

Corporate Governance Statement

The Directors recognise the importance of sound corporate governance. The Company has adopted the Quoted Companies Alliance Corporate Governance Code 2018 (“Code”) to the extent considered appropriate for a company of its size.

The ten ‘Principles of the Code’ are set out below with details as to how the Company complies with each principle and explanations of why if it does not.

DELIVER GROWTH

1. Establish a strategy and business model which promote long-term value for shareholders

The Company’s strategy is to target stranded assets and dormant discoveries, especially those near to Company-owned infrastructure (the ‘Hub Strategy’). These are assets that are no longer targets for the major oil companies but are potentially profitable developments which can be beneficially developed by a smaller independent company, focused on the Southern North Sea.

Given the steady rise of imported vs domestic gas in the UK over the last decade and the country’s dependency on gas for power, industry and heating, the maximising of gas resources in the Southern North Sea makes strategic sense and will help deliver energy security in the UK.

The aim is to build upon the existing Core development gas assets in order to achieve a diversified and balanced portfolio of near and long-term developments, ideally with appraisal upside that complements the existing operations. This may include the acquisition of producing fields or near-term production if the risk is positively assessed and the acquisition price results in value accretion. The Directors believe that there is a significant opportunity for the Company to exploit this strategy, given that there are over 400 undeveloped and underdeveloped assets in the UK Continental Shelf (‘UKCS’).

The Hub Strategy targets strategic control over a number of dormant discoveries and appraisal assets that can be developed through common existing infrastructure, thereby generating significant economies of scale. The Company also acquires low cost development ready assets through the Licensing Round system and has been active in all UKCS Licensing Rounds since the Company was formed.

The Company seeks to operate all its assets. Operatorship is strategically important for several reasons: firstly, third party consents to tie in additional discoveries are easier to facilitate for operators of owned infrastructure. Secondly, as the major oil companies continue to divest late-life producing assets they often prefer to assign operatorship and redeploy their own resources and so additional opportunities arise. Finally, in the UK licensing rounds, certain licences will only be made available to pre-qualified operators.

Key Challenges

Asset availability - the Company maintains a full time technical, commercial and legal staff with relevant UK Southern North Sea experience. Assets are available through pro-active M&A activity and through Licensing Rounds. Opportunities arising through this route are screened and valued by the team and if returns are considered attractive bids are submitted.

Asset Operations - once accepted into the portfolio assets are reviewed and progressed through development by the technical and commercial team. The Company seeks to operate all its assets and the technical, commercial and legal teams are experienced in this area.

Financing of Activity - the Company finances its Portfolio through a mixture of debt, equity and farm-down proceeds. The Company maintains a skilled Finance Team to deliver its funding. This approach also applies to new assets to be integrated into the portfolio.

Overall, the Board is confident that the Company has the management, experience and technical expertise to create and seize new opportunities for future growth.

This Business Strategy is communicated and updated annually in the Annual Report and Accounts.



2. Seek to understand and meet shareholder needs and expectations

The Company remains committed to listening and to communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding what analysts and investors think about the Company and in turn, helping these audiences understand our business, is a key part of driving our business forward and we actively seek dialogue with the market.

We do so via investor roadshows, attending investor conferences, hosting capital markets days, our website and our regular reporting.

Private shareholders

The AGM is the main forum for dialogue with shareholders and the Board. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The Directors routinely attend the AGM and are available to answer questions raised by shareholders. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The outcome of the resolutions proposed at the AGM are subsequently published on the Company's corporate website.

To contact the Company, please email info@iog.co.uk

Institutional shareholders

The Directors actively seek to build a relationship with institutional shareholders. Shareholder relations are managed primarily by the Head of Corporate Finance and Investor Relations supported by the Chief Executive Officer and executive team, as appropriate. The Chief Executive Officer and Chief Financial Officer make presentations to analysts throughout each year and immediately following the release of the full-year and half-year results.

The Board is kept informed of the views and concerns of major shareholders by briefings from the Executive Team. Any significant investment reports from analysts are also circulated to the Board. The Non-Executive Chair and Senior Independent Director are available to meet with major shareholders if required to discuss issues of importance to them.

A form to contact the Company is available on the Company website. To request any information or meetings please contact info@iog.co.uk

General Market Updates

The Company makes regular updates to the market on its commercial progress at all stages of executing on its strategy.

3. Consider wider stakeholder and social responsibilities and their implications for long-term success.

Engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of stakeholder insights into the issues that matter most to them and our business and to enable the Board to understand and consider these issues in decision-making.

Employees

The Company has upgraded its employee processes and personnel. A new Employee Handbook has been developed to reflect the expansion of employee numbers in late 2019 and covers employment matters including maternity and paternity leave arrangements, equal opportunities and dignity at work, anti-harassment and bullying, IT and communication systems, social media, flexible working, disciplinary procedure, grievance procedure, code of conduct/ anti-corruption and bribery, whistleblowing, data protection and HSE. This is intended to improve the communication of the Company's principles and policies with our staff and contractors. It encapsulates the Company's Code of Conduct by which all staff and contractors are expected to comply.

Suppliers

Potential suppliers are considered in light of their suitability to comply with the Company's HSE and other policies. As part of the process to submit Field Development Plans to the OGA, the Company has developed a Supply Chain Action Plan.



Health, Safety and Environment ('HSE')

Community consultation

Public consultations on the Environmental Impact Assessment (EIA) of the Blythe and Vulcan gas hub developments were conducted in February 2018 and May 2018 respectively, and a further public consultation was conducted in September 2019 following the decision to include Southwark as part of our Core Project Phase 1 development comprising Blythe, Elgood and Southwark. Regulatory approval of the EIA by the BEIS Offshore Petroleum Regulator for Environment and Decommissioning ('OPRED') is expected to occur during Q2 2020. The low carbon footprint achieved through the use of minimum facilities offshore platforms and the re-use of existing pipeline infrastructure remains an increasingly valued feature of our Phase 1 development and an integral element to our sustainability proposition.

HSE and Technical Committee

Our corporate governance arrangements continue to be developed. Following its establishment in 2018 the Board HSE and Technical Committee met, throughout 2019 and provided oversight and direction for strategy and conduct across the broad spectrum of environmental, safety and health considerations for the business.

Risk

Management and our HSE Manager conducted a detailed HSE risk review of operations as a key part of management's review of overall corporate risk to ensure that leadership, culture and management systems are in place to consider HSE in its broadest sense. The results were considered by the Board as part of the year end process and are kept under ongoing review.

The Harvey appraisal well, 48/24b-6, was drilled in August and September 2019 using the Maersk Resilient jack-up rig with no Lost Time Incidents. The Board receives an HSE report from the COO at the beginning of every board meeting and any actions for follow up are identified. HSE and Technical Committee minutes are circulated to members of the Board.

The company continues to maintain and develop capability and capacity to undertake its role as appointed offshore operator of the fields within which it holds a licence interest. In addition to support of the company acquisition of further licence interests and offshore field developments, the focus over the coming months will be the safe and environmentally responsible construction and installation of Phase 1 infrastructure, the drilling of offshore production wells and preparations for first gas anticipated in Q3 2021.

The Company has implemented logistical and organisational changes to underpin its resilience to COVID-19, with the key focus being protecting all personnel, minimising impact on critical workstreams and ensuring business continuity.

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

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

Audit, risk and internal control

The Board of Directors are aware of their responsibility for establishing and communicating a system to manage risk and implement internal controls.

Operational risks are identified and assessed by management and any significant risks are reported to the Board. Financial and commercial risks are reviewed by the Board.

The Board have reviewed the work of the executive management, which synthesised the key risks from a far broader assessment of all operational and corporate risks considered as part of the day to day operational and commercial management of the Company.

The Board and HSE and Technical Committee Chair were circulated with summaries of the risk analysis and discussed these informally before formal review at Board meetings.



The Company's internal control systems are designed to provide the directors with reasonable assurance that any problems are identified on a timely basis and dealt with appropriately. The Board considers the internal controls to be effective, but no system of internal control can provide absolute assurance against material misstatement or loss.

The Company will effectively review the risks faced by the business, considering both opportunities and threats and identify these in its annual report.

Further disclosures on risk and internal controls are set out below.

Key Performance Indicators

The Group's main business is the acquisition and exploitation of oil and gas acreage. Non-financial performance is tracked through the accumulation of licence interests followed by the successful discovery and exploitation of oil and gas reserves as indicated through prospective, contingent and proved reserves inventories. Financial performance is tracked through the raising of finance to fund proposed programmes and the control of costs against budgets. The Group has two main KPIs, the first of which is to cause no harm to people or the environment and the second of which was to sustain no Lost Time Incidents, both of which were met in 2019. Principal Risks and Uncertainties

The Group operates in the oil and gas industry, an environment subject to a range of inherent risks and uncertainties. Key risks and associated mitigation are set out below.

<p>Finance: Management seeks to generate shareholder returns through monetisation of a portfolio of proven offshore gas assets. This primarily entails construction and installation of production, transportation and processing infrastructure and drilling of production wells. These activities carry several key risks.</p>	
Risk	Risk
Investor support may be eroded, impacting the company's market value and potentially hindering fundraising activities	<ul style="list-style-type: none"> • Management has a clear strategy for value realisation and creation, which is regularly communicated to shareholders • The Company's asset portfolio has robust inherent economics as well as substantial incremental value, as attested by third-party analyst reports • The Company has fully funded its Phase 1 development and is therefore not anticipating raising additional capital in this regard
Volatility in macroeconomic conditions may hinder delivery of the Company's business plan	<ul style="list-style-type: none"> • The Company has fully funded its Phase 1 development and therefore has sufficient liquidity for its planned activities • As a buyer of products and services, the Company faces both risks and opportunities from economic volatility
Each asset carries a range of potential values	<ul style="list-style-type: none"> • The Company has a healthily diversified portfolio of 6 proven gas fields in its Core Project, plus further assets which could potentially be added, therefore there is limited financial dependence on a single asset
The Company may not be able to raise funds to develop its assets	<ul style="list-style-type: none"> • The Company successfully undertook equity, debt and farm-out funding from CER in 2019 which fully funded its Phase 1 activities, as detailed elsewhere in this report. With its current funding requirement met, the Company is anticipating production revenues from operations in 2H2021, which allows it then to begin to assess the funding requirements for the Phase 2, The Company will also have access to £65.0 million of funding carry from CER at that point
The Company faces the risk of a breach of its Bond terms	<ul style="list-style-type: none"> • The Company makes consistent efforts to be fully aware of its responsibilities and obligations under the Bond terms • The Company makes consistent efforts to manage the business within budget • Management calibrates key project commitments against bond conditions and covenants to ensure avoidance of any breach



<p>The administrators of London Oil and Gas Ltd ('LOG') may be obliged to divest its holding, creating downward pressure on the Company's market value</p>	<ul style="list-style-type: none"> The Company notes that the administrators of London Capital & Finance ("LCF"), with respect to LOG's holding in IOG, have stated publicly in December 2019 that they saw the market value of the Company at the time as a "significant discount to IOG's estimated net asset value". Management continues to have a positive engagement with the administrators and believe they intend to maximise the value of the LOG holding in IOG.
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<p>Operations: Operations may not go to plan, leading to damage, pollution, cost overruns and poor outcomes</p>	
Risk	Mitigation
Reservoir and subsurface uncertainty	<ul style="list-style-type: none"> Thorough subsurface mapping and reservoir modelling High quality well design Lessons learned during early wells applied to subsequent wells
Departure from Schedule and Budget	<ul style="list-style-type: none"> Ensure the project team is populated with sufficient competent personnel Award contracts to competent contractors Test schedule and budget - rigorous schedule and budget control Follow gate process, utilise peer reviews at appropriate project stages
Market conditions for rig and marine vessel procurement may harden.	<ul style="list-style-type: none"> Contractual rates with existing platform and pipeline contracts have been fixed. Issue advance ITTs to obtain prices for future services Where possible incentivise contracts in order to minimise delivered cost.
Scope 'creep' in required works at the Bacton Terminal	<ul style="list-style-type: none"> Develop a well-defined FEED during which the scope is stress tested Implement and maintain a Management of Change process Apply rigorous cost and schedule controls throughout Execution of works
Cyber Security	<ul style="list-style-type: none"> Build an enhanced IT security plan and supporting procedures, including in particular: Improve access right to systems and protocols Enhance onboarding and leaving processes
Resource estimates may be misleading curtailing actual reserves recovered	<ul style="list-style-type: none"> The Group deploys qualified personnel Regular third-party reports are commissioned A prudent range of possible outcomes are considered within the planning process

<p>Regulatory and Legal: The Group may be unable to meet its licence and regulatory obligations</p>	
Risk	Mitigation
Delay in obtaining Offshore Field Development plan (FDP) consent, including Environmental consent for Phase 1	<ul style="list-style-type: none"> Expedite submission of final revision of EIA to BEIS and then expedite BEIS to grant EIA approval. Liaison with OGA and other authorities to minimise delays in approvals Fully prepare all relevant applications for prompt submission.
Deficiency in Corporate Governance	<ul style="list-style-type: none"> Develop, implement and maintain a suitable suite of corporate procedures (e.g. Financial Operating Procedure. All contracts to be authorised by Contracting and Procurement Function, General Counsel and Finance



Human Resources: The Company relies upon a pool of experienced and motivated personnel to identify and execute successful investment strategies

Risks	Mitigation
Key personnel may be lost to other companies	<ul style="list-style-type: none"> The Remuneration Committee regularly evaluates incentivisation schemes to ensure they remain competitive
Difficulty in attracting the necessary talent as the Group moves into development of its projects	<ul style="list-style-type: none"> The Group continues to review and adopt attractive packages for both staff and contractors

HSE and Sustainability

Risks	Mitigation
Personal harm to those that may be affected by our undertakings	<ul style="list-style-type: none"> Compliance with the UK regulatory goal setting regime for safety is established, implemented and maintained through the company leadership, culture and management systems for safety
Adverse environmental effects of our activities including, in particular, contributing to Climate Change	<ul style="list-style-type: none"> Strategic focus on natural gas as the preferential fossil fuel to provide a transition energy source to a renewables future Design and operation of low carbon footprint facilities, including re-use of existing infrastructure

Commercial environment: World and regional markets continue to be volatile with fluctuations and infrastructure access issues that might hinder the Company's business success

Risk	Mitigation
Stakeholder mis-alignment	<ul style="list-style-type: none"> Regular interfacing with key stakeholders Understand stakeholders' priorities and drivers Build and maintain relationships with stakeholders
Volatile commodity prices mean that the Company cannot be certain of the future sales value of its products	<ul style="list-style-type: none"> Price mitigation strategies may be employed at the point of major capital commitment Gas may be sold under long-term contracts reducing exposure to short term fluctuations Oil and gas price hedging contracts may be utilised where viable Budget planning considers a range of commodity pricing
Gas price volatility	<ul style="list-style-type: none"> Continue to take advice from gas market experts. Progress discussions for possible future hedging.
Brexit 'no-deal' at the end of 2020	<ul style="list-style-type: none"> Major contracts for Phase 1 awarded or to be awarded in 2020. Maximise GBP content to minimise exposure to adverse FX rates
The Group may not be able to get access, at reasonable cost, to infrastructure and product markets when required	<ul style="list-style-type: none"> A range of different off-take options are pursued wherever possible

COVID-19 Pandemic: Post period end the COVID-19 pandemic has created severe economic upheaval and unforeseeable disruptions to normal working practices around the world

Risks	Mitigation
COVID-19 Pandemic and associated economic volatility materially disrupts the Company's ability to deliver its key corporate objectives	<ul style="list-style-type: none"> The Company has already secured funding to achieve first gas and free cash flow, and is not dependent on current cash flows to fund itself The Company has implemented logistical and organisational changes to underpin its resilience to severe economic disruption driven by COVID-19, with the key focus being protecting all personnel, minimising impact on critical workstreams and ensuring business continuity



Corporate Hedging Strategy and Implementation

The primary objective of the Company's hedging policy is to protect projected future cash flows, generated from operations, against unforeseen changes in short and medium-term market conditions.

No hedging instruments were utilised during 2019 in view of the limited liquidity of longer dated UK gas futures and exposures carried during the year. As the Company's capital investment programmes increase, the Company will consider the use of appropriate hedging, seeking to retain exposure to upside but avoiding any speculative exposure to commodity prices or exchange rates. The application of the policy is within a range to require exercise of management judgement in the light of market conditions and business variables.

Details of the risks arising from the Group's use of financial instruments can be found in Note 20 to the financial statements.

Insurance

The Group insures the risks it considers appropriate for the Group's needs and circumstances. However, the Group may elect not to have insurance for certain risks, due to the high premium costs associated with insuring those risks or for various other reasons, including an assessment that the risks are remote.

Financial Controls

The Company has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the Executive Management, the Audit Committee and the Board in light of an ongoing assessment of significant risks facing the Company.

- In 2019 the Company commenced a review of its Group Financial Operating Policy which will be updated in the first half of 2020.
- The Financial Operating Policy is the framework to regulate the financial processes of the Group; from the concept of Group strategy through to the payment of invoices. The key objectives of the Financial Operating Policy are to: -
 - provide a clear framework for internal financial control;
 - define the levels of financial authority for Staff, Contractors, Directors and the Board;and
 - set out the processes for budgeting and financial reporting.
- The Board is responsible for reviewing and approving overall Company strategy, approving revenue and capital budgets and plans, and for determining the financial structure of the Company including treasury and tax.
- The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business and operational and financial controls, including the review of results of work performed by the Group controls function.
- There are comprehensive procedures for budgeting and planning, for monitoring and reporting to the Board business performance against those budgets and plans and for forecasting expected performance over the remainder of the financial period. These cover profits, cash flows, capital expenditure and balance sheets.
- The Company has a consistent system of prior appraisal for investments, overseen by the Chief Financial Officer and Chief Executive Officer, with defined financial controls and procedures with which each business area is required to comply in order to be granted investment funds for development.

Non-financial Controls

The Board recognises that maintaining sound controls and discipline is critical to managing the downside risks to our plan.

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:

- Close management of the day-to-day activities of the Group by the Executive Directors.



- An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risks.
- A comprehensive annual budgeting process.
- Detailed monthly reporting of performance against budget.
- Central control over key areas such as capital expenditure authorisation and banking facilities.

The Group continues to review its system of internal control to ensure compliance with best practice, while also having regard to its size and the resources available. As part of the Group's review a number of non-financial controls covering areas such as regulatory compliance, business integrity, health and safety, risk management, business continuity and corporate social responsibility have been assessed. The key elements of those non-financial controls are set out below.

Standards and Policies

The Board is committed to maintaining appropriate standards for all the Company's business activities and ensuring that these standards are set out in written policies and kept under review.

Approval Process

Contracts are required to be reviewed and signed off functionally by the CFO and General Counsel and signed by a Director of the Company. Major contracts require the internal sign off from 2 or more directors according to the financial procedures of the Company.

Re-assessment

The Company has a Business Risk Register with business continuity plans to address key risks that have an immediate impact. Risks facing the business are re-assessed and potential mitigating actions are considered and implemented to help protect against those risks.

5. Maintaining the Board as a well-functioning, balanced team led by the Chair

The Board currently comprises the Non-Executive Chair, three Executive Directors and two further Non-Executive Directors.

The Board considers, that Fiona MacAulay (Chair), Esa Ikaheimonen (Senior Independent Director) and Neil Hawkings, its current three Non-Executive Directors bring independent judgement to bear. Fiona MacAulay was previously the Company's Senior Independent Director. Both Charles Hendry and Martin Ruscoe were previously considered non-independent since they were appointees from the Company's major investor London Oil and Gas Limited, before their resignations on 23 April 2019.

During the year the following appointments were made strengthening the Board and the Company's governance:-

Esa Ikaheimonen – Non-Executive Director was appointed 13 March 2019 and is Senior Independent Director and Chair of the Audit Committee.

Neil Hawkings – Non-Executive Director was appointed 24 May 2019 and is Chair of the HSE and Technical Committee.

Rupert Newall – Chief Financial Officer was appointed 11 December 2019.

Robin Storey was appointed as General Counsel and Company Secretary on 9 January 2019.

Non-executive directors are expected to devote such time as necessary for proper performance of their duties. This includes regular attendance at Board, AGM, shareholder and committee meetings.

The Board is satisfied that it has a suitable balance between independence on the one hand and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively.

All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. During the year at least six scheduled Board meetings take place and a number of additional meetings as may be required. These are held at IOG's head office in London.



Key Board activities include:

- Considering our financial and non-financial policies.
- Discussing strategic priorities.
- Discussing the Group's capital structure and financial strategy, including capital investments and shareholder returns.
- Discussing internal governance processes.

Directors' Conflict of Interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors and changes to these commitments and interests are reported, minuted and where appropriate, agreed with the rest of the Board.

Directors' Attendance:

Director	Board	Audit Committee	Remuneration and Nominations Committee	HSE and Technical Committee
Fiona MacAulay	Chair 30(32)	3(3)	Chair 9(9)	Chair 4(4)
Andrew Hockey	32(32)	-	-	6(6)
Rupert Newall	1(1)	-	-	-
Mark Hughes	30(32)	-	-	6(6)
Esa Ikaheimonen ²	19(23)	Chair 1(1)	5(5)	-
Neil Hawkings ³	15(17)	-	-	Chair 3(3)
Charles Hendry ¹	12(13)	1(2)	4(5)	-
Martin Ruscoe ¹	12(13)	Chair 2(2)	5(5)	-

1. Charles Hendry and Martin Ruscoe resigned as Directors on 23 April 2019.

2. Audit Committee chaired by Esa Ikaheimonen, following Martin Ruscoe's resignation on 23 April 2019.

3. HSE and Technical Committee chaired by Neil Hawkings from 23 July 2019.

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

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of technical Oil and Gas subsurface, project management, drilling and facilities experience and in the areas of banking, financial and commercial skills and experience. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors by the Company Secretary in advance of meetings. The business reports monthly on its headline performance against its agreed budget and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting.

Relevant updates are provided by the General Counsel, external counsel, NOMAD and Brokers as required.

Two Non-Executive Directors are active in other companies in Executive and Non-Executive capacities.

All Directors retire by rotation at regular intervals in accordance with the Company's Articles of Association.



Appointment, removal and re-election of Directors

The Board makes decisions regarding the appointment and removal of Directors and there is a formal, rigorous and transparent procedure for appointments. The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation; that all Directors must stand for re-election at least once every three years; and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment.

The Board of directors has a mix of experience, skills and personal qualities that help deliver the strategy of the Company. The Company will ensure that between them the directors have the necessary up-to-date experience, skills and capabilities to deliver the Company strategy and targets. Each director is listed on the website and in the annual report along with a clear description of their role and experience.

The Board also evaluates the balance of skills, knowledge and experience on the Board and considers all new Board appointments and re-appointments against this evaluation.

Independent Advice

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the General Counsel and Company Secretary, the Chief Executive Officer and the Chief Financial Officer.

Experience, Skills and Capabilities

Biographical details of the directors and their relevant experience can be found on the Company website at the following link <https://www.iog.co.uk/about-us/board-and-management/>.

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

The Chair will continue to informally assess the individual contributions of each of the members of the team to ensure that Company strategy is effectively implemented, and that: -

- Their contribution is relevant and effective.
- That they are committed.
- Where relevant, they have maintained their independence.

The new board team has completed an internal review of individual and collective effectiveness and has identified a number of actions to ensure that the members of the Board collectively function in an efficient and productive manner as possible. This took the form of an adapted standard form questionnaire that was circulated by the Company Secretary, the results of which were summarised and discussed with the Chair. The results were collated under a traffic light system, together with suggested actions, which were circulated to the Board and then discussed in full Board meeting, with agreed actions being minuted.

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

The Board aims to lead by example and do what is in the best interests of the Company.

The Company operates a corporate culture that is based on ethical values and behaviours. It maintains policies and processes that are appropriate to do this for a Company of its size. The Executive Directors communicate regularly with staff through town hall meetings and the move in January 2020 to new offices has greatly improved internal communication.

The Board has implemented a robust governance framework including a Code of Conduct, which includes the Company's Compliance with Anti-bribery and Corruption Policy that is incorporated in an updated Employee Hand Book and is communicated to all employees. The Code provides clear guidance on how the members of staff are expected to behave towards other colleagues, suppliers, customers, shareholders and on our wider responsibility to the communities within which we operate. All employees are expected to comply with the Code and any violations of it may be reported to local management or the Group HR.

Anti-bribery and Corruption Policy

Company policy is to conduct all its business in an honest and ethical manner. The Company and Group apply a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates by implementing and enforcing effective systems to counter bribery.



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

Board programme

The Board meets at least six times each year in accordance with its scheduled meeting calendar.

The Board sets direction for the Company through a formal schedule of matters reserved for its decision. Prior to the start of each financial year, a schedule of dates for that year's Board meetings is compiled to align as far as reasonably practicable with the Company's financial calendar while also ensuring an appropriate spread of meetings across the financial year. This may be supplemented by additional meetings as and when required.

During 2019, the Board met for its twelve scheduled meetings and a further twenty ad-hoc meetings, reflecting a year of transformation. The Board and its subcommittees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting and Board and Committee papers are distributed several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors by the Company Secretary. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's executive management.

Roles of the Board, Chair and Chief Executive Officer.

The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved to the Board. It is responsible for overall Group strategy; approval of major investments (whether Capex or Opex); approval of the annual and interim results; annual budgets and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets and their performance in relation to those budgets. There is a clear division of responsibility at the head of the Company. The Chair is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. The Chief Executive Officer is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company through the Executive Team.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting. Senior executives below Board level attend Board meetings where appropriate to present business updates. Board meetings throughout the year are held at the Company's head office.

Executive Team

The Executive Team comprises Andrew Hockey the Chief Executive Officer, Rupert Newall the Chief Financial Officer, Mark Hughes the Chief Operating Officer, James Chance the Head of Corporate Finance and Investor Relations and Robin Storey, General Counsel and Company Secretary. They are responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Group's businesses and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. The Executive Team also manages and oversees key risks, management development and corporate responsibility programmes. The Chief Executive Officer reports to the Board on issues, progress and recommendations for change. The controls applied by the Executive Team to financial and non-financial matters are set out earlier in this document and the effectiveness of these controls is regularly reported to the Audit Committee and the Board.

Board Committees

The Board is supported by the Audit Committee, Remuneration and Nomination Committee and the HSE and Technical Committee. Each subcommittee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duties. The terms of reference of each committee are as follows: -

Audit Committee

The Audit Committee comprises Esa Ikaheimonen (Chair) and Fiona MacAulay. The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group



is properly measured and reported on. In addition, it receives, and reviews reports from the Company's management and auditors. The Audit Committee met three times during the year and ordinarily meets at least twice a year. It has unrestricted access to the Company's Auditors. Martin Ruscoe was Chair of the Audit Committee until his resignation as director on 23 April 2019 at which point Esa Ikaheimonen was appointed Chair and Charles Hendry was a member of the Audit Committee until his resignation as director on 23 April 2019.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee comprises Fiona MacAulay (Chair) and Esa Ikaheimonen. The Remuneration Committee determines the remuneration of the executive directors and grants share options and any other equity incentives pursuant to any share option scheme or LTIP in operation from time to time. The Committee leads the process for Board appointments and makes recommendations for maintaining an appropriate balance of skills on the Board. The Remuneration & Nominations Committee met nine times during the year reflecting a year of transformation and, ordinarily, at least twice a year.

Other Directors, including the Chief Executive, are invited to attend as appropriate and only if they do not have a conflict of interest. The Committee was also assisted by executive and industry remuneration consultants during the year to advise it on the roll out of new packages to reflect the significant growth of the Company. Martin Ruscoe and Charles Hendry resigned as members of the Remuneration and Nominations Committee on 23 April 2019.

HSE and Technical Committee

The HSE and Technical Committee comprises Neil Hawkings (Chair) Fiona MacAulay, Andrew Hockey and Mark Hughes. Ian Pollard, the Company's HSE Manager acts as Secretary to the Committee. The HSE and Technical Committee determines the Company's Environmental Management Policy, its Health and Safety Management Policy and directs the overall governance of the Company's Subsurface and Technical Management policies. The HSE and Technical Committee met six times during the year. Fiona MacAulay was Chair of the Committee until the appointment of Neil Hawkings as Chair on 23 July 2019.

BUILD TRUST

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

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year interim announcements, the Annual General Meeting ('AGM'), General Meetings ('GMs') and one-to-one meetings with large existing or potential new shareholders. Investor Relations are managed by the Executive Team and email queries from private individual shareholders are handled with responses limited to clarifying information that is already in the public domain.

In regard to a general meeting of the Company, once the meeting has concluded 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. If it became relevant an explanation of actions where a significant proportion of votes (e.g. 20% of votes received) is cast against a resolution would be provided.

A range of corporate information (including all Company announcements, third party reports, summaries of key assets and presentations) is also available to shareholders, investors and the public on the Company's corporate website, <https://www.iog.co.uk>.

The Board receives regular updates on the views of shareholders from the Chairman, the Chief Executive Officer and the Chief Financial Officer. The Company's PR consultants Vigo Communications provides monthly reports on public forum comments about the Company and the Company's Nominated Advisor finnCap provides weekly reports on share price performance and comparisons with our peer group. The Company communicates with institutional investors frequently through briefings with management. In addition, analysts' notes and brokers' briefings are reviewed to achieve a wide understanding of investors' views. All annual reports and interim statements since the Company was formed are available on the Company's website at <https://www.iog.co.uk/investors/results-reports-and-presentations/>.



Website AIM Rule 26 Page

The AIM Rule 26 page of the website includes this Corporate Governance Statement and information or links to the statutory information regarding: -

- Description of the business
- Details and biographies of the Board of Directors
- Description of main Board committees and their responsibilities
- Details of any restrictions on the transfer of AIM securities
- Number of securities in issue
- Identity and percentage holding of significant shareholders, including Directors' shareholdings and shareholders with more than 3% of the stock
- Current Annual Report & Accounts
- Current constitutional documents
- Admission Document

The Company website is updated regularly.

On behalf of the Board

Robin Storey
General Counsel and Company Secretary
25 March 2020