

PEOPLE, CULTURE AND GOVERNANCE COMMITTEE CHARTER

1. INTRODUCTION

1.1 Purpose of the People, Culture & Governance Committee

The People, Culture and Governance Committee (**Committee**) has been established by resolution of the Board of Karoon Energy Ltd (**Karoon** or **Company**) to assist the Board in fulfilling its responsibilities in respect of:

- (a) ensuring that the Company has the appropriate ethical standards and corporate governance policies and practices in place in order to protect and enhance shareholder returns;
- (b) ensuring, so far as possible, that policies are properly embedded within the Company's operations and that all who work for and with the Company embrace these policies and standards as a normal and necessary element of managing the Company to maximise value for shareholders;
- (c) establishing appropriate remuneration levels and policies including incentive policies for directors and executives; and
- (d) identifying and recommending to the Board appropriate individuals for nomination as members of the Board.

1.2 Objectives

The Committee will oversee the Company's endeavours to:

- (a) have a strong governance framework of charters and policies to attract, retain and drive high performance in directors, executives and all employees to create shareholder value whilst observing those policies and practices;
- (b) promote and support a diverse workplace and harmonious workplace culture;
- (c) fairly and responsibly reward executives and other employees having regard to the performance of the Company, the performance of the executive or employee and the general and specific remuneration environment; and
- (d) comply with the relevant listing rules, legal and regulatory requirements.

2. ROLE AND RESPONSIBILITIES

2.1 Corporate Governance and Culture

The Committee makes recommendations for Board review and approval matters related to governance and culture, and will oversee the following:

- (a) the policies of corporate governance of the Company, including the:
 - (i) Code of Conduct;
 - (ii) Anti-Bribery and Corruption Policy;
 - (iii) Related Party Policy;
 - (iv) Diversity Policy;

- (v) Whistleblower Protection Policy;
 - (vi) Continuous Disclosure Policy; and
 - (vii) Share Trading Policy.
- (b) monitoring external best practice developments and trends in relation to corporate governance, compliance, regulatory and risk management policy and practice (including in relation to the ASX Corporate Governance Council's Principles and Recommendations);
 - (c) reviewing on at least a bi-annual basis the Company's overall corporate governance framework;
 - (d) overseeing the development and implementation of employee performance and development programs and succession plans to attract, motivate and retain high quality people to enable appropriate skills, experience and the capability to deliver on the Company's business strategy;
 - (e) reviewing on at least an annual basis, the measurable objectives for achieving gender diversity under the diversity policy and in accordance with the ASX Corporate Governance Council's Principles and Recommendations and assessing progress against the objectives;
 - (f) corporate governance disclosures on the Company's website(s);
 - (g) the Corporate Governance Statement published annually prior to its publication;
 - (h) monitoring the effective communication of the Company's corporate governance policies to all Karoon employees;
 - (i) monitoring the effective communication of the Company's corporate governance policies to shareholders, media, analysts and other external stakeholders; and
 - (j) reviewing and recommending to the Audit and Risk Committee and the Board the annual audited Remuneration Report for approval.

2.2 Board Structure and Performance

The Committee makes recommendations for Board review and approval matters related to Board structure and performance, and is responsible for the following:

- (a) reviewing processes to identify and recommend to the Board nominees for membership of the Board and the role of Managing Director;
- (b) reviewing a Board Skills Matrix to assist in identifying and assessing the necessary and desirable competencies and characteristics for board membership and regularly assessing the extent to which those competencies and characteristics are represented on the Board;
- (c) reviewing processes to evaluate the performance of the Board, its committees and directors, including:
 - (i) an evaluation of time required from non-executive directors and whether such time requirements are being met;
 - (ii) an annual internal performance review of the Board, Committees and Directors; and
 - (iii) an independent five yearly review of the performance of the Board, Committees and Directors;
- (d) monitoring succession plans to maintain an appropriate balance of skills and diversity on the Board and for the positions of Managing Director and other senior executives and reviewing those succession plans.

2.3 Selection and Appointment of Directors

- (a) The Committee will select candidates for appointment, re-appointment or removal as a director, and will present these candidates to the Board for approval.
- (b) In selecting directors for appointment, the Committee will ensure there is a process for recruitment including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and senior executive.
- (c) The Committee will review and make recommendations to the Board regarding induction and continuing professional development programs for directors, in particular ensuring directors receive ongoing briefings on developments in accounting standards.
- (d) The Committee will oversee the Board Skills Matrix. The Committee will also review and monitor a list of desirable competencies of Board members.
- (e) The Committee shall ensure that there is a written agreement for each director.
- (f) Non-executive directors shall inform the Chairs of both the Board and the Committee of other material directorships or positions with significant time commitments before accepting new appointments as director of listed entities.

2.4 Independence of Board Members

- (a) The Committee shall consider (and disclose) if a director has an interest, position, association or relationship that may compromise the independence of the director. The Committee will review and monitor a set of key independence criteria to use as a basis for their consideration.
- (b) The Committee shall assess the materiality of the interest, position, association or relationship to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.
- (c) The Committee is to consider the independence of non-executive directors on at least an annual basis (i.e. prior to issue of the annual report) and prior to considering candidates for election to the Board.
- (d) The Board should annually assess the independence of any director who has served the Company for more than 10 years.

2.5 Remuneration Strategy

The Committee is responsible for reviewing, monitoring and making recommendations to the board on the following:

- (a) the remuneration framework for directors, including the process by which any pool of director's fees approved by shareholders is allocated to directors;
- (b) disclosing separate policies and practices regarding remuneration of non-executive directors, remuneration of executive directors and other senior executives in accordance with the guidelines for:
 - (i) composition;
 - (ii) fixed remuneration;
 - (iii) performance-based remuneration;

- (iv) equity-based remuneration; and
 - (v) termination payments.
- (c) the Company's recruitment, retention and termination policies and procedures for senior executives;
 - (d) assessing the market and where necessary seeking external advice to ensure that senior executives are being rewarded with remuneration packages commensurate with their responsibilities and make recommendations to the Board on an incentive scheme and any proposed changes;
 - (e) the outcomes of short-term objectives with the aim of rewarding individuals fairly and equitably, and in line with company performance;
 - (f) the progress against long term performance hurdles and make recommendations on equity allocations;
 - (g) recommendations from the Managing Director relating to proposed merit increases for direct reports;
 - (h) the terms and conditions of employment for the Managing Director;
 - (i) the Company's superannuation arrangements for directors, senior executives and other employees;
 - (j) whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees;
 - (k) related party remuneration; and
 - (l) any changes to the Karoon Senior Executives Remuneration Policy and the Karoon Non-Executive Directors Remuneration Policy.

3. ADMINISTRATION

3.1 Membership

The Committee shall comprise the following membership structure:

- (a) at least 3 members comprised solely of non-executive directors;
- (b) a majority of independent non-executive director members; and
- (c) an independent Chairperson appointed by the Board.

3.2 Chairperson

A member of the Committee who is an independent director and who is not the chair of the Board shall be elected by the Board as Chairperson of the Committee.

3.3 Secretary

The Company Secretary shall be the Secretary of the Committee.

3.4 Quorum

A quorum shall be two members who are independent non-executive directors.

3.5 Voting

A resolution of the Committee requires the agreement of a majority of members present.

3.6 Meetings

Committee meetings will be held at least twice annually.

3.7 Records and Reporting

- (a) The Committee shall establish and maintain files, which will contain the following:
 - (i) this Charter document (which shall also be available on the Company's website);
 - (ii) copies of the confirmed minutes of all meetings of the Committee;
 - (iii) copies of all written submissions to the Board by the Committee and copies of the confirmed Board minutes relating to such submissions; and
 - (iv) details of any changes to the composition of the Committee or its Charter.
- (b) The Committee may report to the Board at any time on any matter as the Committee sees fit.
- (c) Minutes of the Committee meetings will be kept and provided to the Board at the next meeting following the Committee meeting to which the minutes relate, along with any recommendation of the Committee.

3.8 Conflicts of Interest

Members of the Committee will not be present or vote on matters that involve a conflict of interest or involve relatives or close friends of the relevant member.

3.9 Access to Information

- (a) The Committee is authorised by the Board to investigate any activity within its Charter. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.
- (b) The Committee is authorised by the Board to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at its meetings if it considers this necessary.

3.10 Authority

The Committee has no decision-making power and is required to make recommendations to the Board on all matters within its Charter.

3.11 Review and Revocation

- (a) The performance of the Committee will be reviewed annually by the Board.

- (b) The Committee will review the Committee Charter every two years and recommend required changes to the Board for approval.
- (c) Any previous Remuneration Committee, Nomination Committee or Risk and Governance Committee Charter is revoked with effect from the date of this Charter.



Bruce Phillips
Chairman

Effective Date: 31 January, 2020