

# Echo Energy PLC

## Corporate Governance Statement for the Year Ended 31 December 2023

### Corporate Governance Statement

*Strong corporate governance is a key building block that allows an organisation to be successful*

Dear Shareholder

I was appointed as Chair of the Company in November 2023, having been a non-executive director of the Company since January 2022 and it is my pleasure to present the Corporate Governance Statement for the year ended 31 December 2023. I firmly believe that strong corporate governance enables an organisation to grow successfully and to win confidence of the stakeholders. The Board is committed to good governance across the business, at an executive level and throughout its operations. The importance of solid governance within the organisation has been highlighted during 2022 and 2023, which have been challenging years for the business and for the economy as a whole.

The Company has seen a number of changes since the last governance report. In November 2023 James Parsons stood down as Chair of the Company and has since stepped down from the Board at the Annual General Meeting on 26 June 2024. Stephen Birrell was appointed as Chief Executive Officer in November 2023 and Martin Hull, former Chief Executive, assumed the role of non-executive director.

Following the adoption of the Quoted Companies Alliance Corporate Governance Code in 2018 (the “QCA Code”) the Company embarked on compliance and adherence to the corporate governance practices recommended by the QCA Code. The QCA Code requires AIM listed companies to adopt a “comply or explain” approach in respect of the recommended guidelines and the Board maintains that the Company complies with the QCA code in all aspects of the business.

The QCA has ten principles of corporate governance that the Company has committed to apply within the foundations of the business. These principles are listed below and the Board and employees across the business work to ensure that these principles are adhered to as much as the Company is able. Both within the annual report and accounts and on the corporate website, stakeholders can see how the Company complies with these principles.

The Board not only sets expectations for the business but also works towards ensuring that strong values are set and carried out by the directors across the business. A strong corporate culture is paramount to the success of a business. The Board strives to ensure that the objectives of the business, the principles and risks are underpinned by values of good governance that are fed down throughout the organisation.

The importance of engaging with our shareholders underpins the essence of the business, ensuring that there are numerous opportunities for investors to engage with both the Board and executive team.

The Quoted Companies Alliance published a revised corporate governance code in November 2023, which will apply to the Company for the financial year commencing on 1 January 2025. The Company will report its progress on adopted the revised code in its 2024 Annual Report.

During the period under review, there had been no major changes to the corporate governance structure of the Company.



Christian Yates

**Chair**

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#### The Principles of the QCA Code

The QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the business. The table below sets out the principles and how the Company applies them:

QCA Code Principle	Disclosure	
1	Explain the Company's business model and strategy, including key challenges in their execution (and how those will be addressed).	See pages 6 to 8 of Annual Report
2.	Seek to understand and meet shareholder needs and expectations. Explain the ways in which the company seeks to engage with shareholders.	See website disclosures: Principle Two AIM Rule 26
3.	Take into account wider stakeholder and social responsibilities and their implications for long-term success. Explain how the business model identified the key resources and relationships on which the business relies. Explain how the Company obtains feedback from stakeholders.	See website disclosures: Principle Three AIM Rule 26 and section 172 disclosure page 26 and pages 12.
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.	See pages 19 of Annual Report.
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.	Christian Yates is considered to be independent.
	Describe the time commitment required from directors (including non-executive directors).	The Chief Executive Officer is expected to devote substantially the whole of his time to the duties with the Company. The non-executives have a lesser time commitment. It is anticipated that each of the non-executives, including the Chair will dedicate 12 days a year.
	Include the number of meetings of the Board (and any committees) during the year, together with the attendance record of each director.	See page 21 of Annual Report
6	Identify each director.	See pages 23 of Annual Report
	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 pages 23 of Annual Report
	Explain how each director keeps his/her skillset up to date.	See page 23 of Annual Report

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6	<p>Where the board or any committee has sought external advice on a significant matter, this must be described and explained.</p> <p>Where external advisers to the Board or any of its committees have been engaged, explain their role.</p> <p>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.</p>	<p>No such advice was sought in 2023.</p> <p>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 both the Chair and the chief executive officer and is available to other members of the Board if required.</p>
7	<p>Include a high-level explanation of the Board performance effectiveness process.</p> <p>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.</p>	<p>See page 19 of Annual Report</p> <p>No such evaluation took place in 2023. However, the Chair and the directors are mindful of the performance of the Board as a whole and ensure that each director works to support the Executive team and deliver as best they can for the business</p>
8	<p>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.</p>	<p>See page 15 of Annual Report See website disclosures Principle Eight AIM Rule 26</p>
9	<p>Maintain governance structures and processes that are fit for purpose and support good decision making by the board. Roles and responsibilities of the Chair, CEO and other directors with commitments. Describe the roles of the committees.</p>	<p>See website disclosures: Principle Nine AIM Rule 26</p> <p>See pages 19 of Annual Report</p>
10	<p>Describe the work of any board committees undertaken during the year.</p> <p>Include an audit committee report (or equivalent report if such committee is not in place).</p> <p>Include a remuneration committee report (or equivalent report if such committee is not in place).</p> <p>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.</p>	<p>See page 21 of Annual Report</p> <p>See page 20 of Annual Report</p> <p>See page 20 of Annual Report</p> <p>N/A</p>

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## Corporate Governance Statement for the Year Ended 31 December 2023

### The Board

The Board comprises the independent Chair, one non-executive director, and the Chief Executive Officer (CEO).

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.

The role of the Chair and CEO are split in accordance with best practice. The Chair has the responsibility of 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. The CEO leads the business and the executive team ensuring that strategic and commercial objectives are met. The CEO is accountable to the Board for the operational and financial performance of the business.

The Board as a whole is kept abreast with developments of governance and AIM regulations. The Company's lawyers provide updates on governance issues as required and the Company's NOMAD provides board room training as well as the initial training as part of a director's onboarding.

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

The 2023 performance of the business and its staff will be measured across both financial and operational functions and is captured in a corporate scorecard. The scorecard is made up of various KPIs and is tracked throughout the year. The Board and executives' performance within the year was judged on the delivery of certain desired outcomes.

Christian Yates, Chair, was appointed to the Board in January 2022 as an independent non-executive director and then assumed the role of Chair in November 2023. Christian has experience of advising and promoting investments in renewable energy since 2009. He brings to the Board experience within the renewables sector, including wind, waste to energy and BESS.

Stephen Birrell, CEO, was appointed to the Board in November 2023. Stephen is a geologist and has worked in the upstream oil and gas industry for over 35 years, with a particular focus on development across multiple jurisdictions, additionally he has a strong base in natural resources.

Martin Hull, CEO, was appointed to the Board in October 2018, initially holding the position of chief financial officer ("CFO"). In November 2023 Martin stepped down as CEO and assumed the role of non-executive director. Martin has over 18 years' experience in oil and gas investment banking at Rothschild. Martin, with his experience on many transactions at both the corporate and asset level, including debt and equity, has the knowledge to drive the business forward. His transaction experience and contacts in the energy sector will prove invaluable to building the Company.

James Parsons, was appointed to Board in March 2017 and stepped down from the Board on 26 June 2024. Originally Chair of the Company, in November 2023 James assumed the role of independent non-executive director prior to stepping down as a director of the Company at the AGM in June 2024.

Marco Fumagalli, Non-Executive Director, was appointed to the Board in March 2017 and stepped down from the Board in January 2023.

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### **Corporate Governance Statement for the Year Ended 31 December 2023**

#### **Board Performance**

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, in particular the relationship between the CEO and the Chair. The agenda is set with the consultation of both the CEO and Chair, with consideration being given to both standing agenda items and the strategic and operational needs of the business. Resulting actions are tracked for appropriate delivery and follow up.

In addition to the above, the directors have a wide knowledge of the business and requirements of directors' fiduciary duties. The directors have access to the Company's NOMAD and auditors if and when required. They are also able, at the Company's expense, to obtain advice from external bodies if required.

During the year, the Board continuously strived to further strengthen the governance structure already in place. Regular consultations are held with the Company's NOMAD, Company Secretary and lawyers in respect of compliance with the QCA Code, Companies Act and other statutory requirements, and to ensure that best practices are followed. An effective investor relation strategy was maintained and regulatory disclosure obligations were met, through a consistent flow of news releases to the market. All members of the Board are well acquainted and understand global regulations on ethical business practices and ensure that adequate internal policies and a supervisory mechanism is established in the business, through senior management. Whilst being mindful of the size and stage of development of the Company, the Board reviews and ensures the highest level of governance is maintained at all levels.

#### **Matters Reserved for the Board**

The directors adopted a schedule of those matters that should be reserved for the Board. Those matters include:

- Approval of the Group's strategy and objectives;
- Approval of the Group budgets, including operating and expenditure budgets;
- Growth of activities into new business or geographical locations;
- Material changes to the Group's structure and management; and
- Changes to the Company's listing, governance or business processes.

#### **Board Committees**

The Board has established an audit committee, a remuneration and a nominations committee. At present, a decision has been made not to establish an HSE committee due to the fact that the Company is non-operating and still in the developing stage. The HSE matters are dealt with within the Board meetings.

#### ***Audit Committee Report***

##### ***Current Committee membership: Martin Hull, Christian Yates***

Martin Hull joined the Committee as Chair in November 2023 at which point James Parsons stepped down from the Committee. Prior to this James had chaired the Committee since January 2023, following the departure of Marco Fumagalli. The committee generally meets twice a year. The committee had engaged Crowe UK LLP (Crowe) to act as external auditors and they are also invited to attend committee meetings, unless they have a conflict of interest. The CEO also joins the Committee by invitation. Crowe stepped down as auditor in 2023

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### **Corporate Governance Statement for the Year Ended 31 December 2023**

following completion of the 2022 audit and the Committee recommended to the Board, who approved, the engagement of MAH, Chartered Accountants.

An important part of the role of the committee is its responsibility for reviewing and monitoring the effectiveness of the Group's financial reporting, internal control policies, and procedures for the identification, assessment, and reporting of risk. The audit committee is also responsible for overseeing the relationship with the external auditor. The main functions of the audit committee include:

- Reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant;
- Considering annual and interim accounts and audit reports; and
- Making recommendations to the Board in relation to the appointment and remuneration of the Company's auditor as well as annually reviewing and monitoring their independence, objectivity, and effectiveness.

During 2023 and 2024 the audit committee:

- Met with the Company's auditor;
- Approved the audited year end and interim financial statements;
- Recommended to the Board the appointment of MAH, Chartered Accountants as auditor of the Company in place of Crowe;
- Reviewed the Committee's terms of reference; and
- Consider the risk register and manual of authorities.

#### ***Remuneration Committee report***

##### ***Current Committee membership: Christian Yates and Martin Hull***

Following James Parsons stepping down from the Board Christian Yates re-assumed the position of Chair of the Committee. Christian had chaired the Committee prior to November 2023 when James had taken over for the period until his departure in June 2024. Martin Hull has recently joined the Committee as a member.

In 2023 the Remuneration Committee unusually only met once matters regarding directors' and executive remuneration. The Committee would usually meet at least twice but given the number of changes to the Board and the financial position of the Company many matters were dealt with by the Board as a whole.

During the year ended 31 December 2023, the Committee met once to discuss the remuneration of the executive team, including the executive director.

#### ***Nominations Committee report***

##### ***Current Committee membership: Christian Yates and Martin Hull***

Following James Parsons stepping down from the Board Christian Yates re-assumed the position of Chair of the Committee. Christian had chaired the Committee prior to November 2023 when James had taken over for the period until his departure in June 2024. Martin Hull has recently joined the Committee as a member.

The Nominations Committee is responsible for Board recruitment and succession planning. Keeping under review the leadership of the organisation and ensuring that the Board has the right skill set required for the business. During 2023 the Committee did not formally meet.

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The directors' attendance at scheduled board meetings and board committees during 2023 is detailed in the table below:

Director	Board Meeting	Scheduled	Board Ad Hoc Meeting *	Audit	Remuneration	Nominations Committee
Christian Yates (Chair)	5		12	-	1	-
Stephen Birrell **	1		3		-	
Martin Hull	5		12		-	-
James Parsons	5		12	-	1	-
Marco Fumagalli***	-		-	-	-	-
				-	-	-
<b>Total meetings</b>	<b>5</b>		<b>12</b>	<b>2</b>	<b>1</b>	<b>-</b>

\* Ad hoc meetings:

Additional meetings called for a specific business matter that falls outside of the Board meeting schedule or a matter generally of a more administrative nature not requiring full Board attendance

\*\* Mr Birrell appointed to the Board on 13 November 2023

\*\*\* Mr Fumagalli resigned on 13 January 2023

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### **Corporate Governance Statement for the Year Ended 31 December 2023**

#### **Health and Safety Review 2023**

*Echo is committed to conducting its business and operations in a manner that safeguards the health of employees, contractors and the public, and minimises the impact of operations on the environment.*

The Company is committed to ensure that these objectives are achieved through:

- Providing all employees with training of a high standard and only using equipment that is certified and appropriate for its scope;
- Using only qualified contractors, who can work to the highest possible HSE standards;
- Ensuring near-misses and incidents, whether Echo or partner operated, are fully investigated and improvements implemented;
- Fostering a working culture where openness and reporting leads to standout operational and health, safety and environmental performance; and
- Working with our operating partners to make sure that health and safety hazards and environmental impacts have been fully assessed and appropriately mitigated.

HSE performance is reported to the Board, which ensures that appropriate resources are provided to achieve these objectives in full. Where the Company participates in, but does not operate joint ventures, it seeks to ensure that similar standards are adopted by its operators. These commitments are in addition to our basic obligation to comply with applicable laws and regulations where we work.



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## Corporate Governance Statement for the Year Ended 31 December 2023

### The Team

#### Board of Directors

##### **Christian Yates**

###### *Chair*

Christian joined the Company in January 2022 and was appointed Chair in November 2023. He has extensive operational leadership experience at Chief Executive and Board level acquired during a wide-ranging career in fund management, private equity and growth companies. Sector experience includes renewable energy (solar, wind, BESS), real estate, alternative investments, wealth management, institutional fund management and hospitality. He is an experienced member of Audit & Risk, Nominations and Remunerations Committees.

Christian is Chair of Gresham House Renewable Energy VCT 2 plc, one of two listed investment companies he co-founded in 2010.

Christian is a member of the Audit, Remuneration and Nominations Committees.

##### **Stephen Birrell**

###### *Chief Executive Officer*

Stephen was appointed to the Board in November 2023. Stephen, is a geologist with a base in natural resources and has worked in the upstream oil and gas industry for over 35 years, with a particular focus on development across multiple jurisdictions with Britoil, BP and Elf and Sterling Resources, where he discovered and initiated the development of the Black Sea gas field complex, Ana/Doina in Romania. Stephen has a BSc Honours in Applied Geology and is a member of the Association of International Energy Negotiators and the Society of Petroleum Engineers.

Stephen is also a non-executive director of Live Company Group plc, Expedez Financial Services Limited and Ossian Energy Limited.

##### **Martin Hull**

###### *Non-Executive Director*

Martin has over 18 years' experience in oil & gas investment banking at Rothschild & Sons in London where he was a Managing Director in the global energy team with a focus on Latin America and Africa.

Previously he was Head of Oil & Gas, SE Asia, based out of Singapore. Martin has corporate finance expertise across the value chain with a particular focus on the upstream sector. He has advised on numerous transactions, including debt and equity, at both the corporate and asset level.

##### **James Parsons**

###### *Non-Executive Director*

James resigned from the Board on 26 June 2024.

##### **Marco Fumagalli**

###### *Non-Executive Director*

Marco resigned from the Board in January 2023.

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### Executive Team

#### **Stephen Birrell**

*Chief Executive Officer*

Stephen was appointed to the Board in November 2023. Stephen has worked in the upstream oil and gas industry for over 35 years, with a particular focus on development across multiple jurisdictions with Britoil, BP and Elf and Sterling Resources, where he discovered and initiated the development of the Black Sea gas field complex, Ana/Doina in Romania. Stephen has a BSc Honours in Applied Geology and is a member of the Association of International Energy Negotiators and the Society of Petroleum Engineers.

#### **Dr Julian Bessa**

*VP of Exploration*

Julian left the firm in July 2023.

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### Directors' Remuneration Report

The remuneration committee, which consists of the non-executive directors, along with the Board as a whole is committed to attracting and retaining talent within the boardroom and the wider executive group to ensure the success of the Company. The remuneration committee works to ensure that the policies and framework are in place to reward staff for achievements and targets met, which in turn creates value for shareholders.

The Company offers a fixed remuneration package of salary, pension and certain benefits. In addition, there is a discretionary bonus award and EMI/share option scheme in place. As the business grows it may consider implementing a performance related LTIP for senior executives and executive directors.

Stephen Birrell's contract contains a six month notice period.

The bonus and option awards are presented to the remuneration committee by the CEO for approval. The bonus awards are made to individuals taking account of their own performance and the Company's performance as a whole over the previous year. Members of the executive team have their level of bonus reviewed in line with their individual scorecards that are agreed at the beginning of the financial year. The amount of bonus and options awarded is set within a pre-agreed range for each level of staff.

Any bonus awards and options made to the CEO are agreed by the remuneration committee and are discretionary based on individual and Company performance.

A pension scheme is provided to all employees into which, subject to certain criteria, the Company contributes 5% of the individual's base salary.

### Chair and Non-Executive Directors' Fees

The fees paid to the Chair and non-executive directors are set at a level both in line with the market and to appropriately reward and retain individuals of a high calibre. The fees paid reflects the level of commitment and contribution to the Company.

Fees are paid monthly in cash and are inclusive of all committee roles and responsibilities.

### Remuneration of Directors

#### Actual remuneration for the year in the Income Statement

	Salary (US \$)	Pension (US \$)	2023 Cash Bonus award (US \$)	Taxable benefit (US \$)	Total 2023 (US \$)	Total 2022 (US \$)
<b>Executive Director</b>						
Stephen Birrell*	19,488	2,339	-	-	21,827	-
<b>Non-Executive Directors</b>						
James Parsons	67,173	-	-	-	67,173	92,672
Christian Yates	45,631	-	-	-	45,631	48,488
Martin Hull	198,573	6,178	-	5,930	210,681	343,790
Marco Fumagalli	-	-	-	-	-	52,625
Stephen Whyte	-	-	-	-	-	18,686
Gavin Graham	-	-	-	-	-	3,895
Total all directors	330,885	6,178	-	5,930	345,312	560,156

Contractual entitlements not yet paid have been deferred.

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#### Remuneration of Directors

##### Contractual entitlement for the year

	Salary (US \$)	Pension (US \$)	2023 Cash Bonus award (US \$)	Taxable benefit (US \$)	Total 2023 (US \$)
<b>Executive Director</b>					
Stephen Birrell*	19,488	2,339	-	-	21,827
<b>Non-Executive Directors</b>					
James Parsons	99,151	-	-	-	99,151
Christian Yates	62,207	-	-	-	62,207
Martin Hull	277,042	6,178	-	5,930	289,150
Marco Fumagalli	-	-	-	-	-
Stephen Whyte	-	-	-	-	-
Gavin Graham	-	-	-	-	-
<b>Total all directors</b>	<b>457,888</b>	<b>6,178</b>	<b>-</b>	<b>5,930</b>	<b>472,699</b>

\*Stephen Birrell was awarded 238,469,000 options of shares with a valuation of \$31,877  
Contractual entitlements not yet paid have been deferred.

#### Share Options Awards

	Date of Grant	Exercisable Date	Acquisition Price per share (cents)*	Options held at 1.1.23 000's	Options held at 31.12.23 000's
Martin Hull	24.10.19	11.12.23	7.90	12,000	-
Martin Hull	19.12.19	20.12.22	3.14	23,000	23,000
Martin Hull	28.01.21	28.01.22	0.89	8,000	8,000
Martin Hull	28.01.21	28.01.23	0.89	8,000	8,000
Martin Hull	28.01.21	28.01.24	0.89	8,000	8,000
Stephen Birrell	21.12.23	21.12.26	0.013	-	238,469
James Parsons	09.03.17	09.03.20	1.96	-	-
Marco Fumagalli	09.03.17	09.03.20	1.96	-	-

#### Share Options Awards

\*Calculated at the exchange rate of US \$1 to GBP £0.8039.

No directors exercised options in the year ended 31 December 2023.

This Remuneration Report was approved by a duly authorised committee of the Board on 27 June 2024 and signed on its behalf by:

Christian Yates  
**Chair**  
27 June 2024

