## Members’ Statement

**Continuous underperformance of the Company**

The Company’s share price has fallen by more than 80 per cent over the last eight years (based on a closing share price on 20 September 2019 of 6.25 pence compared to a share price in September 2011 of 40 pence). This represents significant underperformance against sector indices over the same period and cannot therefore be accounted for by the difficulties facing the Oil & Gas sector as a whole (the FTSE All Share Oil & Gas Index has increased by approximately 16 per cent over the same period). The Company has been left with less assets and a diminished cash balance as a result of this underperformance.

In addition, the current activities of the Company are both capital intensive and leading to significant net cash outflows. We believe recent developments, in particular a potential partnership with the Italian company Proger, are not fully addressing this issue. The potential synergies with Proger have still to be identified, analysed, developed and integrated on an adequate and fair basis for both parties.

We believe that a company of Cadogan’s size and standing requires a more developed strategy in order to address its current situation.

**Poor Governance**

All the current directors of the Company, with the exception of Michel Meeùs, were proposed by SPQR. Further, Zev Furst, Enrico Testa, Gilbert Lehmann and Adelmo Schenato have each served as directors for eight years or more. Guido Michelotti joined as CEO four years ago and was also nominated by SPQR.

This board, comprising principally directors proposed for appointment by SPQR, has presided over the protracted period of underperformance described above. We believe it is now time to rebalance the board, by replacing some of the existing members and appointing new board members with the skills and experience necessary to implement the necessary changes at the Company.

**Proposed New Directors**

Specifically, we propose to replace Enrico Testa and Adelmo Schenato with two new, independent directors: Fady Khallouf, a strong executive with extensive managerial skills and an excellent knowledge of the energy sector and listed companies; and Lilia Jolibois, who has a strong experience of international companies.

In addition, we propose to appoint one representative of the Salik family, the Company’s second-largest shareholder group: Jacques Mahaux, who has a long and distinguished banking career at a senior level. This experience includes expertise in financing and structured debt, and a supervisory role in a holding company.

We believe that the appointment of the proposed directors will revitalise the board and allow the Company to implement the necessary reforms to address the underperformance described above. Further details of the experience and skills of the proposed directors are included below.

*Fady Khallouf*

Fady Khallouf is a consultant in strategy and restructuring. He has an excellent knowledge of listed companies and of the energy, environment, engineering and infrastructure sectors. He has previously held the position of CEO and CFO of Futuren (International Renewable Energy producer, listed on Euronext Paris) where he achieved the restructuring and the turnaround of the group. Prior to that, he was the CEO of Tecnimont group (Petrochemicals and Gas), the VP Strategy and Development of Edison group (Energy and E&P Gas) and the Head of M&A of EDF group. He has also held various management positions at Engie (Energy), Suez (Environment), and Dumez (Construction and Infrastructure).

*Lilia Jolibois*

Lilia Jolibois is currently a member of four Boards: Futuren SA, INSEAD, CARA (UK and Wales), and Aster Fab.  Her career spans Merrill Lynch Investment Banking, Sara Lee, and Lafarge in the USA and Europe. At Lafarge group, she served in numerous positions in finance, strategy, business development, acted as regional CEO for subsidiaries including Ukrainia, and SVP and Chief Marketing-Sales-Supply Chain Officer for Lafarge Aggregates, Asphalt & Paving.

*Jacques Mahaux*

Jacques Mahaux has held various executive and directorship positions in Group Crédit Agricole in Luxembourg, CA Indosuez, Indosuez Bank and various Luxembourg and Swiss Holding companies active in industrial sectors. Previously he acted as an Attorney at Law at the Brussels Bar. He is currently a Supervisory Board member of ETAM SCA.