



**Energean plc**

**("Energean" or the "Company")**

## **Response to Resolutions 2 and 16 voting results at 2023 Annual General Meeting**

**London, 16 November 2023**

In accordance with provision 4 of the UK Corporate Governance Code, Energean is providing an update to the statement made on 18 May 2023 regarding the voting in relation to Resolutions 2 and 16 at its Annual General Meeting ('AGM').

At the Annual General Meeting held on 18 May 2023, all resolutions passed with high levels of support.

However, Energean recognises that Resolution 2, which sought approval for the Remuneration Report, and Resolution 16, which sought to disapply pre-emption rights for acquisitions, both received less than 80% of the votes in favour. In line with requirements under the UK Corporate Governance Code, Energean has therefore consulted with shareholders to understand the factors behind these voting outcomes.

### *Remuneration Report*

In recent months, Kimberley Wood, Chair of the Remuneration & Talent Committee, has engaged with a number of our shareholders to discuss Energean's approach to executive pay. This is to better understand the reasons for some shareholders opting to not support the Director's Remuneration Report resolution at the 2023 AGM, as well as to invite broader views on our Remuneration Policy in advance of its cyclical renewal next year.

We engaged with shareholders who both supported and did not support the remuneration resolution at the AGM earlier in the year. To date, we have held a number of meetings with shareholders where a meeting was requested, and received further written input from others. To date, most shareholders who responded to our consultation were supportive of our Directors' Remuneration Report.

Our discussions with shareholders who felt unable to support the remuneration resolution indicated that this largely reflected the level of vesting in relation to the 2020 LTIP and potential windfall benefit. While the Committee acknowledges these concerns, it believes the decision not to apply discretion to reduce the vesting of the 2020 LTIP is well-supported by the robust analysis undertaken by the Committee as set out in the 2022 Director's Remuneration Report. This analysis demonstrated the significant market outperformance achieved by the company across the performance period. The majority of our shareholders supported this decision, and the Committee's rationale was also recognised by ISS, who recommended in favour of the resolution.

We were also pleased to have an opportunity to discuss the on-going structure of variable pay with shareholders who supported the Directors' Remuneration Report. Matters discussed included the potential for reducing the number of metrics in the annual bonus, and some questions around the peer group used for pay-for-performance analysis. Shareholders generally recognised management's performance and the

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way that the Company's performance was reflected in pay decisions. Some shareholders commented on, and welcomed, management's very significant shareholding in the Company.

The Committee is aware that some of the dissent that impacted the remuneration resolution appears to have arisen due to differing corporate governance policies across different geographies, including in relation to board composition. A significant proportion of the votes against the Remuneration Report originated from our Israeli shareholders. As part of this consultation exercise, the Committee therefore sought particularly to engage with our Israeli shareholders to understand their views on both remuneration and wider governance matters. At the current time this Israeli consultation is still ongoing, and we therefore intend to provide a further update in the annual report published early next year.

The Director's Remuneration Policy is due for renewal at the 2024 AGM. The Committee are currently finalising their proposals, taking into account the views heard in our shareholder consultation. A final summary of the views heard during the consultation process will be published next year within Energean's 2023 Annual Report. The proposed Policy once finalised will be published in the Annual Report and subject to shareholder vote at the AGM.

#### *Disapplication of pre-emption rights for acquisitions*

In November 2022, the Pre-Emption Group updated their Statement of Principles to, amongst other things, support companies seeking an increased authority to issue equity securities representing no more than 10% of the issued share capital on a non-pre-emptive basis. The revised guidelines also supported the issue of an additional 2% in connection with a follow-on offer to retail investors or existing investors.

To date, most shareholders who responded to our consultation were supportive of our disapplication of pre-emption rights resolution.

Our discussions with shareholders who voted against the resolution stated that they predominantly did so because their internal policy limits had not been changed in line with the updated Pre-Emption Group's policies. Other discussions pertained to whether this resolution would influence potential future deals. We remind shareholders that Board and Management hold c.20% of the total issued share capital and are therefore fully aligned with shareholders and focused on value-accretive deals.

Energean is thankful to all shareholders who have taken the time to engage with the consultation process. We will continue to proactively engage with shareholders and advisory bodies and welcome any further input from shareholders.

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