

# TRINITY EXPLORATION & PRODUCTION PLC

## QUOTED COMPANIES ALLIANCE CORPORATE GOVERNANCE CODE 2018

### Introduction:

The Board of Directors of the Company recognises the importance of sound corporate governance and applies The Quoted Companies Alliance Corporate Governance Code (2018) (the 'QCA Code'), which they believe is the most appropriate recognised governance code for a company with shares admitted to trading on the AIM market of the London Stock Exchange. It is believed that the QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all its stakeholders.

The QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the business. These principles are:

1. Establish a strategy and business model which promote long-term value for shareholders;
2. Seek to understand and meet shareholder needs and expectations;
3. Take into account wider stakeholder and social responsibilities and their implications for long term success;
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation;
5. Maintain the board as a well-functioning balanced team led by the Chair;
6. Ensure that between them the directors have the necessary up to date experience, skills and capabilities;
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement;
8. Promote a corporate culture that is based on ethical values and behaviours;
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board; and
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

### Chairman's Corporate Governance Statement:

As Chairman of the Company I have a keen interest in ensuring that an effective and focused Board leads the business and builds upon its successes to date. Strong corporate governance helps underpin the foundations of a solid and successful business. The Board is committed to ensuring good corporate governance, from executive level and throughout the operations of the business. Following the revisions to the AIM Rules for Companies in March 2018, pursuant to which all AIM companies are required to comply with a recognised corporate governance code, the decision has been made by the Company that it will adopt the Quoted Companies Alliance Corporate Governance Code 2018. The Directors believe that the QCA Code is the most appropriate recognised governance code for the Company.

As Chairman it is my duty to ensure that good standards of governance are delivered and fed down throughout the organisation. The Board, as a whole, looks to instil a culture across the Company, delivering strong values and behaviours. The last two years was a time of rebuilding and strengthening the Company. The Board and executive team have worked tirelessly to bring the business to the place it currently stands. During 2016, the Board and management's primary focus was to deliver a solution to strengthen the business financially and secure the ability to move the Company forward. This was achieved in early 2017 by a successful fund raising and new appointments to the Board. By the end of 2017 the Company had in place a larger and stronger Board of directors who are all focused on driving the business forward and delivering growth for shareholders. The Company's position has been

strengthened further by a US\$20m fund raising in 2018 which has enabled the business to repay all debt and focus on delivering its operational commitments. Throughout this period the importance of good governance and working for the benefit of all stakeholders has been at the forefront of the Board and executive management. As the Company enters the next phase of development I, as Chairman, will work with the Board to build upon the existing values that are in place and ensure that good corporate governance continues to be present within the organisation and delivered throughout the business, ensuring that we grow with foundations of integrity and strong principles for the benefit of all stakeholders.

Bruce Dingwall

Executive Chairman

### **Website disclosures:**

**The QCA Code requires us to apply the ten principles and publish certain disclosures in our annual report and also on our website. Our website disclosures are as follows:**

**Principle Two - Seek to understand and meet shareholder needs and expectations.**

**Disclosure: explain the ways in which the Company seeks to engage with shareholders.**

The Company's Annual Report and Notice of Annual General Meetings (AGM) are sent to all shareholders and can be downloaded from our website. Copies of these documents for the last five years, and the Interim Report and other investor presentations are also available on the Company's website.

Shareholders are kept up to date via regulatory news flow ("RNS") on matters of a material substance and regulatory nature. Quarterly updates are provided to the Market and any deviations to these updates are announced via RNS.

Our AGM is an annual opportunity for shareholders to meet with the Chairman and other members of the Board, including the Chief Financial Officer (CFO). The meeting is open to all shareholders, giving them the option to ask questions and raise issues during the formal business or more informally following the meeting.

At the AGM, separate resolutions are proposed on each substantial issue. For each proposed resolution, proxy forms are issued which provide voting shareholders with an opportunity to vote in advance of the AGM if they are unable to vote in person. Our registrars, Link Asset Services, count the proxy votes which are properly recorded and the results of the AGM are announced through an RNS.

For the last two years the Board has sought authority from shareholders to allot 10% of the Company's issued share capital on a non-pre-emptive basis. The directors are aware that this is not in line with the 5% recommended by the Pre-Emption Group's Statement of Principles as updated in 2015. However, the Directors note that a limit of up to 10% of the aggregate nominal amount is not unusual for AIM quoted companies and the Directors believe that this level of authority is appropriate in order to allow the Company flexibility to move quickly in order to finance business opportunities which may arise.

The Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored and that approvals sought at the Company's AGM are as much as possible within the recommended guidelines of the QCA Code.

The Chairman and CFO, where appropriate, respond to shareholder queries directly (whilst remaining cognisant of the Market Abuse Regulations' restrictions on inside information and within the requirements of the AIM Rules for Companies). Non-deal roadshows are arranged throughout the year to meet with existing shareholders and potential new stakeholders to maintain, as much as possible, transparency and dialogue with the Market. Investor presentations and interviews can be found on the Company's website.

Shareholders with queries should email [info@trinioil.com](mailto:info@trinioil.com).

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

**Disclosure: Explain how the business model identifies the key resources and relationships on which the business relies. Explain how the Company obtains feedback from stakeholders.**

Our business model and strategy are clear and is set out in our Annual Report. The vision of the business is to grow reserves and production through exploration and development and partnering with other businesses is the key to build our success. Delivery of our business model is underpinned by our core values of Behaviour, Rigour and Purpose:

**Behaviour** – that mirrors professionalism, respect and fairness;

**Rigour** – initiate thought before action;

**Purpose** – fit for delivering our business goals.

We value the feedback we receive from our stakeholders and we take every opportunity to ensure that where possible the wishes of stakeholders are considered. The executive team is a small and dedicated team who work hard to ensure that values of the Company are an integral part of the business. The Board works closely with the executive team with clear and open communication both within and outside of the Board room. The Company has an open-door policy from the executive team down where employees' opinions and suggestions are valued and listened to.

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

The Board comprises of the Executive Chairman, four non-executive directors and one executive director, the CFO, further details can be found on the Company's website '[Board of Directors](#)'. The Board has significant industry, financial, public markets and governance experience, possessing the necessary mix of experience, skills, personal qualities and capabilities to deliver the strategy of the Company for the benefit of the shareholders over the medium to long-term.

Whilst the Board recognises that an Executive Chairman is not considered best practice Bruce Dingwall's role as a member of the executive team has and continues to be critically important in leading the business forward. The Company at present does not have a chief executive officer and until such time that this is addressed it is vital for the business that Bruce remains a member of the executive team. The role of the Chairman and a potential CEO continues to be reviewed by the Board. Nick Clayton was appointed to the Board in November 2018. Nick has assumed the role of senior independent non-executive director (SID), which provides additional independence given that the role of the Chairman is an executive position.

Bruce Dingwall, as Executive Chairman, is responsible for leading and ensuring that the Board discharges its responsibilities; for facilitating full and constructive contributions from each member of the Board in the determination of the Group's strategy and overall commercial objectives. Bruce leads the business and the executive team, ensuring that the objectives set by the Board are delivered. Bruce offers not only his industry experience to the Board, but as a Trinidad & Tobago national his commitment to the development of Trinidad as a country.

Jeremy Bridglalsingh, as an executive director and CFO, brings a wealth of knowledge and expertise to lead the business forward. Jeremy, a qualified accountant, has worked both within Trinidad and the UK, giving him the required knowledge and understanding of both jurisdictions, professionally and culturally.

James Menzies, non-executive director, has over 30 years of experience in the oil and gas industry and is currently the CEO of Coro Energy Plc. James's industry background, together with his corporate experience provides the Board with the expertise to review and challenge decisions and opportunities presented both within the formal arena of the boardroom and as called upon when needed by the executives. James is chair of the Remuneration Committee and a member of the Audit Committee.

David Segel, non-executive director, is a successful businessman and investor who brings a wealth of experience and entrepreneurial skills to the Board. David is a member of both the Audit and Remuneration committees

Angus Winther, with his financial and investment banking background provides the experience required as chairman of the Audit Committee to challenge both the business internally and also the Group auditors. Angus is also a member of the Remuneration Committee.

Nick Clayton, with his experience in the oil and gas sector brings a wealth of knowledge and will be a strong independent adviser to the Board. Nick is the SID and has accepted the role of chairman of the Remuneration Committee.

The Board is kept abreast of developments of governance, legal and accounting changes and AIM regulations. The Company's lawyers provide updates on governance issues and circulate their regular 'Boardroom Briefing' to the Board, the Company's NOMAD provides annual Board AIM Rules refresher training as well as the initial training as part of a new Director's onboarding.

All Directors have access to the Company's NOMAD, company secretary, lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary.

The Company is mindful of the issue of gender balance, although Board appointments are made with the primary aim of ensuring that the candidate offers the required skills, knowledge and experience. It is noted that whilst there are currently no female members of the Board, the Company has a female country manager, Nirmala Maharaj, as well as a female Corporate Development Manager, Tracy Mackenzie in the Senior Management Team and embraces equality across the work place.

**Principle Seven: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

**Disclosure: A description of the Board performance evaluation process.**

The Directors consider seriously the effectiveness of the Board, Committees and individual performance.

The Board meets formally five times a year with ad hoc Board meetings as the business demands. There is a strong flow of communication between the Directors. The Agenda is set with the consultation of both the CFO and Chairman, with consideration being given to both standing Agenda items and the strategic and operational needs of the business. Papers are circulated well in advance of the meetings, giving Directors ample time to review the documentation and enabling an effective meeting. Resulting actions are tracked for appropriate delivery and follow up.

The current non-executive Directors were appointed during 2017/2018, with Nick Clayton and James Menzies bringing independence to the Board. The composition and balance of the Board continues to be monitored, in particular the lack of a CEO.

The Board entered 2018 looking forward to building further on the governance structure already in place. On-going review of the functioning of the Board and ensuring that the highest level of governance is maintained whilst being mindful of the size and stage of development of the Company. Whilst the Board has not undertaken any formal training this is something that will be considered as the business grows and the Board establishes further.

The Directors have a wide knowledge of the business and requirements of directors' fiduciary duties. The Directors have access to the Company's NOMAD, lawyers and auditors as and when required. They are also able, at the Company's expense, to obtain advice from external bodies if required. The Board as a whole is mindful of the need for considering succession planning.

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

#### **Disclosure: how the Board ensures that the Company has the means to determine ethical values and behaviours**

The Directors are committed to ethical values and behaviours across the Board and the Company as a whole. The Directors are mindful of the industry that the business operates in and takes all issues of ethical behaviours seriously. These behaviours are instilled throughout the organisation. The importance of delivering success in a safe environment is not undermined.

Issues of bribery and corruption are taken extremely seriously. The Company has a zero-tolerance approach to bribery and corruption and has an anti-bribery and corruption policy in place to protect the Company, its employees and those third parties to which the business engages with. The policy is provided to staff upon joining the business and training is provided to ensure that all employees within the business are aware of the importance of preventing bribery and corruption. Each employee is required to sign an agreement to confirm that they will comply with the policies. Annually staff are provided with refresher courses to ensure that the issues of bribery and corruption remain at the forefront of people's mind. There are strong financial controls across the business to ensure on going monitoring and early detection.

A whistleblowing policy is in place, which enables staff to raise any concerns in confidence. The Country Manager has assumed the role of whistleblowing officer.

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

#### **Disclosure: Roles and responsibilities of the Chair, CEO and other directors with commitments. Describe the roles of the Committees**

The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team. No one individual director has unfettered powers of decision.

The Chairman has the responsibility for ensuring that the Board discharges its responsibilities and is also responsible for facilitating full and constructive contributions from each member of the Board in determination of the Group's strategy and overall commercial objectives. Bruce Dingwall engages with shareholders and other stakeholder groups to ensure a strong relationship between them and the Company.

Jeremy Bridglalsingh, CFO, works closely with the Chairman, and is the executive director who is based permanently in Trinidad, although he travels frequently to the UK for Board meetings, shareholder meetings, roadshows and other business commitments. Jeremy is accountable to the Board for the financial performance of the business.

Nick Clayton chairs the Remuneration Committee and is a member of the Audit Committee.

James Menzies is a member of the Audit Committee and Remuneration Committee.

Angus Winther chairs the Audit Committee and is also a member of the Remuneration Committee.

David Segel is a member of both the Audit and Remuneration Committees.

The Audit Committee meets at least twice a year. The Committee assists with the Board's oversight of the integrity of the financial reporting and the independence and performance of the Company's Auditor.

The Remuneration Committee meets twice a year to consider all material elements of remuneration, including the executive director's remuneration and performance.

The Company does not have a separate HSE Committee, but HSE is of the upmost importance to the business and an HSE report is presented and discussed in detail at every Board meeting. The Chief Operating Officer attends the Board meeting to present his report.

All Board Committees report back to the Board following a Committee meeting.

The Board retains full and effective control over the Company and holds regular meetings at which financial, operational and other reports are considered and where appropriate voted upon. The Board is responsible for the Group's strategy and key financial and compliance issues.

There are certain matters that are reserved for the Board, they include:

- approval of the Group's strategic aims and objectives;
- approval of the Group's annual operating and capital expenditure budgets and any material changes to them;
- Review of Group performance and ensuring that any necessary corrective action is taken;
- Extension on the Group's activities into new business or geographical areas;
- Any decision to cease to operate all or any part of the Group's business;
- Major changes to the Group's corporate structure and management and control structure;
- Any changes to the Company's listing;
- Changes to governance and key business policies;
- Ensuring maintenance of a sound system of internal control and risk management;
- Approval of half yearly and annual report and accounts and preliminary announcements of final year results;
- Reviewing material contracts and contracts not in the ordinary course of business.

As the Company grows, the Directors will ensure that the governance framework remains in place to support the development of the business.

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

**Disclosure: Outcomes of votes cast by shareholders to be disclosed in a clear and transparent manner. If a significant number of votes were cast against a resolution put to a general meeting (20%) explain the reasons behind the votes cast.**

If a significant proportion of votes was ever cast against a resolution, the Company would, on a timely basis, provide an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

**Annual Report disclosures:**

The table below provides details of our annual report disclosures as required under the QCA Code

QCA Code Principle	Required disclosure	Reference
1	Explain the company's business model and strategy, including key challenges in their execution (and how those will be addressed).	2017 Annual Report: pp2-6
4	Describe how the board has embedded effective risk management in order to execute and deliver strategy. This should include a description of what the board does to identify, assess and manage risk and how it gets assurance that the risk management and related control systems in place are effective.	2017 Annual Report: p19
5	Identify those directors who are considered to be independent; where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained.	Nick Clayton, Senior independent non-executive director, appointed to the Board in November 2018.  James Menzies, independent non-executive director, appointed to the Board in June 2017.
	Describe the time commitment required from directors (including non-executive directors as well as part-time executive directors).	The executive Directors are expected to devote substantially the whole of their time to their duties with the Company. The non-executives have a lesser time commitment.
	Include the number of meetings of the board (and any committees) during the year, together with the attendance record of each director.	2017 Annual Report: p18
6	Identify each director.	2017 Annual Report: pp16-17 Board of Directors <a href="#">website</a>
	Describe the relevant experience, skills and personal qualities and capabilities that each director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the company for the benefit of the shareholders over the medium to long-term.	See website disclosure Principle Six
	Explain how each director keeps his/her skillset up-to-date.	See website disclosure Principle Six

	Where the board or any committee has sought external advice on a significant matter, this must be described and explained.	No such advice was sought in 2017.
	Where external advisers to the board or any of its committees have been engaged, explain their role.	see Website disclosures: Principle Six above.
	Describe any internal advisory responsibilities, such as the roles performed by the company secretary and the senior independent director, in advising and supporting the board.	The Company Secretary helps keep the Board up to date on areas of new governance and liaises with the NOMAD on areas of AIM requirements. The Company Secretary has frequent communication with the Chairman and is available to other members of the Board as and when required.
<b>7</b>	Include a high-level explanation of the board performance effectiveness process.	2017 Annual Report: p41
	Where a board performance evaluation has taken place in the year, provide a brief overview of it, how it was conducted and its results and recommendations. Progress against previous recommendations should also be addressed.	The Board has not undertaken any formal training during the year. This will continue to be monitored.
<b>8</b>	Include in the chair's corporate governance statement how the culture is consistent with the company's objectives, strategy and business model in the strategic report and with the description of principal risks and uncertainties. The statement should explain what the board does to monitor and promote a healthy corporate culture and how the board assesses the state of the culture at present.	see Website disclosures: Principle Eight above.
<b>10</b>	Describe the work of any board committees undertaken during the year.	2017 Annual Report: p18
	Include an audit committee report (or equivalent report if such committee is not in place).	2017 Annual Report: pp29-34
	Include a remuneration committee report (or equivalent report if such committee is not in place).	2017 Annual Report: pp22-27
	If the company has not published one or more of the disclosures set out under Principles 1-9, the omitted disclosures must be identified and the reason for their omission explained.	N/A