

Savannah Energy PLC

Statement of Compliance with the QCA Corporate Governance Code

Chairman's Corporate Governance Statement

Dear Shareholder,

Savannah Energy PLC ("Savannah" or the "Company"), formerly Savannah Petroleum Plc, is an African-focused British independent energy company.

The Board of Directors (the "Board") of Savannah recognises its responsibility for the proper management of the Company and the importance of sound corporate governance, proportionate to the size and nature of the Company and the interests of its shareholders. The Board is committed to maintaining high standards of corporate governance and in 2018, it adopted the 2018 Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies (the "QCA Code" or the "Code") as the basis of the Group's governance framework.

The Board is collectively responsible to the shareholders of Savannah for the effective oversight and long-term success of the Company. As the Chairman, I am responsible for leading the Board and ensuring that it remains effective in fulfilling its role. I set the Board's agenda and ensure that there is appropriate focus on strategic issues and the monitoring of performance. The Committee Chairmen perform the same role for their Committees.

Following completion of the acquisition of certain assets in South East Nigeria from Seven Energy International Limited (the "Seven Energy Transaction"), the Company is now a materially larger-scale business compared to previous years with the Savannah Group (the "Group") consisting of the Company and its subsidiaries. The Board continues to devote significant amounts of time to reviewing and adapting Savannah's governance arrangements to ensure that these remain appropriate for the enlarged business.

In accordance with the QCA Code and AIM Rule 26, the report below provides a high-level overview of how Savannah has applied the principles of the QCA Code, including the disclosures that are required by the Code to be published on its website.

Steve Jenkins
Chairman

All references to Savannah's most recently published Annual Report or the 2019 Annual Report are to the Annual Report and Accounts of the Company for the year ended 31 December 2019, which can be found at <https://www.savannah-energy.com/reports>.

QCA Code Principles

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

Savannah has clearly set out its vision for the medium to long term and regularly communicates this to its stakeholders. In addition, the Board meet on a regular basis to discuss the strategic direction of the Company, and the progress towards achieving its objectives.

Savannah seeks to enhance and ultimately realise sustainable value for stakeholders through the successful delivery of material oil and gas projects. To achieve this, Savannah follows the following model:

Explore / Discover. Through the acquisition of seismic, other geophysical data and detailed subsurface studies we build drilling prospect inventories. Through exploration drilling we find oil to build reserves and resources, sell in the ground or develop for future production.

Develop / Produce. We drill wells and install facilities to enable oil and gas resources to be produced.

Process / Transport. We invest in infrastructure to process and transport oil and gas production to end customers.

Reinvest / Distribute to shareholders. We prioritise production which will deliver stable and high-quality cash flows, derived from credit-worthy end customers. We seek to grow opportunistically through the delivery of net asset value accretive projects and to deliver long-term returns to shareholders through capital discipline and project monetisation.

More detailed information on the Company's business model, strategy and performance can be found in the most recently published Strategic Report on pages 1 to 73 of the Annual Report.

The Company's strategy, purpose, business model and Key Performance Indicators will continue to be reviewed following the completion of the Seven Energy Transaction. These are also subject to an annual review by the Board.

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

Website disclosure. The Board is committed to ensuring that there is open and effective communication with the Company's shareholders on matters such as governance, strategy and performance-related remuneration, and that the Directors understand the views of major shareholders on such matters. The Company communicates with shareholders and potential investors through a variety of channels, including the Annual Report, regulatory announcements, operational updates and a proactive and comprehensive investor relations programme which is managed in line with operational developments, corporate news flow and the Company's financial calendar.

The CEO and the Investor Relations team maintain regular dialogue with major institutional investors and analysts and provide the Board with regular reports on investor and analyst feedback. The Company holds investor roadshows throughout the year as appropriate. The Company's representatives participate in a number of investor events. Presentations to investors are posted on the Company's website at <https://www.savannah-energy.com/presentations>. The CEO is available to meet with institutional investors to explain the Group's strategy and performance and listen to investors' views. The Chairman and Non-Executive Directors are also available to meet with shareholders on request. The Annual General Meeting ("AGM") usually also another opportunity for shareholders to meet and speak to members of the Board directly and the Company will keep shareholders updated on any opportunities to interact with the Board. The Company maintains a database of meetings held by the Directors with shareholders, potential investors and analysts. Reports on meetings held with existing and potential investors and briefings from the Company's corporate brokers are provided to the Directors and discussed at Board meetings. Analysts' reports received on the Company are reviewed and monitored by the senior management team and circulated to the Board as appropriate. Investor relations support is provided to analysts covering and initiating coverage of the Company.

The Company's website provides the contact details of the Company's Investor relations team: ir@savannah-energy.com

In 2019, Savannah met with over 90 shareholders and so far in 2020, over 55 calls and meetings have already taken place.

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

Website disclosure. Key stakeholders which the business relies on include its people, customers suppliers and partners, shareholders and lenders, governments, local authorities and regulators and local communities in the areas that the Group operates in. The Group takes a proactive and robust approach in recognising, assessing, managing and mitigating the risks facing the Company with the aim of protecting its employees, contractors and other stakeholders and safeguarding the interests of the Group and its shareholders.

Our People. We have an open, collaborative and inclusive management structure and engage regularly with our employees. We do this through an appraisal process, structured career conversations, regular town hall sessions, employee surveys, a new corporate intranet site, company presentations, away days and our training and well-being programme. In early 2020, we introduced a new functional matrix organisational structure for the enlarged Group with clear reporting lines and accountability.

Our Host Countries and Local communities. We engage with the local communities in which we operate via our social impact programmes in Nigeria and Niger and maintain our social licence to operate through ensuring that our policies regarding safety, environmental and human rights are followed to the highest standards in our operations, projects and activities. Our social impact investment focuses on improving local living standards, via health, education and agricultural initiatives, as well as the provision of potable water and local infrastructure projects. Our projects also provide skills training to foster future economic self-sufficiency. In addition, we have implemented a local content policy designed to ensure that wherever possible we use local suppliers and employ local people. We also liaise with local government bodies and select non-governmental organisations to enhance the positive impact we have on the communities and environment in which we operate.

Governments, Local Authorities and Regulators. We take a constructive and positive approach to working with national and local authorities, as well as regulators, and seek to maintain constructive relationships with all. We contribute to government and local authorities in the countries in which we operate in the form of royalties, taxes and fees every year.

Our Shareholders and Lenders. Through our investor relations programme, which includes regular updates, calls, meetings, investor roadshows and our Annual General Meeting, we ensure that shareholders' views are communicated to our Board and considered in our decision-making. Similarly, through regular engagement with our banks and lenders, we ensure that their views are taken into account and communicated to our Board and management as necessary. We have in place comprehensive policies and procedures to ensure compliance with international standards and local laws.

Our Customers, Suppliers and Partners. We recognise that our customers, suppliers and strategic partners are crucial to our existence and we invest in our relationships with them to make Savannah a business partner of choice. Our senior management engages in regular meetings with our customers, strategic partners and suppliers. Savannah also participates in local industry events to establish and maintain relationships with suppliers and customers.

All stakeholders. The Company expects all its people, including suppliers, contractors and consultants to conduct their day-to-day business activities in a fair, honest and ethical manner, to be aware of and refer to the Anti-Corruption and Bribery policy in all of their business activities worldwide and to conduct business on the Group's behalf in compliance with the policy. Management at all levels are responsible for ensuring that those reporting to them, internally and externally, are made aware of and understand this policy.

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

The Board has overall responsibility for establishing and maintaining the Group's system of internal controls and risk management and reviewing its effectiveness. As with any successful company, delivering the Company's business objectives and overall strategy will involve taking considered risks. The Group's internal controls and risk management framework have been designed to assist the Board in making robust decisions to create and protect shareholder value by creating sustainable growth over the medium to long term.

The Board recognises that such a system has its limitations. Internal controls can only provide reasonable, not absolute, assurance against material misstatement or loss. The purpose of an effective risk management framework is to assess and manage rather than eliminate risk entirely, which involves Directors and senior management exercising a degree of judgement.

The internal control framework within which the Group operates includes the following key elements:

- organisational structures (functional matrix organisational structure), delegations of authority and reporting lines;
- Group accounting and control procedures to manage the Group consolidation and reporting requirements, including:
 - review of monthly management accounts with comparison of actual performance against budget; and consideration of the outturn for the year; and
 - monthly reconciliation of all key control accounts;
- budgetary process and monthly monitoring of the annual budget, business performance and deviations from the budget; and
- operational and strategic review processes for all aspects of the Group's business.

A number of policies and procedures are also in place, as part of the Group's internal control framework, which include the Group Anti-Corruption and Money Laundering policy, the Delegation of Authority system, Travel and Entertainment and Petty Cash policies.

The Board has undertaken a review of the effectiveness of the Group's risk management and internal control systems, based on a report from the CFO, which provided comfort regarding all material controls, including financial, operational and compliance controls. The overall conclusion was that the risk management and internal control systems were effective in terms of ensuring consistent achievement of their key objectives in the current context of the Group. During 2019, the Board also considered cyber security resilience and discussed whether any changes were required following the completion of the Seven Energy Transaction. The principal risks faced by the business, their potential impact and how they are mitigated are described in the Principal Risks and Uncertainties section, on pages 71 to 73 of the most recently published Annual Report.

The Group's whistleblowing, anti-bribery and corruption controls are described on page 81 of that Report.

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

The Board is collectively responsible to the shareholders of Savannah for the effective oversight and long-term success of the Company. In 2018, Savannah formally adopted the QCA Code as the basis of the Group's governance framework and reviewed its existing governance policies and procedures to align them with the recommendations of the QCA Code.

The Chairman is responsible for leading the Board and ensuring that it remains effective in fulfilling its role. On an annual basis, the Board completes an annual evaluation of its performance, its Committees and that of individual Directors, including a review of how the Chairman fulfilled his responsibilities.

The Company has chosen not to establish a separate Nomination Committee or to appoint a Senior Independent Director as, at present, the Board considers that this would be unnecessarily burdensome in the context of the current size and complexity of the business. The Board intends to continue to keep these decisions under review as the business evolves.

Information. The Board and its Committees are provided with high quality information on a timely basis in order to facilitate the proper assessment of the matters under consideration and the Non-Executive Directors are provided with access to all information they require and to external advice as necessary. The Board and its Committees are supported by the Company Secretary and a team at Link Company Matters Ltd ("Company Matters") in organising and circulating the meeting papers, as well as with other governance, regulatory and compliance matters.

Board composition. The Board currently comprises eight Directors: the Non-Executive Chairman, the Non-Executive Vice Chairman, four Non-Executive Directors and two executive Directors: the CEO and CFO. The Board is considered to be of an appropriate size, given the size and scope of the business, and balanced with the right skills and expertise. The names and responsibilities of the current Directors, together with their biographies, are set out on pages 74 and 75 of the 2019 Annual Report and Accounts and can also be found on Savannah's website.

Directors' independence & time commitment. The Board has considered and reviewed the independence and effectiveness of each Non-Executive Director, taking into account the guidance in the QCA Code, and is of the view that all Non-Executive Directors continue to be independent in character and judgement and free from relationships or circumstances that could affect their judgement. The Board considers that all Directors continue to be effective and committed to their roles and have sufficient time available to perform their duties. The attendance records of all Directors are disclosed within the Governance report in the Savannah's annual report.

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

The Board believes that it is of an appropriate size given the size and scope of the business and that its members have the necessary balance of skills, knowledge, background and capabilities to lead the Company effectively. The Directors' biographies, which can be found on pages 74 and 75 of the 2019 Annual Report and Accounts and on Savannah's website, illustrate the breadth of high calibre skills and experience that the Directors bring to the Board; to help deliver the strategy of the Company for the benefit of the shareholders over the medium to long term. These include appropriate industry, operational, risk management, financial, legal and regulatory experience and, in the case of the Non-Executive Directors, the willingness and ability to provide robust and objective challenge to the views and assumptions of senior management and other Directors.

Appointments and diversity. The Board places value on attracting Directors with diverse outlooks and experience, and the Remuneration and Nomination Committee encourages the inclusion of the best male and female candidates from all backgrounds when conducting external searches. On the Remuneration and Nomination Committee's recommendation, the Board makes appointments to achieve the balance of skills, outlook and experience needed, but does so solely on merit (and accordingly, the Group has not adopted a formal policy on diversity).

Training. The Directors receive regular updates on market and regulatory developments and are provided training, as required, to ensure that their skills and experience are kept up to date. Regular briefings and updates from the Company's NOMAD and Company Matters including compliance with the Companies Act 2006, AIM Rules, the QCA Code and Market Abuse Regulation are reviewed by the Board.

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

Website disclosure. In line with the recommendations of the QCA Code, the Board undertook an evaluation of its performance, that of the Chairman, the Board's Committees and individual Directors.

In 2019, the evaluation took the form of a detailed questionnaire which looked to assess the effectiveness of the Board, the Directors and the Chairman, as well as the Company's Committees' their activities, processes and policies and to identify any possible areas for improvement.

The questionnaire focused on the following areas:

- balance of matters discussed at Board meetings;
- communications with shareholders and other stakeholders;
- effectiveness of the Chairman and the individual Directors;
- work of the Board Committees;
- relationship between the Non-Executive Directors and the Executive Directors; and
- governance arrangements.

The results were anonymised and the findings were presented to the Board for review. The results suggested that the Board, its Committees and the individual Directors were effective in their performance. Actions arising from recommendations to further improve the effectiveness of the Board are being implemented, and include

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devoting an even greater amount of time to succession planning, in particular at executive and senior manager level, and a more structured oversight of performance and strategy implementation against plans and key performance indicators across the Group.

Succession planning. The Board acknowledges the importance and the value of succession planning in order to ensure that the Group has the benefit of an appropriate mix of skills and experience as the business evolves. The Board will continue to undertake an annual evaluation of its performance, that of its Committees and the individual Directors, to ensure that the Board continues to function effectively. Succession plans for the Board are informed by discussions around the Group's strategy, objectives and forward plans, as well as an assessment of the Directors' current mix of skills, experiences and personal qualities. Succession planning for key members of the senior management team is also an ongoing process. The Board places value on attracting Directors with diverse outlooks and experience, and the Remuneration and Nomination Committee encourages the inclusion of the best male and female candidates from all backgrounds when conducting external searches. On the Remuneration and Nomination Committee's recommendation, the Board makes appointments to achieve the balance of skills, outlook and experience needed, but does so solely on merit.

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

Website disclosure. Savannah's purpose is to provide sustainable energy to Nigeria and Niger through exploration and production assets and, in doing so, the Company is committed to promoting a healthy and responsible corporate culture. Accordingly, a number of policies and mechanisms are in place to ensure that ethical values and behaviours and fair business practices are embedded in the way Savannah operates. The Company expects all employees, suppliers, contractors and consultants to conduct their day-to-day business activities in a fair, honest and ethical manner.

The framework of policies and procedures in place enables the Board to ensure that the Group's employees and those who provide services to it act in accordance with high standards of ethical conduct; and that Savannah only does business with persons who are engaged in legitimate business activities and who use funds from legitimate sources.

Anti-Corruption and Bribery policy. The Company has adopted an Anti-Corruption and Bribery policy which applies to the Board and all employees of the Group. It generally sets out their responsibilities in observing and upholding a zero-tolerance position on bribery and corruption in all jurisdictions in which the Group operates, as well as providing guidance on how to recognise and deal with bribery and corruption issues and their potential consequences. The Group's policy is circulated to all Group employees and is provided to any new joiners and consultants employed by the Group, to ensure it is embedded across the organisation and jurisdictions. All Group employees are required to confirm receipt of the policy and undergo anti-corruption and money laundering training on an annual basis. Management at all levels are responsible for ensuring that those reporting to them, internally and externally, conduct business in compliance with this policy.

Whistleblowing. Savannah is committed to achieving high standards of conduct and accountability. Our functional matrix organisational structure allows employees to openly report legitimate concerns regarding any possible improprieties in financial reporting or non-compliance with applicable laws, regulations or Group policies, danger to health and safety, damage to the environment or other matters. The Company has a whistleblowing hotline and other mechanisms that enable the employees to raise any concerns without fear of penalty or punishment. The Compliance Committee regularly reviews whether these arrangements continue to function effectively.

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

Website disclosure. The roles of the Chairman and Chief Executive Officer are separate, with a clear division of responsibilities. The separation of authority enhances independent oversight of the executive management by the Board and helps to ensure that no one individual on the Board has unfettered authority.

Role of the Chairman. In accordance with the principles of the QCA Code, the Chairman is responsible for leading the Board and ensuring that it remains effective in fulfilling its role. He sets the Board's

agenda and ensures that there is appropriate focus on strategic issues and the monitoring of performance.

Role of the CEO. As CEO and through delegation from the Board, Andrew Knott is responsible for managing the day-to-day operations and the implementation of the strategy of the Company. The Company's performance and development planning is considered by the Directors in the context of the Company's overall strategy and goals, within the Company's risk and governance frameworks and taking into account their impact on stakeholders in the longer term. With a culture of openness and debate, the Directors can discuss and challenge the actions of the executive management, as well as the views of all Directors, promoting good decision-making and ultimately supporting the Company's long-term success.

The Board is collectively responsible to the shareholders of Savannah for the effective oversight and long-term success of the Company.

Matters reserved for the Board. In addition to matters required by the Companies Act 2006, the Board has overall responsibility for the Company's strategy, purpose, business model, performance, capital structure, approval of key contracts and major capital investment plans, the framework for risk management and internal controls and governance matters and engagement with shareholders and other key stakeholders. The Board remains committed to understanding the needs of shareholders and the wider stakeholders and it always considers how the Board's decisions impact them in the longer term. In "Section 172 and Our Stakeholders" on pages 16 and 17 of the Annual Report we explain who the key stakeholders are and how the Directors engage with them. The Board's full responsibilities are set out in a formal schedule of matters reserved for its decision.

The Board delegates certain responsibilities to its Committees, so that it can operate efficiently and give an appropriate level of attention and consideration to relevant matters. The Company has an Audit and Risk Committee, a combined Remuneration and Nomination Committee, a Health, Safety, Security and Environment Committee and a Compliance Committee, all of which operate within a scope and remit defined by specific terms of reference determined by the Board. The Annual Report includes a report from each of these Committees and describes the work each Committee has undertaken during the year. The composition and role of each Committee is summarised on pages 82, 86, 96 and 97. The terms of reference of each Committee are available on the Company's website at <https://www.savannah-energy.com/en/AIM>.

Audit & Risk Committee. Its key responsibilities are:

- Reviewing the integrity and content of the financial statements, including reviewing and reporting to the Board on significant financial reporting issues and judgements.
- Reviewing the adequacy and effectiveness of the Group's internal controls and risk management policies and systems.
- Reviewing and monitoring compliance policies and systems, including the prevention and detection of fraud and tax evasion.
- Monitoring compliance with applicable regulations.
- Reviewing and approval of the annual audit plan and reviewing the audit findings with the external auditor.
- Assessing external auditor objectivity and independence and reviewing the performance and remuneration of the external auditor.

Remuneration and Nomination Committee. Its key responsibilities are:

- Determining and reviewing the terms and conditions of service and termination of employment of Executive Directors and senior employees;
- Determining and reviewing the remuneration of Executive Directors and senior employees;
- Reviewing and approval of grants of shares or options, from time to time;
- Reviewing and recommending to the Board appointments and re-elections of Directors to the Board; and
- Reviewing the composition of the Board, the membership of the Committees and making recommendations to the Board on any proposed changes.

Compliance Committee. Its key responsibilities are:

- Reviewing and monitoring compliance controls, policies and systems to identify, assess, manage and report on compliance matters, including:
 - maintaining adequate compliance procedures, policies and systems;

- the prevention of bribery, corruption, money laundering and countering of terrorist financing;
- gifts and hospitality, per diem payments, business relationships, including dealings with public officials, agents, intermediaries, consultants, contractors and advisers;
- mergers, acquisitions and major new projects;
- whistleblowing arrangements and reports;
- conflicts of interest; and
- legal and regulatory compliance risks.
- Assessing the adequacy and effectiveness of the compliance framework; and
- Communicating the Board's commitment to compliance to the Group's staff, contractors and other stakeholders.

Health, Safety, Security and Environment (“HSSE”) Committee. Its key responsibilities are:

- Ensuring that the Company has an appropriate framework of policies, procedures, systems and controls in place in relation to the health, safety, security and environmental risks arising from the operations of the Group;
- Overseeing compliance with, and effectiveness of, the HSSE framework;
- Promoting appropriate behaviours, decisions and culture;
- Communicating the Board's commitment to these matters to the Group's staff, contractors and other stakeholders;
- Receiving reports on all serious accidents and incidents within the Group, including corresponding actions taken by management; and
- Overseeing the quality and integrity of any reporting to external stakeholders regarding health, safety, security and environmental matters.

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

Website disclosure. The Board is committed to ensuring that there is open and effective communication with the Company's shareholders on matters such as governance, strategy and performance-related remuneration, and that the Directors understand the views of major shareholders on such matters.

The Company communicates with shareholders and potential investors through a variety of channels:

- the Annual Report;
- regulatory announcements and operational updates;
- a proactive and comprehensive investor relations programme;
- the CEO and the Investor Relations team maintain regular dialogue with major institutional investors and analysts and provide the Board with regular reports on investor and analyst feedback;
- the Company holds investor roadshows throughout the year as appropriate;
- the Company's representatives attend a number of investor events;
- presentations to investors are posted on the Company's website at www.savannah-energy.com
- the CEO is available to meet with institutional investors to explain the Group's strategy and performance and listen to investors' views;
- the Chairman and Non-Executive Directors are available to meet with shareholders on request;
- the AGM, usually provides an opportunity for shareholders to meet and speak to members of the Board directly and the Company will keep shareholders updated on any opportunities to interact with the Board;
- reports on meetings held with existing and potential investors and briefings from the Company's corporate brokers are provided to the Directors and discussed at Board meetings;
- analysts' reports received on the Company are reviewed and monitored by the senior management team and circulated to the Board as appropriate.

Other stakeholders. Savannah is committed to seeking to create, add and realise value not just for its financial stakeholders but for its employees, local communities and its business partners. Savannah believes that maintaining effective stakeholder engagement programmes is essential. Environmental, social and governance aspects of the Company's business are very important to Savannah and a number of initiatives are in place to support the communities in which we operate. More information can be found in the Sustainability Review starting on page 48 of Savannah's 2019 Annual Report.

Shareholder votes. Savannah now does, and will continue to, include the details of the shareholder votes when reporting the results of Annual or other General Meetings.

At the 2020 Annual General Meeting held on 29 June 2020, the largest number of votes cast against any resolution was 11.23% of the votes received.

Presentations to investors are posted on the Company's website at <https://www.savannah-energy.com/presentations>.

Copies of the historical annual reports and governance related material including notices of all general meetings over the last five years can be found on the Company's website:
<https://www.savannah-energy.com/reports>
<https://www.savannah-energy.com/key-documents>

Notice of Meeting calling the 2020 AGM which was held on 21 September 2020 can be found on the Company's website:
<https://www.savannah-energy.com/key-documents>