

## **CORPORATE GOVERNANCE STATEMENT**

The Company has adopted the Quoted Companies Alliance Corporate Governance Code 2018 (the “QCA Code”). This statement sets out how the Company complies with the 10 principles of the QCA Code.

The Board recognises the principles of the QCA Corporate Governance Code, which focus on the medium to long term value for shareholders without stifling the entrepreneurial spirit in which small to medium sized companies such as Pantheon, have been created. The Company sets out below its annual update on its compliance with the QCA Code.

The QCA Code outlines 10 core principles that should be applied. These are listed below together with a short explanation of how the Company applies each of the principles. The Company has adopted a share dealing code for the Board and employees of the Company.

### **Chairman’s Statement**

As Chairman, it remains my responsibility, working with my fellow board members, to ensure that good standards of corporate governance are embraced throughout the Company. Given the smaller size of the Company and, in particular, inherent limitations on headcount and cost, there will always be a balance between best practice governance protocols and a practical application of these. As a board, we set clear expectations concerning our culture, values and behaviours. We believe that by encouraging the right way of thinking and behaviour across all our people, our corporate governance culture is reinforced, enabling us to conduct business sustainably and responsibly, whilst trying to deliver value for our shareholders.

It is the Board’s job to ensure that the Company is managed for the long-term benefit of all stakeholders, with effective and efficient decision-making. Corporate governance is an important part of that job, reducing risk and adding value to our business.

Philip Gobe  
*Non-Executive Chairman*

## **PANTHEON RESOURCES QCA CORPORATE GOVERNANCE COMPLIANCE**

### **1. STRATEGY & BUSINESS MODEL**

Pantheon's strategy is to focus on hydrocarbon exploration and production, onshore USA, in a region of low sovereign risk where our specialist expertise lies. We run a lean organisation that is focused on maximising the potential returns to shareholders through carefully targeted exploration, appraisal and where relevant, development in established and highly prospective areas underpinned by detailed geological analysis where applicable. Where appropriate the Company will also undertake value accretive acquisitions or divestitures of assets, following careful analysis and, as appropriate, shareholder engagement. The Company, as appropriate, uses a combination of in-house expertise and external consultants to manage operations.

Pantheon seeks to keep corporate overhead costs to a minimum, whilst balancing the need to hire and retain the best personnel and advisors, so as to maximise the potential returns to shareholders in the event of success. Given the current scale of the Company, corporate and operating costs are monitored by management to ensure appropriate levels of spending.

The Board of Directors meet on a regular basis to discuss the strategic direction and operational status of the Company, and any significant deviation or change will be highlighted to the board promptly should this occur.

## **2. UNDERSTANDING AND MEETING SHAREHOLDER NEEDS AND EXPECTATIONS**

Company progress on achieving its key targets are regularly communicated to investors through stock exchange announcements which can be found under the 'News and Media' section of the Company website. The Company retains the services of a corporate communications firm who actively engage with press, investors and analysts, as well as a Corporate Broker, to ensure shareholders understand the Company's operations and activities. The Company will consider the use of commissioned research as a medium for shareholder education.

The Company also utilises professional advisors such as a Broker, NOMAD, Auditor and Company Secretary to provide advice and recommendations on various shareholder considerations where relevant. The Company hosts a weekly conference call with all directors, our Nomad/broker, and when appropriate our corporate communications advisors. During the call any shareholder considerations identified over the course of the week can be tabled and responded to accordingly.

The Company regards the Annual General Meeting as a good opportunity to communicate directly with shareholders via detailed presentations and an open question and answer session. Additionally, the Company has also commenced holding 'Webinars' as and when relevant, open to all shareholders, typically providing an investor presentation and an opportunity for Q&A with management. The Company also undertakes investor roadshows as and when appropriate, arranged through its Broker. Over the past year, the Company considers that it has communicated with a significant portion of its shareholder base and has a clear understanding of shareholder expectations. Contact details are provided on the Company's website and within public documents should shareholders wish to communicate with the Company.

## **3. TAKING INTO ACCOUNT WIDER STAKEHOLDER & SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS**

The Directors recognise their responsibilities to stakeholders including the State of Alaska, North Slope Borough, staff, partners, suppliers, vendors, and residents within the areas it operates. Given the current size of the Company, stakeholders are easily able to communicate directly with executive management and staff members, allowing the Board to act appropriately on such feedback.

The Company is conscious of its impact on the geological, archeological, and biological resources in its operating environment, and has implemented measures to ensure that each person working on our projects, including company personnel, contractors and subcontractors, are informed of the environmental, social, and cultural concerns that relate to that person's job, so we can minimise any negative impacts.

Stakeholders can contact the Company via the website, contact our Alaska operating company directly, or can contact the Company's retained corporate communications advisers where required.

## **4. EMBEDDING EFFECTIVE RISK MANAGEMENT**

The Board has weekly conference calls to discuss operations, identify key risks and other relevant matters. The Company's Nomad and, when relevant, the Company's corporate communications

advisers also attend the weekly conference calls. Additionally, the Group also has a policy of structured weekly or fortnightly operational and management conference calls to identify and discuss key business challenges and risk areas. The Board believes that this regular programme of internal communications provides an effective opportunity for potential or real-time risks to be identified, considered and where necessary addressed in a timely manner. The Group's oil and gas activities are subject to a variety of risks, both financial and operational, more information on risk can be found on pages 10 to 13 of the Company's 2019 Annual Report.

Given the Company's current size, the Board considers that the Executive Management team, with oversight from the Non-Executive Board of Directors and relevant advisers are sufficient to identify risks applicable to the Company and its operations and implement an appropriate system of controls. Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the directors believe that the established systems for internal control within the group are appropriate to the size and cost structure of the business. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the executive directors.

The audit committee meets at least twice per year where these internal and financial controls are reviewed as required and assets are also assessed for impairment considerations.

## **5. MAINTAINING A BALANCED AND WELL-FUNCTIONING BOARD**

The Directors acknowledge their responsibility for, and recognise the importance of implementing and maintaining, high standards of corporate governance. The Board is responsible for establishing and maintaining the system of internal controls. The effectiveness of the Group's system of internal control is reviewed annually by the Audit Committee of the Board.

### **The Board**

The Board currently comprises two non-executive Directors, one of whom is the Chairman, and three executive Directors which is considered to be an appropriate balance given the Company's current size. The Board is responsible to the shareholders for the proper management of the Group. It meets regularly to set and monitor strategy, examine opportunities, identify and consider key risks, consider (and where appropriate approve) capital expenditure projects and other significant financing matters and report to shareholders. The Board delegates authority to the management for the day-to-day business matters including: routine drilling, geological and operational matters, purchasing procedures, financial authority limits, contract approval procedures and the hiring of full time and temporary staff and consultants. Matters reserved for the Board are communicated in advance of formal meetings. In addition to formal board meetings, the directors hold weekly conference calls, which the Company's NOMAD is invited to attend, in order to keep the board fully informed with operational matters and potential issues. Biographical details of the directors can be found on the 'About Pantheon' section of the company's website.

The QCA Code does not offer a definition of independence with respect to directors, so in forming a view on the independence of directors the Company has sought guidance by reference to the guidelines outlined in the FCA's UK Corporate Governance Code. In any event, the Board exercises discretion in making the determination of director independence which is kept under review on an annual basis. The non-executive Chairman, Phillip Gobe, is currently considered to be independent.

The board has a number of committees as explained below.

## **Audit Committee**

The Audit Committee consists of Phillip Gobe as Chairman, Jay Cheatham and Jeremy Brest. This Committee provides a forum through which the Group's finance functions and auditors report to the non-executive Directors. Meetings may be attended, by invitation, by the Company's Nomad, Company Secretary, other Directors and the Company's auditors.

The Audit Committee meets at least twice a year. Its terms of reference include the review of the Annual and Interim Accounts, consideration of the Company and Group's accounting policies, the review of internal control, risk management and compliance procedures, and consideration of all issues surrounding publication of interim and annual financial results and the annual audit. The Audit Committee will also interact with the auditors and review their reports relating to accounts and internal control systems.

## **Remuneration Committee**

The Remuneration and Nomination Committee consist of Phillip Gobe as Chairman, Jeremy Brest, Jay Cheatham and Justin Hondris. The Committee meets as and when required. Its role is to determine the remuneration arrangements and contracts of executive Directors and senior employees, and the appointment or re-appointment of Directors. It also has the responsibility for reviewing the performance of the executive Directors and for oversight of the Company's incentive schemes. No Director is involved in deciding their own remuneration.

## **Conflicts Committee**

The Company has established a Conflicts Committee which consists of Phillip Gobe as Chairman, Jeremy Brest, Justin Hondris and Jay Cheatham. The role of the Conflicts Committee is to assist the Board in monitoring actual and potential conflicts of interest under the definitions of the Companies Act 2006. Under the Companies Act 2006 Directors are responsible for their individual disclosures of actual or potential conflict. To follow best practice, the Conflicts Committee holds discussions where appropriate, with the Company's UK lawyers.

## **Anti-Corruption & Bribery Committee**

The Company has established an Anti-Corruption & Bribery Committee. This committee consists of Justin Hondris as Chairman, Jeremy Brest, Jay Cheatham and Phillip Gobe. The purpose of the Anti-Corruption & Bribery Committee is to ensure the Company's compliance with the Bribery Act 2010.

## **6. HAVING APPROPRIATE EXPERIENCE, SKILLS AND CAPABILITIES ON THE BOARD**

The Board of directors has a mix of experience, skills, both technical and commercial, and personal qualities that seek to deliver the strategy of the Company. The Company will ensure that the directors have the necessary up-to-date experience, skills and capabilities to deliver the Company strategy and targets. If the Company identifies an area where additional skills are required, the Company will often contract an appropriately qualified third party to advise as required. Each director is listed on the 'About Pantheon' section of the Company's website and in the annual report along with a clear description of their role and experience. The Company recognises that it currently has a limited diversity, including a lack of gender balance, and this will be considered in future recruitment decisions if the board decides that additional directors are required.

## **7. EVALUATING BOARD PERFORMANCE**

Given the Company's current size, the Board has not considered it necessary to undertake a formal assessment of the board performance and effectiveness, however, any deficiencies in Board performance and effectiveness would be identified on an ad hoc basis. The board contracts the executive remuneration specialist at Deloitte for matters concerning management incentive schemes.

## **8. ETHICAL VALUES & BEHAVIOURS**

The Company operates a corporate culture that is based on ethical values and behaviours and treats operational stakeholders fairly and with respect. It will maintain a quality system appropriate to the standards required for a Company of its size. The board communicates regularly with staff through meetings, team conference calls and presentations, individual telephone calls and messages and advocates respectful and open dialogue with employees, consultants and other stakeholders.

## **9. MAINTAINING GOVERNANCE STRUCTURES AND PROCESSES**

Ultimate authority for all aspects of the Company's activities resides with the Board, with the respective responsibilities of the Chairman, the Executive Directors and the various committees arising as a result of delegation by the Board. The Board sets direction for the Company through regular communication which includes weekly update calls with the Board and NOMAD where significant matters are tabled and approved where required. All of the executive directors have designated roles and areas of responsibility and engage with the Company's shareholders and stakeholders in accordance with relevant regulatory guidelines. There are a number of matters reserved for the Board's review and approval including, Group strategy, approval of major capital expenditure projects, approval of the annual and interim results, fundraising, dividend policy and Board structure. It monitors the exposure to key business and operational risks and reviews the strategic direction of the group and its operations. The Board delegates day-to-day responsibility for managing the business to the Executive Directors/senior management team. The Board considers its current governance structures and processes as appropriate in the context of its current size, headcount and complexity.

The audit committee meets at least twice per year where internal and financial controls are reviewed as required and assets are also assessed for impairment considerations.

Roles and responsibilities have been disclosed under principle 5.

## **10. COMMUNICATING WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS**

Under AIM Rule 26 the Company publishes historical annual reports, notices of meetings and other publications, including regular operational newsflow, over a minimum of the five previous years which can be found under the 'Financial Reports' and other sections of the Company website.

The Board is committed to maintaining good communication and having dialogue with private and institutional shareholders, as well as analysts. In addition to the Annual General Meeting, the Company endeavours to arrange shareholder presentations ( in person or my Webinar), allowing shareholders to discuss issues and provide feedback as appropriate. The Company also retains the services of a specialist corporate communications advisor to assist in promoting awareness of the Company's activities to its shareholders and wider audience.

The Board have not published an audit committee or remuneration committee report, which the Board considers to be appropriate given the size and stage of development of the Company.

In regards to a general meeting of the Company, upon the conclusion of that meeting the results of the meeting are released through a regulatory news service and a copy of the announcement is posted on the Company's website. In a situation such as where a significant proportion of votes cast against a resolution then, where relevant, an explanation would be provided.

Last review and update: 30 November, 2020