

LONGBOAT ENERGY PLC
CORPORATE GOVERNANCE POLICY

Extract from Directors Report at 31 December 2021

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 Officer and approved by the Board. The Executive Committee, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business of the Company.

Longboat's core strategy remains unchanged, which is to create a full-cycle North Sea E&P company, deliver growth and shareholder value through value accretive M&A and lower-risk, near-field exploration opportunities. The strategy is to grow the company in a manner that is sustainable both financially and environmentally. Longboat is committed to improving emissions in projects that it is involved in and ultimately to becoming a net zero producer.

2. Principle 2 - Seek to understand and meet shareholder needs and expectations

The Company seeks to maintain a continuing dialogue with its shareholders 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 Officer and the Chief Financial Officer 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 shareholders without the Executive Directors present, if requested by shareholders. Shareholders are invited to the Annual General Meeting held each year where Board members interact with our shareholders on a one-to-one basis and take questions as they arise.

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, joint venture partners, regulatory and licensing authorities, the environment and wider society. The environmental impact of the Company's activities are carefully considered and the maintenance of high environmental standards is a key priority and essential for the long-term success of the business.

The Company intends to grow in a manner that is sustainable both financially and environmentally. Longboat is committed to improving emissions in projects that it is involved in and ultimately to becoming a net zero producer.

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 assets as well as geological risk, both in exploration drilling and field development drilling, up to certain financial thresholds. Needless to say, 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 three 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 all three are independent.

The Company has put in place Audit, Remuneration, Nomination and Disclosure committees as summarised under Principle 9 below.

The Directors are expected to allocate sufficient time to prepare for and attend Board meetings, meetings of Board Committees of which they are members, annual general meetings, and any other shareholder meetings convened from time to time.

All Directors have disclosed any significant commitments outside their respective duties as Directors and confirmed that they have sufficient time to discharge their duties. The Company encourages its Directors not to hold more than five 'mandates' at quoted companies where, for the purposes of calculating this limit, a non-executive Directorship counts as one mandate, a non-executive Chair counts as two mandates, and a position as executive Director is counted as three mandates.

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 annual AIM Rules briefings from the Company's NOMAD, 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.

Each member of the Board is encouraged to put forward areas where the Company can provide appropriate training and developments for which funds will be made available for Directors were relevant and beneficial.

Non-Executive Directors have a contractual right to receive external advice, at the Company's expense, when necessary. In addition, the Directors have direct access to the advice and services of the Company Secretary.

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

The Board continuously evaluates the balance of skills, experience, knowledge, and independence of the Directors. The Board assesses and scrutinises its performance through an annual effectiveness review. Profiles of the skills and experience of the Directors are included in their published biographical details. Each year the Nomination Committee carries out an evaluation process of the Board and its Committees, the last being undertaken in December 2021.

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

The Chief Executive Officer, together with the Board, believe that working with integrity and transparency are the core principles which underpin the Company's behaviour in pursuing its strategic objectives and will be key in delivering success. In an industry that is based on joint ventures, a reputation for ethical behaviour 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 BMS through policies and procedures. Corporate governance is considered as being important for maintaining effective controls which helps keeps the confidence and trust of stakeholders high.

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 meets 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.

There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and the Chief Executive Officer is responsible for proposing the strategic focus to the Board.

The Company has Audit, Remuneration, Nomination and Disclosure Committees. The Chairman chairs the Nomination Committee. 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: this committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, 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 the three independent non-executive Directors and the Chair is recognised as having current and relevant financial experience. The Audit Committee meets at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required and will also meet regularly with the Company's external auditors.

Remuneration Committee: this committee is 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 two independent non-executive Directors and meets at least twice a year and otherwise as required.

Nomination committee: this committee is 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. In addition, this committee is responsible for undertaking the performance review of the Board, its committees and individual directors. The Chairman of the board of Directors also chairs the Nomination Committee along with an independent non-executive Director.

Disclosure committee: this committee is 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 is made up of members of the executive team, and will meet as required.

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 Officer and the Chief Financial Officer 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 Officer, the Chairman and the SID are the primary points of contact for the shareholders and are available to answer queries 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 general meetings are posted to the Company's website on a timely basis, including any actions to be taken as a result of resolutions, which received a high percentage of votes against from shareholders.