

## WENTWORTH RESOURCES PLC

### STATEMENT OF CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance in the management of the Company and in achieving its strategic goals. Accordingly, the Company has adopted the QCA Corporate Governance Code (the “QCA Code”) which is considered by the Directors to provide the most suitable governance framework for the Company given its current size and stage of development.

The Board will annually assess its compliance with the QCA Code and will consider, as part of that review, whether the QCA Code continues to remain the most appropriate code for the Company to adopt.

#### Chairman’s Corporate Governance Statement

As Chairman of Wentworth Resources plc my role is to lead the Company, ensuring sound corporate governance and establishing a strong and sustainable corporate culture of respect, integrity, honesty and transparency to permeate throughout the organisation.

We continue to remain focused on HSSE and are committed to ensuring the health and safety of all who work with us as well as striving to protect the environments in which we work. The remuneration policy of the Company, as set by the Remuneration Committee, includes a zero LTI target linked to the performance bonus of all staff. In addition, the CEO is tasked with ensuring that our partners adopt the same approach to HSSE that we do.

My role as Non-executive Chairman of the Company is set out in writing <https://wentplc.com/wp-content/uploads/2019/02/140219-FINAL-ROLE-OF-CHAIRMAN.pdf>. I will however continue to support and guide the CEO and senior management team in identifying and executing on accretionary new business opportunities at this critical juncture of the Company’s history.

During 2019 Eskil Jersing resigned as CEO and Katherine Roe was appointed in his place. She continues to oversee the finance function and is well supported by a senior finance team in Tanzania and the UK. Following this change the Company reviewed its financial controls to ensure they were appropriate for the new executive structure.

Areas of non-compliance with the QCA Code are set out under Principle 10 at the end of this document.

Set out below are the ten guiding principles of the QCA Code and how the Company applies those principles within the business.

Robert McBean

Chairman

#### **Principle 1: Establish a strategy and business model which promotes long-term value for all shareholders**

The Company is focused on the delivery of long-term sustained shareholder value and growth, both organically through its core Tanzanian Mnazi Bay producing gas asset, and inorganically through an M&A led growth mandate. Further information can be found in the Annual Report in the Strategic Report <https://wentplc.com/wp-content/uploads/2020/04/Wentworth-Resources-Annual-Report-2019.pdf> and on our website at <https://wentplc.com/about/>

## **Principle 2: Seek to understand and meet shareholder needs and expectations**

The Company supports an open and transparent dialogue with shareholders with the aim of ensuring shareholders views on the performance of the Company are heard and shareholders needs and objectives are understood.

The AGM is a key part of the Company's investor relations strategy and shareholders are encouraged to participate, particularly private investors who have the opportunity to ask questions and raise issues, either formally during the meeting or informally with directors following conclusion of business. Normally the full Board would be present at the AGM with the Committee Chairman available to answer any questions regarding the activities of each of the Board Committees. Due to the Covid-19 pandemic shareholders were not able to attend the AGM held on 17 June 2020 and instead the Company encouraged shareholders to submit written questions ahead of the AGM and answers were made available on the Company's website <https://wentplc.com/investors/shareholder-questions/>. At the AGM, all resolutions were passed.

The Company has an on-going investor relations programme which includes individual meetings with institutional shareholders and analysts following the preliminary and half-year results including presentations to institutions as well as face to face retail briefings. Ongoing shareholder communication is also conducted regularly throughout the year on an ad hoc basis.

The Company's Annual Report FY2019, (and for previous years), is available on our website <https://wentplc.com/investors/reports-results-and-presentations/> and regular shareholder communications are made through RNS providing updates to shareholders on matters affecting the Company and those of a regulatory nature.

If you wish to contact the Company, contact details are on our website at <https://wentplc.com/contacts/> and contact details of the Company and the Company's advisors are included in all announcements released via RNS should shareholders wish to communicate with the Board. The Chairman and/or the Executive Director typically respond to shareholder queries directly (whilst maintaining diligence on Market Abuse Regulations restrictions on insider information and within the requirements of the AIM Rules for Companies) or through our Investor Relations advisers FTI Consulting, although the Senior Independent non-executive Director, John Bentley, is available to discuss any matter shareholders might wish to raise if appropriate.

As there are no statutory pre-emption rights under Jersey law the Company has incorporated a pre-emption right into its Articles of Association (Article 4) to ensure that UK shareholders expectations are met. The Company's Articles of Association can be found here <https://wentplc.com/wp-content/uploads/2018/10/181026-Memorandum-Articles-of-Association.pdf>

## **Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success**

Our Mnazi Bay Joint Venture position as a key domestic gas supplier in Tanzania means the Board is very aware of its corporate, environmental and social responsibilities. In pursuing its business objectives Wentworth is committed to delivering lasting benefit to the local communities and environments where we work as well as to our shareholders, employees and contractors.

Full details of our approach to corporate responsibility can be found here <https://wentplc.com/corporate-responsibility/>.

The Company has established The Wentworth Foundation, a charitable foundation registered in the United Kingdom and Tanzania which was set up in 2007 and to which Wentworth Resources Plc contributes annual donations. Full details of The Wentworth Foundation can be found here <https://wentplc.com/the-wentworth-foundation/>.

The Company engages with its major shareholders regularly and recognises that pro-active engagement with its shareholders is essential for successful delivery of the Company's strategy.

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

The Board is responsible for ensuring that the Company's internal control processes and risk management systems are appropriate, and the Board regularly reviews the Company's most important areas of exposure to risk and initiatives to manage those risks as well as its internal control sufficiency in relation to those risks.

Details of Wentworth's internal control and risk management systems can be found in the Business Risk section of the Annual Report 2019 and in the Report of the Audit Committee. <https://wentplc.com/wp-content/uploads/2020/04/Wentworth-Resources-Annual-Report-2019.pdf>

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

Information regarding the Board can be found in the Chairman's Corporate Governance Statement in the Annual Report 2019 as well as information regarding the number of meetings of the Board and committees during 2019 together with the attendance record of each director. <https://wentplc.com/wp-content/uploads/2020/04/Wentworth-Resources-Annual-Report-2019.pdf>

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

The disclosures required pursuant to Principle 6 are set out in the Statement of Corporate Governance in the Annual Report 2019. A short biography of each Director can be found in the Annual Report 2019 <https://wentplc.com/wp-content/uploads/2020/04/Wentworth-Resources-Annual-Report-2019.pdf> and on the Company's website <https://wentplc.com/about/the-board/>.

The Report of each Board committee can be found in the Annual Report 2019 and each Board Committee sets out where it has sought external advice <https://wentplc.com/wp-content/uploads/2020/04/Wentworth-Resources-Annual-Report-2019.pdf>.

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

The Nominations Committee is responsible for conducting assessments of the Board, its committees and individual directors. The Nominations Committee has not, to date, considered it necessary to conduct a formal assessment of the Board, its committees and individual directors. Currently the Nominations Committee satisfies itself that the Board and its committees and individual directors are performing effectively through informal discussions amongst individual directors and officers of the Company. The Nominations Committee does not formally report to the Board on directors' performance.

The Remuneration Committee assesses the performance of the Executive director against Key Performance Indicators which are determined at the beginning of each financial year and reviewed at the end of the performance period.

The Nominations Committee is responsible for succession planning and for recommending to the Board whether to add or replace a director. Once the Board has taken a decision to add or replace a director the task of identifying and recommending new candidates falls on the Nominations Committee which makes proposals to the Board.

Board composition is regularly reviewed to consider the balance of skills, personal qualities and diversity. Succession planning is considered by the whole Board following recommendations from the

Nominations Committee. As and when the Company successfully completes an accretive M&A transaction the balance of skills, experience and knowledge will be reconsidered.

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

The Chairman's Corporate Governance Statement contains disclosures regarding the Company culture <https://wentplc.com/wp-content/uploads/2020/04/Wentworth-Resources-Annual-Report-2019.pdf>

The Company's approach to Corporate Responsibility can be found here <https://wentplc.com/corporate-responsibility/>.

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

The Chairman, Robert McBean, 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. A more detailed description of his role can be found here <https://wentplc.com/wp-content/uploads/2019/02/140219-FINAL-ROLE-OF-CHAIRMAN.pdf>.

As Chief Executive Officer, Katherine Roe is responsible for proposing the strategic focus and direction to the Board, implementing the strategy once it has been approved as well as managing the group's overall operations and resources, acting as the main point of communication between the Board of Directors and corporate operations and demonstrating the Company's culture on a day-to-day basis.

The Senior Independent Director, John Bentley, is available to any shareholder or any of the directors or employees of the Company who have concerns which cannot be addressed through normal channels. John Bentley regularly engages with the Company's institutional shareholders and he provides a sounding board for Robert McBean, Chairman.

Katherine Roe also has specific areas of responsibility, with regards providing leadership, direction and management of the finance and accounting team in addition to managing the processes for financial forecasting and budgets and overseeing the preparation of all financial reporting.

The Board is supported by three Board 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. The Board has set out the roles and responsibilities for each committee in their Terms of Reference which can be accessed below.

*The Audit Committee*

The Audit Committee is comprised of independent directors only and meets at least twice a year. The Company's auditor participates in meetings of the Audit Committee. The Committee's primary purpose is to review and report on the integrity of the consolidated financial statements and to monitor the Company's internal control arrangements and its risk evaluation statements.

All non-audit work is required to be submitted to the Audit Committee for its approval prior to the commencement of work.

Iain McLaren is Chairman of the Audit Committee: Tim Bushell and John Bentley are members of the Committee. Terms of reference for the Audit Committee can be found here <https://wentplc.com/wp-content/uploads/2019/02/140219-FINAL-AUDIT-COM-TOR.pdf>.

*The Remuneration Committee*

The Remuneration Committee ensures executive remuneration is structured to align the performance of the Executive with the Company's strategy and effective risk management. The Remuneration

Committee agrees Key Performance Indicators on an annual basis with senior executives against which their performance will be measured and recommends approval to the full Board of the compensation of the senior executive management, and grants of stock options to individuals.

Tim Bushell is Chairman of the Remuneration Committee: Iain McLaren and John Bentley are members of the Committee. Terms of reference for the Remuneration Committee can be found here <https://wentplc.com/wp-content/uploads/2019/02/140219-FINAL-REMUNERATION-COM-TOR.pdf>.

#### *The Nominations Committee*

The Nominations Committee regularly reviews the structure, size and composition of the Board and considers the balance of skills, experience and personal qualities on the Board. Once a decision has been taken to add or replace a director, the task of identifying and recommending new candidates is undertaken by the Nominations Committee who make a proposal to the Board. The Nominations Committee makes recommendations regarding Board composition and membership of Board committees and, as circumstances arise, assess and addresses directors' performance.

John Bentley is Chairman of the Nominations Committee: Robert McBean, Tim Bushell and Iain McLaren are all members of the Committee. Terms of Reference for the Nominations Committee can be found here <https://wentplc.com/wp-content/uploads/2019/02/140219-FINAL-NOMINATION-COM-TOR.pdf>.

The Board has a formal written schedule of matters reserved for its review and approval; this schedule can be found here <https://wentplc.com/wp-content/uploads/2019/02/140219-FINAL-SCHEDULE-OF-MATTERS-RESERVED-FOR-THE-BOARD.pdf>

As the business grows, in particular following the completion of any transformational M&A transaction, the governance framework will be reviewed and developed to suit the changing needs of the Company.

#### **Principle 10: Communicate how the Company is governed and is performing**

Reports of each Board Committee can be found in the Annual Report 2019. <https://wentplc.com/wp-content/uploads/2020/04/Wentworth-Resources-Annual-Report-2019.pdf>

The proxy votes received in respect of the resolutions proposed at the Company's 2020 AGM can be found here [https://polaris.brighterir.com/public/wentworth\\_resources/news/rns/story/x5o9dlr](https://polaris.brighterir.com/public/wentworth_resources/news/rns/story/x5o9dlr). Whilst all the resolutions were passed the Company received significant votes against Resolutions 6 (ordinary resolution) giving the directors authority to allot shares and Resolution 7 (special resolution) disapplying pre-emption rights and authorising the Company to issue 5% of its shares for cash as if the dis-application rights did not apply to those shares. In 2019 the Company received a significant vote against a resolution disapplying pre-emption rights and authorising the Company to issue, in total, 10% of its shares for cash as if the dis-application rights did not apply to those shares. Following engagement with shareholders, the Company decided to only seek to disapply pre-emption rights over 5% of its shares and not seek the additional 5% disapplication of pre-emption rights. This was proposed at the 2020 AGM. The CEO and the Company Secretary engaged with those institutional shareholders who had expressed concern in 2019 but those shareholders were still not able to support this resolution. During 2020 the CEO and Company Secretary will continue a dialogue with institutional shareholders to consider how the Company's share authorities might be proposed in a way that all shareholders could support.

The Company's Annual Report and accounts for the previous 5 years can be found here <https://wentplc.com/investors/documents/> and the Company's Memorandum and Articles of Association can be found here <https://wentplc.com/wp-content/uploads/2018/10/181026-Memorandum-Articles-of-Association.pdf>.

The following areas have been identified by the Company as areas of non-compliance with the QCA Code:

- In his role as Executive Chairman Robert McBean was granted stock options over a total of 1.9m ordinary shares in the capital of the Company at various different strike prices. In addition, John Bentley has previously received stock options over 900,000 ordinary shares in the capital of the Company at various different strike prices. No further options will be granted to Robert McBean or John Bentley.
- The Board (other than the Executive Director) are not currently assessed against clear and relevant objectives. There are no objective criteria set against which Board, Committee and individual effectiveness is considered and no formal evaluation process is undertaken.