management systems and reviewing their effectiveness on an ongoing basis. The Directors will continue to assess the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.

The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. The Company has appetite for economic risks as regards the performance of its future producing assets as well as geological risk, both in exploration drilling and field development drilling, up to certain financial thresholds. The Company does not have appetite for risks regarding solvency, health and safety, environmental and reputational matters.

The Company maintains appropriate insurance cover in respect of actions taken against the Directors, as well as against material loss or claims against the Company. The insurance cover in place will be reviewed on a periodic basis.

**5. Principle 5 - Maintain the Board as a well-functioning, balanced team led by the Chairman**

Led by the Non-executive Chairman, the Board comprises three independent Non-executive Directors and two Executive Directors. All of the Directors are subject to election by shareholders at the first Annual General Meeting after their appointment to the Board and will continue to seek re-election at least once every three years.

The Board is responsible to the shareholders for the proper management of the Company and meets at least four times a year to set the strategy of the Company and review the operational and financial performance of the Company.

The Board considers itself sufficiently independent. The QCA Code suggests that a board should have at least two independent Non-executive Directors. Aside from the Chairman, the Board has considered each of the three Non-executive Director's length of service and interests in the share capital of the Company and consider that Mr. Cheshire, Ms. Roe and MS Saetre are independent.

The Company has put in place Audit, Remuneration, Nomination and Disclosure committees as summarised under principle nine below.

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

Directors who have been appointed to the Board have been chosen because of the skills and experience they offer and their personal qualities and capabilities. The Board will regularly review the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing strategy of the Company.

The Directors receive updates from the Company Secretary in relation to corporate governance matters and each Director takes responsibility for maintaining his or her own skill set, which includes roles and experience with other boards and organisations as well as formal training and seminars.

Non-executive Directors have a contractual right to receive external advice, at the Company's expense, when necessary.

**7. Principle 7 - Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

The Board will implement a process for the evaluation of its own performance, its committees and individual directors, including the Chairman. As the Company's board was only fully formed on 28 November 2019, upon the Company's Admission to AIM, it is intended that the first annual evaluation process will occur towards the end of the next financial year (31 December 2020). At that time the Board will also review the structure of its committees.

**8. Principle 8 - Promote a corporate culture that is based on ethical values and behaviours**

The Chief Executive, together with the Board, believe that working with integrity and transparency are the core principles which underpin our behaviour in pursuing our strategic objectives and will be key in delivering success. In an industry that is based on joint ventures a reputation for ethical behavior is essential if the Company is to succeed. To ensure these ethical values are core to the business, they are to be integrated within the Company's Business Management System through policies and procedures.

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

The Board has overall responsibility for the strategic direction and performance of the Company. The Executive Directors have day-to-day responsibility for the operation of the Company's business and implementing the strategy of the Board.

The Board will meet at least four times a year with detailed written reports provided well ahead of such meetings. Written recommendations from the Executive Directors for any major transactions will be delivered to the Board in a timely manner.

The Chairman, Graham Stewart, leads the Board ensuring good corporate governance is embedded in everything the Company does, and defines the Company's culture. He is

responsible for the management, development and effective performance of the Board.,

The Senior Independent Director, Brent Cheshire, is available to shareholder or any of the directors or employees of the Company who have concerns which cannot be addressed through normal channels.

As Chief Executive Officer, Helge Hammer is responsible for putting forward the strategic direction of the Company to the Board, implementing the same once it has been approved as well as managing the group's overall operations and resources. Jonathan Cooper, as Chief Financial Officer, also has specific areas of responsibility with regards the management of the Company's finances and accounting function in addition to managing the processes for financial forecasting and budgets and overseeing the preparation of all financial reporting.

The Company has adopted a formal schedule of matters reserved for board approval covering Strategy, capital structure, financial reporting, risk management and internal controls, contracts, transactions and commitments (over certain limits), communications, board appointments and remuneration (as recommended by the respective) committees, delegation of authority, corporate governance and policies.

The Board is supported by four Board committees, Audit, Remuneration, Nomination and Disclosure Committees with delegated authority to review certain specific matters in detail and then to make recommendations to the Board. The final decisions are made by the Board. Formal terms of reference have been agreed for each of the Board committees, which are available on the Company's website, and whose responsibilities are summarised below:

*Audit Committee* The audit committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems considering the requirement for an internal audit function and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings). The audit committee comprises Katherine Roe (Chair), Brent Cheshire and Jorunn Saetre and will meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required. The audit committee will also meet regularly with the Company's external auditors.

*Remuneration Committee* The remuneration committee will be responsible for determining and agreeing with the Board the framework for the remuneration of the executive Directors and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of non-executive Directors will be a matter for the chairman and the executive members of the Board. No Director will be involved in any decision as to his or her own remuneration.

The remuneration committee comprises Brent Cheshire (Chair) and Katherine Roe and will meet at least twice a year and otherwise as required.

Nomination committee The nomination committee will be responsible for reviewing the structure, size and composition of the Board and identifying and nominating, for the approval of Board, candidates to fill vacancies on the Board as and when they arise. The nomination committee is comprised of Graham Stewart (Chairman) and Jorunn Saetre and will meet as required.

Disclosure committee the disclosure committee will be responsible for ensuring that the Company makes timely and accurate disclosure of all information that is required to be disclosed to meet its disclosure obligations under the AIM rules. The disclosure committee comprises Jonathan Cooper (chairman), Helge Hammer and Julian Riddick and will meet as required.

As the Company grows, the Board will continue to review the corporate governance framework and its appropriateness and introduce new policies and procedures as required e.g. the introduction of an internal audit function.

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

Beyond the Annual General Meeting, the Chief Executive and the CFO are available to all significant shareholders after the release of the Company's results. The Chairman and Senior Non-executive Independent Director ('SID') is available to major shareholders.

The Chief Executive, the Chairman and the SID are the primary points of contact for the shareholders and are available to answer queries over the phone or via email from shareholders throughout the year, subject to the AIM disclosure rules.

The website of the Company will be regularly updated to include all relevant reports and information required under AIM Rule 26.

The results of voting on all resolutions at future general meetings will be posted to the Company's website on a timely basis, including any actions to be taken as a result of resolutions of which votes against have been received by a significant proportion of votes.

The Company intends to include reports on the Remuneration, Audit and Nomination committees in its next annual report.