

## 2020 CORPORATE GOVERNANCE STATEMENT

Karoon Energy Ltd ('the **Company**') is committed to a high level of corporate governance and fostering a culture that values ethical behaviour, integrity and respect. Adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance, accountability and value creation.

The Company, as a listed entity, must comply with the *Corporations Act 2001* (Cth) ('**Corporations Act 2001**'), the Australian Securities Exchange ('**ASX**') Listing Rules and other Australian and international laws. The ASX Listing Rules require the Company to report on the extent to which it has followed the corporate governance recommendations contained in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations which were reissued as a 3rd edition on 27 March 2014 ('**ASXCGC Recommendations**').

On 27 February 2019, the ASX Corporate Governance Council released the Corporate Governance Principles and Recommendations 4th Edition ('**ASXCGC Recommendations 4th edition**'), which the Company is required to report on from the financial year beginning 1 July 2020. The Company has undergone a thorough review of its corporate governance framework, including review of its corporate policies and committee charters and considers that it is compliant with the ASXCGC Recommendations 4th edition.

This statement has been approved by the Board as at 18 September 2020.

A checklist cross-referencing both the 3rd and 4th editions of the ASXCGC Recommendations to the relevant sections of this statement and the 30 June 2020 Annual Report ('**Annual Report**') is set out below with compliance recorded as at the date of currency specified in the paragraph above.

## 2020 CORPORATE GOVERNANCE STATEMENT (continued)

ASXCGC Recommendations (4th edition)	Company's Practice	Compliance
<b>Principle 1 – Lay solid foundations for management and oversight</b>		
<b>Recommendation 1.1</b> A listed entity should have and disclose a board charter setting out: a) the respective roles and responsibilities of its board and management; and b) those matters expressly reserved to the board and those delegated to management.	<b>Paragraph 1.1</b> below discloses the roles and responsibilities of the Board and senior executives. The Board Charter is disclosed on the Company's website. <b>Paragraph 1.1</b> discloses the matters expressly reserved to the Board and those delegated to management.	✓
<b>Recommendation 1.2</b> A listed entity should: a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director. b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<b>Paragraph 1.4</b> confirms that appropriate checks are carried out and the Company's shareholders are provided with all material information relevant to the election and re-election of directors.	✓
<b>Recommendation 1.3</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<b>Paragraphs 1.4 and 1.5</b> confirm that each director and senior executive have a written agreement relating to their appointment.	✓
<b>Recommendation 1.4</b> The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<b>Paragraph 2.3</b> confirms that the Company Secretary is accountable directly to the Board, through the Chairman.	✓
<b>Recommendation 1.5</b> A listed entity should: a) have and disclose a diversity policy; b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes).	<b>Paragraph 7.2</b> confirms that the Company has adopted and disclosed its Diversity Policy. <b>Paragraph 7.2</b> specifies how the Company has defined senior executive for the purposes of its measurable objectives.	✓

ASXCGC Recommendations (3rd edition)	Company's Practice	Compliance
<b>Principle 1 – Lay solid foundations for management and oversight</b>		
Disclose: • the respective roles and responsibilities of the board and management; and • those matters expressly reserved to the board and those delegated to management.	<b>Paragraph 1.1</b> below discloses the roles and responsibilities of the Board and senior executives. The Board Charter is disclosed on the Company's website. <b>Paragraph 1.1</b> discloses the matters expressly reserved to the Board and those delegated to management.	✓
• Undertake appropriate checks before appointing or putting forward to security holders a candidate for election as a director. • Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<b>Paragraph 1.4</b> confirms that appropriate checks are carried out and the Company's shareholders are provided with all material information relevant to the election and re-election of directors.	✓
Have a written agreement with each director and senior executive setting out the terms of their appointment.	<b>Paragraphs 1.4 and 1.5</b> confirm that each director and senior executive have a written agreement relating to their appointment.	✓
The company secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<b>Paragraph 2.3</b> confirms that the Company Secretary is accountable directly to the Board, through the Chairman.	✓
• Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them. • Disclose that policy or a summary of it. • Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined 'senior executive' for these purposes).	<b>Paragraph 7.2</b> confirms that the Company has adopted and disclosed its Diversity Policy. <b>Paragraph 7.2</b> sets out the measurable objectives to achieve gender diversity that the Board has set and the progress in achieving them. <b>Paragraph 7.2</b> discloses the proportion of women on the Board, in senior executive positions and as employees. <b>Paragraph 7.2</b> specifies how the Company has defined senior executive for the purposes of its measurable objectives.	✓

## 2020 CORPORATE GOVERNANCE STATEMENT (continued)

ASXCGC Recommendations (4th edition)	Company's Practice	Compliance
<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors.</p> <p>b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><b>Paragraphs 1.5 and 3</b> detail the process for evaluating the performance of the board and its committees. The Performance Review Policy for the Board and senior executives is disclosed on the Company's website.</p> <p><b>Paragraphs 1.5 and 3</b> confirm that performance evaluations have been undertaken in accordance with that process.</p>	✓
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <p>a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period.</p> <p>b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><b>Paragraph 1.5</b> details the process for evaluating the performance of the Company's senior executives.</p> <p><b>Paragraph 1.5</b> confirms that performance evaluations have been undertaken in accordance with that process</p>	✓
<b>Principle 2 – Structure the board to be effective and add value</b>		
<p><b>Recommendation 2.1</b></p> <p>The board of a listed entity should:</p> <p>a) have a nomination committee which:</p> <p>1) has at least three members, a majority of whom are independent directors; and</p> <p>2) is chaired by an independent director,</p> <p>and disclose:</p> <p>3) the charter of the committee;</p> <p>4) the members of the committee; and</p> <p>5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings</p>	<p><b>Paragraphs 1.4 and 3.2</b> specify the role and membership of the People, Culture and Governance Committee.</p> <p><b>Paragraph 3.2</b> confirms the People, Culture and Governance Committee is comprised of independent directors.</p> <p><b>Paragraph 3.2</b> confirms the People, Culture and Governance Committee Charter is disclosed on the Company's website.</p> <p><b>Paragraph 3</b> confirms that the number of meetings during the annual reporting period and the individual attendances at those meetings is disclosed in the Directors' Report in the Annual Report.</p>	✓
<p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	<p><b>Paragraph 1.2</b> includes a board skills matrix.</p>	✓
<p><b>Recommendation 2.3</b></p> <p>A listed entity should disclose:</p> <p>a) the names of the directors considered by the board to be independent directors;</p> <p>b) if a director has an interest, position or relationship of the type described in the Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>c) the length of service of each director</p>	<p><b>Paragraph 1.3</b> discloses the names of the independent Non-Executive Directors.</p> <p>There are no material relevant interests, positions, associations or relationships with respect to the independent Non-Executive Directors.</p> <p><b>Paragraph 1.2</b> confirms that the length of service of each Director is disclosed in the Directors' Report in the Annual Report.</p>	✓

ASXCGC Recommendations (3rd edition)	Company's Practice	Compliance
<ul style="list-style-type: none"> <li>Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors.</li> <li>Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p><b>Paragraphs 1.5 and 3</b> detail the process for evaluating the performance of the Board and its Committees. The Performance Review Policy for the Board and Senior Executives is disclosed on the Company's website.</p> <p><b>Paragraphs 1.5 and 3</b> confirm that performance evaluations have been undertaken in accordance with that process.</p>	✓
<ul style="list-style-type: none"> <li>Have and disclose a process for periodically evaluating the performance of its senior executives.</li> <li>Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p><b>Paragraph 1.5</b> details the process for evaluating the performance of the Company's senior executives.</p> <p><b>Paragraph 1.5</b> confirms that performance evaluations have been undertaken in accordance with that process.</p>	✓
<b>Principle 2 – Structure the Board to add value</b>		
<ul style="list-style-type: none"> <li>Have a nomination committee which: <ul style="list-style-type: none"> <li>1) has at least three members, a majority of whom are independent directors; and</li> <li>2) is chaired by an independent director.</li> </ul> </li> <li>Disclose: <ul style="list-style-type: none"> <li>3) the charter of the committee;</li> <li>4) the members of the committee; and</li> <li>5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</li> </ul> </li> </ul>	<p><b>Paragraphs 1.4 and 3.2</b> specify the role and membership of the People, Culture and Governance Committee.</p> <p><b>Paragraph 3.2</b> confirms the People, Culture and Governance Committee is comprised of independent directors.</p> <p><b>Paragraph 3.2</b> confirms the People, Culture and Governance Committee Charter is disclosed on the Company's website.</p> <p><b>Paragraph 3</b> confirms that the number of meetings during the annual reporting period and the individual attendances at those meetings is disclosed in the Directors' Report in the Annual Report.</p>	✓
<ul style="list-style-type: none"> <li>Have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</li> </ul>	<p><b>Paragraph 1.2</b> includes a board skills matrix.</p>	✓
<p>Disclose:</p> <ul style="list-style-type: none"> <li>the names of the directors considered by the board to be independent directors;</li> <li>if a director has an interest, position, association or relationship of the type described in the recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</li> <li>the length of service of each director.</li> </ul>	<p><b>Paragraph 1.3</b> discloses the names of the independent Non-Executive Directors.</p> <p>There are no material relevant interests, positions, associations or relationships with respect to the independent Non-Executive Directors.</p> <p><b>Paragraph 1.2</b> confirms that the length of service of each Director is disclosed in the Directors' Report in the Annual Report.</p>	✓

## 2020 CORPORATE GOVERNANCE STATEMENT (continued)

ASXCGC Recommendations (4th edition)	Company's Practice	Compliance
<p><b>Recommendation 2.4</b></p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p><b>Paragraph 1.2</b> confirms that the Company has appointed a majority of independent Directors.</p>	✓
<p><b>Recommendation 2.5</b></p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p><b>Paragraph 1.2</b> confirms that the Chairman is an independent Director.</p>	✓
<p><b>Recommendation 2.6</b></p> <p>A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p><b>Paragraphs 1.2 and 1.4</b> confirm the Company has a program for inducting new Directors and that professional development opportunities are provided.</p>	✓
<p><b>Principle 3 – Instil a culture of acting lawfully, ethically and responsibly</b></p>		
<p><b>Recommendation 3.1</b></p> <p>A listed entity should articulate and disclose its values.</p>	<p><b>Paragraph 7.1</b> sets out the Company's values statement which is disclosed in the Company's Code of Conduct.</p>	✓
<p><b>Recommendation 3.2</b></p> <p>A listed entity should:</p> <p>a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>b) ensure that the board or a committee of the board is informed of any material breaches of that code.</p>	<p><b>Paragraph 7.1</b> confirms that the Company has adopted a Code of Conduct which is disclosed on the Company's website.</p>	✓
<p><b>Recommendation 3.3</b></p> <p>A listed entity should:</p> <p>a) have and disclose a whistleblower policy.</p> <p>b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	<p><b>Paragraph 7.7</b> confirms that the Company has adopted a Whistleblower Protection Policy which is disclosed on the Company's website.</p> <p>The Whistleblower Protection Policy provides for concerns to be reported to the General Counsel and/or the Chairman of the Audit &amp; Risk Committee.</p>	✓
<p><b>Recommendation 3.4</b></p> <p>A listed entity should:</p> <p>a) have and disclose an anti-bribery and corruption policy; and</p> <p>b) ensure that the board or a committee of the board is informed of any material breaches of that policy.</p>	<p><b>Paragraph 7.8</b> confirms that the Company has adopted an Anti-bribery, Fraud and Corruption Policy which is disclosed on the Company's website.</p> <p>The Anti-bribery, Fraud and Corruption Policy provides that the Audit &amp; Risk Committee should monitor and investigate any reported breaches of the Policy and report accordingly.</p>	✓

ASXCGC Recommendations (3rd edition)	Company's Practice	Compliance
<ul style="list-style-type: none"> <li>A majority of the board should be independent directors.</li> </ul>	<p><b>Paragraph 1.2</b> confirms that the Company has appointed a majority of independent Directors.</p>	✓
<ul style="list-style-type: none"> <li>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</li> </ul>	<p><b>Paragraph 1.2</b> confirms that the Chairman is an independent Director.</p>	✓
<ul style="list-style-type: none"> <li>Have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</li> </ul>	<p><b>Paragraphs 1.2 and 1.4</b> confirm the Company has a program for inducting new Directors and that professional development opportunities are provided.</p>	✓
<p><b>Principle 3 – Act ethically and responsibly</b></p>		
<ul style="list-style-type: none"> <li>Have a code of conduct for its directors, senior executives and employees.</li> <li>Disclose that code or a summary of it.</li> </ul>	<p><b>Paragraph 7.1</b> confirms that the Company has adopted a Code of Conduct which is disclosed on the Company's website.</p>	✓

## 2020 CORPORATE GOVERNANCE STATEMENT (continued)

ASXCGC Recommendations (4th edition)	Company's Practice	Compliance
<b>Principle 4 – Safeguard the integrity of corporate reports</b>		
<b>Recommendation 4.1</b> The board of a listed entity should: a) have an audit committee which: 1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 2) is chaired by an independent director, who is not the chair of the board and disclose: 3) the charter of the committee; 4) the relevant qualifications and experience of the members of the committee; and 5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings	<b>Paragraph 3.1</b> confirms the Audit and Risk Committee is comprised of independent Directors. <b>Paragraph 3.1</b> confirms the Company has adopted a formal Audit and Risk Committee Charter which is disclosed on the Company's website. <b>Paragraph 1.2</b> confirms that the skills, experience and expertise of the Directors on the Audit and Risk Committee are detailed in the Board of Directors section of the Directors' Report in the Annual Report. <b>Paragraph 3</b> confirms the number of meetings during the annual reporting period and the individual attendances at those meetings is disclosed in the Directors' Report in the Annual Report.	✓
<b>Recommendation 4.2</b> The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	<b>Paragraph 4</b> confirms that the assurance was provided by both the Managing Director and CFO.	✓
<b>Recommendation 4.3</b> A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	The Karoon Continuous Disclosure Policy describes the review process for ASX releases. A review must be reviewed by at least two people including at least one KMP and must be checked by the Company Secretary.	✓
<b>Principle 5 – Make timely and balanced disclosure</b>		
<b>Recommendation 5.1</b> A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<b>Paragraph 7.6</b> describes the Company's approach to disclosure and confirms that the Company has established a Continuous Disclosure Policy which is available on the Company's website.	✓
<b>Recommendation 5.2</b> A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<b>Paragraph 7.6</b> describes the Company's approach to disclosure and confirms that upon confirmation of receipt from the ASX, the Company will promptly ensure that its Board of Directors receives copies of all market announcements.	✓

ASXCGC Recommendations (3rd edition)	Company's Practice	Compliance
<b>Principle 4 – Safeguard integrity in corporate reporting</b>		
<ul style="list-style-type: none"> <li>Have an audit committee which:               <ol style="list-style-type: none"> <li>has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>is chaired by an independent director, who is not the chair of the board.</li> </ol> </li> </ul> Disclose: <ol style="list-style-type: none"> <li>the charter of the committee;</li> <li>the relevant qualifications and experience of the members of the committee; and</li> <li>in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</li> </ol>	<b>Paragraph 3.1</b> confirms the Audit and Risk Committee is comprised of independent Directors. <b>Paragraph 3.1</b> confirms the Company has adopted a formal Audit and Risk Committee Charter which is disclosed on the Company's website. <b>Paragraph 1.2</b> confirms that the skills, experience and expertise of the Directors on the Audit and Risk Committee are detailed in the Board of Directors section of the Directors' Report in the Annual Report. <b>Paragraph 3</b> confirms the number of meetings during the annual reporting period and the individual attendances at those meetings is disclosed in the Directors' Report in the Annual Report.	✓
<ul style="list-style-type: none"> <li>Before approving financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</li> </ul>	<b>Paragraph 4</b> confirms that the assurance was provided by both the Managing Director and CFO.	✓
<ul style="list-style-type: none"> <li>Ensure that the external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.</li> </ul>	<b>Paragraph 9</b> confirms that the external auditor will attend the Company's Annual General Meeting and be available to answer questions from the Company's shareholders relevant to the external audit.	✓
<b>Principle 5 – Make timely and balanced disclosure</b>		
<ul style="list-style-type: none"> <li>Have a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules.</li> <li>Disclose that policy or a summary of it.</li> </ul>	<b>Paragraph 7.6</b> describes the Company's approach to disclosure and confirms that the Company has established a Continuous Disclosure Policy which is available on the Company's website.	✓

## 2020 CORPORATE GOVERNANCE STATEMENT (continued)

ASXCGC Recommendations (4th edition)	Company's Practice	Compliance
<b>Recommendation 5.3</b> A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<b>Paragraph 7.6</b> describes the Company's approach to disclosure and confirms that slides and presentations used in briefings and discussions with analysts and institutional investors will be released immediately prior to the briefing to the market via the ASX and posted on the Company website.	✓
<b>Principle 6 – Respect the rights of security holders</b>		
<b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.	<b>Paragraph 9</b> confirms that the Company provides information about itself and its governance on its website.	✓
<b>Recommendation 6.2</b> A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	A summary of the Company's policy for communicating with shareholders is disclosed at <b>Paragraph 9</b> .	✓
<b>Recommendation 6.3</b> A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	A summary of the Company's policy for communicating with shareholders is disclosed at <b>Paragraph 9</b> .	✓
<b>Recommendation 6.4</b> A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Voting at the 2019 Annual General Meeting was decided by poll. Voting via a poll will also be used at the 2020 Annual General Meeting.	✓
<b>Recommendation 6.5</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<b>Paragraph 9</b> confirms that the Company's shareholders may communicate electronically with the Company and its external share registry, Computershare.	✓
<b>Principle 7 – Recognise and manage risk</b>		
<b>Recommendation 7.1</b> a) have a committee or committees to oversee risk, each of which: 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director; and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	<b>Paragraph 3.1</b> confirms the Audit and Risk Committee is comprised of a majority of independent Directors. <b>Paragraph 3.3</b> confirms the Sustainability and Operational Risk Committee is comprised of a majority of independent Directors. <b>Paragraph 3.1</b> confirms that the Company has adopted a formal Audit and Risk Committee Charter which is disclosed on the Company's website. <b>Paragraph 3.3</b> confirms the Company has adopted a formal Sustainability and Operational Risk Committee Charter which is disclosed on the Company's website. <b>Paragraph 3</b> confirms the number of meetings during the annual reporting period and the individual attendances at those meetings is disclosed in the Directors' Report in the Annual Report.	✓
<b>Recommendation 7.2</b> The board or a committee of the board should: a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and b) disclose, in relation to each reporting period, whether such a review has taken place.	<b>Paragraphs 4 and 5</b> describe the Company's approach to risk management, internal controls and senior management's responsibility for implementing and reporting on effective risk management. <b>Paragraph 5</b> confirms that a review of the Company's risk management framework has taken place.	✓

ASXCGC Recommendations (3rd edition)	Company's Practice	Compliance
<b>Principle 6 – Respect the rights of security holders</b>		
• Provide information about itself and its governance to investors via its website.	<b>Paragraph 9</b> confirms that the Company provides information about itself and its governance on its website.	✓
• Design and implement an investor relations program to facilitate effective two-way communication with investors.	A summary of the Company's policy for communicating with shareholders is disclosed at <b>Paragraph 9</b> .	✓
• Disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	A summary of the Company's policy for communicating with shareholders is disclosed at <b>Paragraph 9</b> .	✓
• Give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<b>Paragraph 9</b> confirms that the Company's shareholders may communicate electronically with the Company and its external share registry, Computershare.	✓
<b>Principle 7 – Recognise and manage risk</b>		
• Have a committee to oversee risk which: 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director. Disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	<b>Paragraph 3.1</b> confirms the Audit and Risk Committee is comprised of a majority of independent Directors. <b>Paragraph 3.3</b> confirms the Sustainability and Operational Risk Committee is comprised of a majority of independent Directors. <b>Paragraph 3.1</b> confirms that the Company has adopted a formal Audit and Risk Committee Charter which is disclosed on the Company's website. <b>Paragraph 3.3</b> confirms the Company has adopted a formal Sustainability and Operational Risk Committee Charter which is disclosed on the Company's website. <b>Paragraph 3</b> confirms the number of meetings during the annual reporting period and the individual attendances at those meetings is disclosed in the Directors' Report in the Annual Report.	✓
• Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound. • Disclose, in relation to each reporting period, whether such a review has taken place.	<b>Paragraphs 4 and 5</b> describe the Company's approach to risk management, internal controls and senior management's responsibility for implementing and reporting on effective risk management. <b>Paragraph 5</b> confirms that a review of the Company's risk management framework has taken place.	✓

## 2020 CORPORATE GOVERNANCE STATEMENT (continued)

ASXCGC Recommendations (4th edition)	Company's Practice	Compliance
<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <p>a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	<p>The Company does not consider it necessary, at this time, to have a formal internal audit function.</p> <p><b>Paragraph 5</b> describes the Company's processes for evaluating and improving its risk management and internal control processes.</p>	✓
<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	<p><b>Paragraph 5</b> confirms that the special risks that affect the Company and how it manages those risks are described in the Annual Report.</p>	✓
<b>Principle 8 – Remunerate fairly and responsibly</b>		
<p><b>Recommendation 8.1</b></p> <p>The board of a listed entity should:</p> <p>a) Have a remuneration committee which:</p> <p>1) has at least three members, a majority of whom are independent directors; and</p> <p>2) is chaired by an independent director.</p> <p>and disclose:</p> <p>3) the charter of the committee;</p> <p>4) the members of the committee; and</p> <p>5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p>	<p><b>Paragraph 3.2</b> confirms the People, Culture and Governance Committee is comprised of independent Directors.</p> <p><b>Paragraph 3.2</b> confirms that the Company adopted a formal People, Culture and Governance Committee Charter which is disclosed on the Company's website.</p> <p><b>Paragraph 3</b> confirms the number of meetings during the annual reporting period and the individual attendances at those meetings is disclosed in the Directors' Report in the Annual Report.</p>	✓
<p><b>Recommendation 8.2</b></p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p><b>Paragraph 8</b> describes the Company's approach to the remuneration of Executive and Non-Executive Directors. Further information regarding the remuneration of Directors and other key management personnel is set out in the Directors' Report (Remuneration Report section) of the Annual Report.</p>	✓
<p><b>Recommendation 8.3</b></p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>b) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>c) disclose that policy or a summary of it.</p>	<p><b>Paragraph 8</b> confirms that the Company restricts these types of transactions in its Share Trading Policy which is available on the Company's website.</p>	✓

ASXCGC Recommendations (3rd edition)	Company's Practice	Compliance
<p>Disclose:</p> <ul style="list-style-type: none"> <li>if there is an internal audit function, how the function is structured and what role it performs; or</li> <li>if no internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	<p>The Company does not consider it necessary, at this time, to have a formal internal audit function.</p> <p><b>Paragraph 5</b> describes the Company's processes for evaluating and improving its risk management and internal control processes.</p>	✓
<ul style="list-style-type: none"> <li>Disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</li> </ul>	<p><b>Paragraph 5</b> confirms that the special risks that affect the Company and how it manages those risks are described in the Annual Report.</p>	✓
<b>Principle 8 – Remunerate fairly and responsibly</b>		
<ul style="list-style-type: none"> <li>Have a remuneration committee which: <ul style="list-style-type: none"> <li>1) has at least three members, a majority of whom are independent directors; and</li> <li>2) is chaired by an independent director.</li> </ul> </li> </ul> <p>Disclose:</p> <ul style="list-style-type: none"> <li>3) the charter of the committee;</li> <li>4) the members of the committee; and</li> <li>5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</li> </ul>	<p><b>Paragraph 3.2</b> confirms the People, Culture and Governance Committee is comprised of independent Directors.</p> <p><b>Paragraph 3.2</b> confirms that the Company adopted a formal People, Culture and Governance Committee Charter which is disclosed on the Company's website.</p> <p><b>Paragraph 3</b> confirms the number of meetings during the annual reporting period and the individual attendances at those meetings is disclosed in the Directors' Report in the Annual Report.</p>	✓
<ul style="list-style-type: none"> <li>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</li> </ul>	<p><b>Paragraph 8</b> describes the Company's approach to the remuneration of Executive and Non-Executive Directors. Further information regarding the remuneration of Directors and other key management personnel is set out in the Directors' Report (Remuneration Report section) of the Annual Report.</p>	✓
<ul style="list-style-type: none"> <li>Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in equity-based remuneration schemes.</li> <li>Disclose that policy or a summary of it.</li> </ul>	<p><b>Paragraph 8</b> confirms that the Company restricts these types of transactions in its Share Trading Policy which is available on the Company's website.</p>	✓

## 2020 CORPORATE GOVERNANCE STATEMENT (continued)

ASXCGC Recommendations (4th edition)	Company's Practice	Compliance
<b>Principle 9 – Additional recommendations that apply only in certain cases</b>		
<b>Recommendation 9.1</b> A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	This recommendation does not apply to the Company.	Not applicable.
<b>Recommendation 9.2</b> A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	This recommendation does not apply to the Company.	Not applicable.
<b>Recommendation 9.3</b> A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	This recommendation does not apply to the Company.	Not applicable.

### 1. Board of Directors

#### 1.1 Role of the Board

The Board acts on behalf of shareholders and is accountable to shareholders for the overall direction and governance of the Company.

The Board is also responsible for:

- defining and monitoring the purpose, culture and strategic direction of the Company;
- approving the Company's Code of Conduct, including its statement of values, to underpin the desired culture within the Company;
- defining and monitoring policies and procedures to ensure the Company operates within its legal, ethical, social and environmental requirements;
- establishing control and accountability systems within the Company's group operations to conform to the legal requirements and the expectations of shareholders and other stakeholders;
- reviewing and monitoring the effectiveness of the Company's risk management framework including for both financial and non-financial risks and setting the risk appetite within which the Board expects management to operate;
- satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board;
- from time to time, reviewing and monitoring the management and Company performance;
- appointing, appraising and where necessary replacing the Managing Director, other senior executives and the Company Secretary;
- ensuring that there are adequate plans and procedures for succession planning;
- reviewing and approving the Company's remuneration framework;
- approving and monitoring the progress of major capital expenditure, capital management, operating budgets and acquisitions and divestitures;
- approving and monitoring accounting and corporate reporting, including the external audit; and
- overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Responsibility for day to day management and administration of the Company is delegated by the Board to the Managing Director appointed by the Board and other senior executives approved by the Board. The Managing Director manages the Company in accordance with the strategy, plans and policies approved by the Board. The Board has in place procedures to assess the performance, and when necessary replacement, of the Managing Director and other senior executives.

The role and responsibilities of the Board are listed in the Company's Board Charter, which can be found under the Governance tab on the Company's website at [www.karooonenergy.com.au](http://www.karooonenergy.com.au).

In addition to the above, matters expressly reserved to the Board are:

- approval of the annual corporate budget; and
- approval for expenditure over a set limit.

The Board believes that this is appropriate, at this time, given the level and complexity of transactions.

#### 1.2 Composition of the Board

During the reporting period, the Board was constituted by eight (8) Directors or seven (7) Directors, the majority of which were independent Non-Executive Directors. The skills, experience and expertise relevant to the position of each Director who was in office at the date of the Annual Report and their term of office are detailed in the Board of Directors section of the Directors' Report in the Annual Report. As part of the Company's commitment to ongoing professional development, Directors may participate in the Company's professional development program.



## 2020 CORPORATE GOVERNANCE STATEMENT (continued)

The Company's Chairman is an independent Non-Executive Director.

The composition of the Board is reviewed on an ongoing basis having regard to the growth of the Company's business.

The Board considers that the Directors have the range of skills, knowledge and experience necessary to direct the Company effectively. The Non-Executive Directors contribute operational and international experience, an understanding of the industry in which the Company operates, knowledge of financial markets and an understanding of the health, safety, environmental and social matters that are important to the Company. The Executive Director brings an additional perspective to the Board through a thorough understanding of the Group's business as a whole.

It is noted that Mr Mark Smith ceased to be an Executive Director on 29 November 2019.

A Board skills matrix for the current Board is set out below:

### Karooon Energy Ltd Board Skills Matrix as at 30 June 2020

Skills	Experience	Number of Directors (Total = 7)
<b>Oil and Gas Sector</b>	Management, advisory or board level experience in the oil and gas industry.	6
<b>Strategy</b>	Experience in developing, implementing and monitoring strategic business plans.	7
<b>Mergers and Acquisition</b>	Experience in the acquisition and sale of international energy, resource or oil and gas assets (including farm-in and farm-out processes) as well as mergers, acquisitions and other corporate transactions.	6
<b>Project Development</b>	Experience in developing substantial exploration and production projects in the oil and gas, resources or energy industries.	6
<b>International</b>	Experience in conducting business in international jurisdictions including having a conceptual understanding of various regulatory frameworks.	6
<b>Geological, Geophysical and Engineering</b>	Experience in analysing geological and geophysical models and/or engineering data to inform oversight of exploration, production and corporate opportunities.	3
<b>Commercial/Operations</b>	Experience in commercial decision making in a senior management role with an appreciation of operational conditions and practices and/or experience in operations management.	7
<b>Legal</b>	Legal experience, preferably with commercial and contracting experience in the oil and gas, energy or resources sectors.	1
<b>Financial</b>	Experience in financial management and accounting practices in the energy, resources or oil and gas industry.	4
<b>HSSE, Sustainability and Diversity</b>	Experience in relation to: <ul style="list-style-type: none"> <li>Workplace health, safety and environmental management and the design, implementation and oversight of HSSE Management Systems; and</li> <li>Fostering appropriate levels of diversity across boards, management teams and staff (including in relation to gender, age, culture, skills and experience, personality).</li> </ul>	2
<b>Stakeholder Engagement and Investor Relations</b>	Experience in successfully engaging with internal and external stakeholders at all levels.	7
<b>Governance Frameworks and Compliance</b>	Experience in the design, implementation and oversight of effective governance frameworks including in relation to compliance and risk management processes, development of good corporate culture (including in relation to safety, anti-bribery and anti-corruption).	5

### 1.3 Independence of Directors

When determining the independent status of a Director, the Board has adopted the definition of independence as set out in the ASXCGC Recommendations 4th Edition. Accordingly, when determining the independence of a Non-Executive Director, the Board considers whether the Director:

- is, or has been, employed in an executive capacity by the Company or any of its subsidiaries and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee share incentive scheme of the entity;
- is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the Company or any of its subsidiaries, or an officer of, or otherwise associated with, someone with such a relationship;
- is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder;
- has close personal ties with any person who falls within any of the categories described above; or
- has been a director of the entity for such a period that their independence from management and substantial holders may have been compromised.

In each case, the materiality of the interest, position, association or relationship is assessed by the board 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 as a whole rather than in the interests of an individual security holder or other party.

During the reporting period the Non-Executive Directors of the Company were Mr Bruce Phillips, Mr Geoff Atkins, Mr Clark Davey, Mr Peter Turnbull, Mr Jose Coutinho Barbosa and Ms Luciana Rachid.

During the reporting period, a majority of the Board, being Mr Bruce Phillips, Mr Geoff Atkins, Mr Clark Davey, Mr Peter Turnbull and Ms Luciana Rachid were considered to be independent Non-Executive Directors based on the above criteria.

Mr Davey was a taxation services partner at PricewaterhouseCoopers (**PwC**), Karoon's External Auditor, from 1994 to 2006 and is entitled to receive payments from PwC as part of a retirement plan. The payments are based on a set formula relating to his partnership and tenure with PwC. The amount is fixed and not dependent on the revenues, profits or earnings of PwC. The Board is satisfied that this does not affect Mr Davey's independence as a Non-Executive Director, nor does it constitute a conflict of interest and complies with the *Corporations Act 2001* (Cth). The Board has put in place appropriate safeguards to address any perceived conflicts of interest if they should arise.

The Company considers Mr Jose Coutinho Barbosa as not independent due to a company in which Mr Barbosa has an interest providing services to the Group. Services rendered are provided by the relevant related party company on normal commercial terms and conditions and at market rates. In practice, Mr Jose Coutinho as a Non-Executive Director provides oversight and advice.

### 1.4 Selection and Appointment of Directors

The ongoing composition of the Board is overseen by the People, Culture and Governance Committee which has specific responsibility for:

- Selecting candidates for appointment, re-appointment or removal as a director, and presenting these candidates to the Board for approval.
- In selecting directors for appointment, ensuring that there is a process for recruitment including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and senior executive.
- Reviewing and making 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.
- Overseeing the Board Skills Matrix. The Committee also reviews and monitors a list of desirable competencies of Board members.
- Ensuring that there is a written agreement for each director.

Non-executive directors are required to 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 directors of listed entities.

The procedure for selecting and recommending candidates for appointment or re-appointment as Directors can be found in the People, Culture and Governance Committee Charter, which can be found under the Governance tab on the Company's website at [www.karooonenergy.com.au](http://www.karooonenergy.com.au).

As part of the selection process:

- appropriate checks are carried out;
- shareholders are provided with all material information relevant to the election and re-election of Directors;
- on appointment, a written agreement is entered into; and
- an induction program is carried out for new Directors.

## 2020 CORPORATE GOVERNANCE STATEMENT (continued)

### 1.5 Review of Board, Director and Senior Executive Performance

Performance evaluations of the Directors were undertaken in accordance with the Performance Review Policy.

Karooon's senior executives, which includes Executive Directors, are subject to an annual performance evaluation. Each year, senior executives establish a set of performance targets with his or her superior. These targets are aligned to overall business goals and Karooon's requirements. In the case of the Managing Director, the targets are established by the Board. Each senior executive has a written agreement describing their responsibilities. Performance evaluations for senior executives have taken place during the annual reporting period, in accordance with the process described in the Performance Review Policy.

The Performance Review Policy for the Board and senior executives can be found under the Governance tab on the Company's website at [www.karooonenergy.com.au](http://www.karooonenergy.com.au).

## 2. Operation of the Board

### 2.1 Board Meetings

The Board meets at least six times annually with additional Board and Committee meetings, if and when required, to discuss specific matters.

### 2.2 Independent Advice

Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions. If the Chairperson of the Board consents, the Company will pay a director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

### 2.3 Company Secretary

The Company Secretary is appointed (or removed) by the Board or with Board approval. Each director is able to communicate directly with the Company Secretary and vice versa. The responsibilities of the Company Secretary include:

- advising the Board and its committees on governance matters;
- monitoring that board and committee policies and procedures are followed;
- coordinating the timely completion and despatch of board and committee papers;
- ensuring that the business at board and committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of directors.

## 3. Board Committees

The Board has the ability under the Company's Constitution to delegate its process and responsibilities to Committees of the Board. As at 30 June 2020 the Board has established three (3) standing Committees to assist it in effectively exercising its responsibilities. These are the:

- Audit and Risk Committee;
- People, Culture and Governance Committee; and
- Sustainability and Operational Risk Committee.

The Board reviews the performance of the Committees and considers whether new committees are required. During the reporting period this resulted in a consolidation of the previous four Committees, in place during the reporting period from 1 July 2019 to 31 December 2019, to the current three in place from 1 January 2020 to 30 June 2020. The previous four Committees were the:

- Audit Committee;
- Remuneration Committee;
- Nomination Committee; and
- Risk and Governance Committee.

### 3.1 Audit and Risk Committee

The role of the Audit and Risk Committee is to oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information and oversee risk identification and management. The Company has formally adopted an Audit and Risk Committee Charter.

The responsibilities of the Audit and Risk Committee include:

#### *Powers and functions*

- improve the credibility and objectivity of the Company's accountability processes (including financial reporting);
- engage independent counsel and other advisers it deems necessary to carry out its duties;
- regularly assess the need for an internal audit function and implement as required;
- ensure the attendance of Company officers at meetings as appropriate;
- be directly responsible for the appointment, compensation, retention and oversight of the work of the external auditor, including rotation of the external audit engagement partner; and
- approve all external audits and review engagement fees and terms as well as reviewing policies for the provision of non-audit services by the external auditor (and, when required, the framework for the pre-approval of such services).

#### *Financial Risk Management and Internal Control*

- lead the Company's strategic direction in the management of material business risks (but excluding operational risks);
- work with the Board and management to determine the Company's risk appetite;
- evaluate whether management is setting the appropriate control culture by communicating the importance of internal control and management of business risk;
- understand the internal control systems implemented by management for the approval of transactions and the recording and processing of financial data; and
- understand the controls and processes implemented by management to ensure that the financial statements derived from the underlying financial systems, comply with relevant Australian Accounting Standards and requirements, and are subject to appropriate management review.

#### *Financial Reporting*

- gain an understanding of the current areas of greatest financial risk and how these are being managed;
- review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial reports;
- meet with management and the external auditor to review financial statements, key accounting policies, judgements and decisions, and the results of the audit;
- provide a recommendation to the Board as to whether the Company's financial statements reflect the understanding of the committee members, and otherwise provide a true and fair view, of the financial position and performance of the Company;
- obtain from the Managing Director and the Chief Financial Officer, a written declaration under s 295A of the Corporations Act that:
  - financial records have been properly maintained in accordance with the Corporations Act;
  - written declarations have been received from senior management within each Karooon jurisdiction confirming tax compliance of financial statements within that jurisdiction;
  - financial statements present a true and fair view, in all material respects, of the Company's financial condition, operational results and are in accordance with relevant accounting standards; and
  - there is an effective and efficient operation of the Company's financial risk management and internal compliance and control system;
- review the Directors' Report;
- review the Annual Report; and
- review the Annual Financial Budget to include providing feedback on assumptions, objectives and fulfilling the strategic objectives of the Company

#### *Compliance with Laws, Regulations, Internal Policies and Industry Standards*

- be satisfied that all regulatory compliance matters related to the business of the Company have been considered in the preparation of the financial statements;
- review any incident of fraud and other break down of internal controls;
- review any reports of misconduct made in accordance with the Company's Whistleblower Protection Policy.

## 2020 CORPORATE GOVERNANCE STATEMENT (continued)

### *Working with the External Auditor*

- review the professional qualification of the external auditor (including background and experience of partner and auditing personnel);
- consider the independence of the external auditor and any potential conflicts of interest;
- review on an annual basis the performance of the external auditor and make recommendations to the Board for the appointment, reappointment or termination of the appointment of the external auditor;
- review the external auditor's proposed audit scope and approach for the current year in light of the Company's circumstances and changes in regulatory and other requirements;
- discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restrictions on audit scope or access to information;
- ensure that significant findings and recommendations made by the external auditor and management's proposed response are received, discussed and acted on appropriately;
- discuss with the external auditor the appropriateness of the accounting policies applied in the Company's financial reports and whether they are considered to be aggressive, balanced or conservative; and
- review policies for the provision of non-audit services by the external auditor and, where applicable, the framework for pre-approval of audit and non-audit services.

The Audit and Risk Committee reports to the Board after each committee meeting and minutes of meetings are provided to the committee.

A full description of the role and responsibilities of the Audit and Risk Committee is contained in the Audit and Risk Committee Charter, which can be found under the Governance tab on the Company's website at [www.karooonenergy.com.au](http://www.karooonenergy.com.au).

As at 30 June 2020, the Audit and Risk Committee consisted of the following three (3) independent Non-Executive Directors:

- Mr Clark Davey (Chairman of Committee);
- Mr Geoff Atkins; and
- Mr Peter Turnbull.

The relevant qualifications and experience for each of the members of the Audit and Risk Committee is detailed in the Board of Directors section of the Directors' Report in the Annual Report.

The previous Audit Committee met three (3) times during the period from 1 July 2019 to 31 December 2019. The Audit and Risk Committee met four (4) times during the period from 1 January 2020 to 30 June 2020.

### 3.2 People, Culture and Governance Committee Charter

The role of the People, Culture and Governance Committee is to oversee the following:

#### *Corporate Governance and Culture*

- the policies of corporate governance of the Company, including the:
  - Code of Conduct;
  - Anti-Bribery and Corruption Policy;
  - Related Party Policy;
  - Diversity Policy;
  - Whistleblower Protection Policy;
  - Continuous Disclosure Policy; and
  - Share Trading Policy.
- 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);
- reviewing on at least a bi-annual basis the Company's overall corporate governance framework;
- 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;
- 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;
- corporate governance disclosures on the Company's website(s);
- the Corporate Governance Statement annually prior to its publication;

- monitoring the effective communication of the Company's corporate governance policies to all Company employees;
- monitoring the effective communication of the Company's corporate governance policies to shareholders, media, analysts and other external stakeholders; and
- reviewing and recommending to the Audit and Risk Committee and the Board the annual audited Remuneration Report for approval.

#### *Board Structure and Performance*

- reviewing processes to identify and recommend to the Board nominees for membership of the Board and the role of Managing Director;
- 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;
- reviewing processes to evaluate the performance of the Board, its committees and directors, including:
  - an evaluation of time required from non-executive directors and whether such time requirements are being met;
  - an annual internal performance review of the Board, Committees and Directors; and
  - an independent five yearly review of the performance of the Board, Committees and Directors;
- 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.

#### *Selection and Appointment of Directors*

- The Committee will select candidates for appointment, re-appointment or removal as a director, and will present these candidates to the Board for approval.
- 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.
- 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.
- The Committee will oversee the Board Skills Matrix. The Committee will also review and monitor a list of desirable competencies of Board members.
- The Committee shall ensure that there is a written agreement for each director.
- 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.

#### *Independence of Board Members*

- 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.
- 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.
- 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.
- The Board should annually assess the independence of any director who has served the Company for more than 10 years.

#### *Remuneration Strategy*

- The remuneration framework for directors, including the process by which any pool of director's fees approved by shareholders is allocated to directors;
- 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.
- The Company's recruitment, retention and termination policies and procedures for senior executives;
- 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;
- The outcomes of short-term objectives with the aim of rewarding individuals fairly and equitably, and in line with company performance;
- The progress against long term performance hurdles and make recommendations on equity allocations;

## 2020 CORPORATE GOVERNANCE STATEMENT (continued)

- Recommendations from the Managing Director relating to proposed merit increases for direct reports;
- The terms and conditions of employment for the Managing Director;
- The Company's superannuation arrangements for directors, senior executives and other employees;
- Whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees;
- Related party remuneration; and
- Any changes to the Karoon Senior Executives Remuneration Policy and the Karoon Non-Executive Directors Remuneration Policy.

The People, Culture and Governance Committee reports to the Board after each committee meeting and minutes of meetings are provided to the committee.

A full description of the role and responsibilities of the People, Culture and Governance Committee, together with the Company's policy for the selection and appointment of Directors, is contained in the People, Culture and Governance Committee Charter, which can be found under the Governance tab on the Company's website at [www.karoonenergy.com.au](http://www.karoonenergy.com.au).

As at 30 June 2020, the People, Culture and Governance Committee consisted of the following four (4) independent Directors:

- Mr Peter Turnbull (Chairman of Committee);
- Mr Bruce Phillips;
- Mr Geoff Atkins; and
- Mr Clark Davey.

The previous Nomination Committee met one (1) time and the previous Remuneration Committee met two (2) times during the period from 1 July 2019 to 31 December 2019. The People, Culture and Governance Committee met four (4) times during the period from 1 January 2020 to 30 June 2020.

### 3.3 Sustainability and Operational Risk Committee Charter

The Sustainability and Operational Risk Committee is responsible for:

#### *Strategic Direction*

- leading the Company's strategic direction in the management of material operational risks;
- working with the Board and management to determine the Company's operational risk tolerance;
- identifying opportunities to minimise the potential for harmful environmental or social impacts arising from Company operations; and
- key policies and strategies in relation to the health and safety of Company employees and the environmental and social impacts of Karoon operations, including the: (i) Health, Safety, Security and Environment (HSSE) Policy, (ii) Risk Management Policy; and (iii) Sustainability Policy.

#### *Oversight*

- Operational risk profile and risk management framework;
- implementation and review of operational risk management and internal compliance and control systems;
- management identification of material exposure to operational, environmental and social sustainability risks and how those risks are managed;
- the Company's Operating Management System (OMS) with a focus on HSSE issues; and
- the Company's environmental and social programs.

#### *Review*

- on at least an annual basis, the effectiveness of the Company's operational risk management framework in identifying and managing operational risks and controlling internal processes;
- management's plans for mitigation of material operational risks faced by the Company;
- the Operational Risk Register on a periodic basis, identifying the main internal and external risk sources including material exposures to operational, environmental and social sustainability risks associated with the Company's equity/participatory interests in oil and gas exploration, development and production projects and operations;
- the Company's operational insurance program;
- the Company's HSSE performance;
- any environmental or social impacts arising from the Company's operations;
- compliance with the Company's OMS and legislative and regulatory requirements with respect to HSSE and sustainability issues, including the requirements of approved environmental plans related to the Company's operations; and

- the Company's annual Sustainability Report, which includes the Company's carbon emissions reporting, having regard to the recommendations of the Financial Stability Board's Taskforce on Climate Related Financial Disclosures.

#### *Recommendations*

- the Company's operational risk tolerance and particular operational risks and/or risk management practices;
- continuous improvement of operational risk management and internal control processes, including any issues arising from reviews;
- the Company's environmental and social programs;
- external best practice developments and trends in relation to sustainability and operational, risk management policy and practice.

The Sustainability and Operational Risk Committee reports to the Board after each committee meeting and minutes of meetings are provided to the committee.

A full description of the role and responsibilities of the Sustainability and Operational Risk Committee is contained in the Sustainability and Operational Risk Committee Charter, which can be found under the Governance tab on the Company's website at [www.karoonenergy.com.au](http://www.karoonenergy.com.au).

As at 30 June 2020, the Sustainability and Operational Risk Committee consisted of the following three (3) Non-Executive Directors, a majority of whom are independent Directors:

- Ms Luciana Rachid (Chairman of Committee);
- Mr Peter Turnbull; and
- Mr Jose Coutinho Barbosa.

The previous Risk and Governance Committee met two (2) times during the period from 1 July 2019 to 31 December 2019. The Sustainability and Operational Risk Committee met one (1) time during the period from 1 January 2020 to 30 June 2020.

### 4. Managing Director and Chief Financial Officer Assurances

The Board requires accountability for the Company's financial reporting by requiring both the Managing Director and Chief Financial Officer to confirm in writing to the Board that:

- the financial records of the Company for the financial period have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*;
- the consolidated financial statements and notes for the financial period comply with relevant Australian Accounting Standards;
- the consolidated financial statements and notes for the financial period give a true and fair view; and
- in respect of the financial period, any other matters that are prescribed by the regulations for the purposes of Section 295A(2)(d) of the *Corporations Act 2001* in relation to the consolidated financial statements and the notes for the financial period are satisfied,

and this opinion is formed on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Managing Director and Chief Financial Officer have provided written confirmation in respect of the matters referred to above in respect of the quarterly, half-year and annual reporting period.

### 5. Risk Assessment and Management

The Company has a Risk Management Policy. Throughout the annual reporting period, senior management, through the Risk Management Team, and the Sustainability and Operational Risk Committee reported to the Board on the Company's management of its material business and operational risks and the Company has continuously reviewed and improved risk management and internal compliance and control systems.

The Company, with the oversight of the Audit and Risk Committee and the Sustainability and Operational Risk Committee and the Board, will continue to review and improve its risk management systems and internal controls in conjunction with senior management over the coming financial periods.

A summary of the Company's policies for the oversight and management of material business and financial risks follows:

- the Board has formed an Audit and Risk Committee and a Sustainability and Operational Risk Committee as described in Paragraphs 3.1 and 3.3. The Risk Management Team prepares and maintains a Corporate Risk Register and Operational Risk Register and provides regular updates to the Audit and Risk Committee and the Sustainability and Operational Risk Committee (as applicable);

## 2020 CORPORATE GOVERNANCE STATEMENT (continued)

- financial controls are set in place by the use of an authority matrix, general purchasing principles and approval procedures. All material expenditure is closely monitored by the Board. The Chairman of the Audit and Risk Committee works closely with the Company's finance personnel in order to understand financial risks and communicate such risks to the Audit and Risk Committee and the Board. Management accounts are prepared regularly for the Board to ensure information congruence between senior management and the Board. The Audit and Risk Committee reviews and recommends improvements to internal controls;
- the Company offsets the risk of catastrophic operational failures using appropriate insurance, with coverage for third party liability, well control, day-to-day office and business insurance and operator's extra expense;
- the Company protects its employees through the adoption and application of a Health, Safety, Security and Environment Policy, global medivac membership program and ongoing global travel insurance for periods where employees are travelling on business, along with membership to emergency assistance and management for all employees in overseas locations;
- operational reporting is submitted to the Board at each Board meeting to ensure decisions are made in an efficient and effective manner. Reports include reviews of operational assets, potential exploration, new ventures and general operational issues and/or opportunities;
- the Company's Risk Management Policy can be found under the Governance tab on the Company's website at [www.karoonenergy.com.au](http://www.karoonenergy.com.au); and
- specific risks which affect the Company are summarised in the Operations Review section of the Annual Report.

### 6. External Auditors

The Company appointed the current external auditors, PricewaterhouseCoopers, during the financial year ended 30 June 2009. The Audit and Risk Committee oversees the co-ordination of the external auditors and monitors the effectiveness and independence of the external auditor.

The Company has prepared an External Auditor Selection Policy, pursuant to which the External Auditor is required to rotate its audit partner so that no individual partner is responsible for the Company's accounts for a period of more than five consecutive years.

The Company's External Auditor Selection Policy can be found under the Governance tab on the Company's website at [www.karoonenergy.com.au](http://www.karoonenergy.com.au).

### 7. Acting Lawfully, Ethically and Responsibly

The Directors, officers, employees and consultants of the Company are required to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

#### 7.1 Code of Conduct

The Company has developed a Code of Conduct for the Board, management and employees. The Code includes:

- the practices necessary to maintain confidence in the Company's integrity;
- the practices necessary to take into account legal obligations and the reasonable expectations of stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Code of Conduct also sets out a values statement which provides that the Company is dedicated to delivering the best possible performance for investors and employees. The Company aspires to be a leader in its field while fostering a culture that values operating openly, with honesty, integrity, respect and responsibility. In maintaining its corporate social responsibility, the Company will conduct its business ethically and responsibly, encourage community initiatives, consider the environment and ensure a safe, equitable and supportive workplace.

A copy of the Company's Code of Conduct can be found under the Governance tab on the Company's website at [www.karoonenergy.com.au](http://www.karoonenergy.com.au).

#### 7.2 Diversity

The Board recognises the importance of diversity and has adopted a Diversity Policy in accordance with the ASXCGC Recommendations 4th Edition. The Company has introduced measurable objectives for achieving gender diversity and the Board assesses the objectives and progress towards achieving them on an annual basis through the Risk and Governance Committee.

The measurable objectives for achieving workplace diversity (including gender diversity) set by the Board for the annual reporting period and the Company's progress towards achieving them are:

Measurable Objective	Company's Progress to 30 June 2020
Continue to monitor the gender diversity of the Karoon workforce and diversity issues that Karoon employees face.	An assessment has been conducted in respect of the reporting year and the Board and senior management are conscious of the need for gender diversity.
Provide equal opportunity with respect to recruitment, compensation and promotion, including promotion to senior executive or Board positions.	Karoon considers itself an equal opportunity employer, see table below.
Structure the Board, senior executive and employee annual performance evaluations in a manner to ensure the Diversity Policy is considered.	All performance and remuneration evaluation practices take into account the Company's Diversity Policy and all employees are evaluated equally.
Promote equal pay for equal work for all employees and senior executives at all levels.	Karoon's remuneration practices are conducted on a position and performance basis only. Equal pay for equal work is established.
Develop a culture which takes account of domestic responsibilities of employees.	Karoon provides flexible work schedules for those that require them from time-to-time and will formalise a Flexible Working Arrangements Policy.

See the table below setting out the Karoon workforce gender profile:

	Female %
Group (includes administration/technical/specialists)	37%
Senior executives <sup>1</sup>	27%
Board	14%

1. The term 'senior executives' is defined for the purposes of the diversity analysis by reference to Karoon's internal remuneration bands for positions with total remuneration of \$150,000 or more.

The total percentage of female employees and senior executives in the group has decreased over the reporting period from 42% to 37% and from 29% to 27% respectively due to staff changes. The percentage of female participation on the Board of Directors increased from 12% to 14% as a result of the retirement of Mr. Mark Smith from the Board at the 2019 Annual General Meeting.

The Company's Diversity Policy was reviewed during the reporting period and can be found under the Governance tab on the Company's website at [www.karoonenergy.com.au](http://www.karoonenergy.com.au).

The diversity objectives have been reviewed and the measurable objectives set for the 2021 financial year are:

- Aim to achieve at least a 30% participation of each gender on the Board, in the Senior Executive and across and Karoon Group by 2025;
- Aim to ensure the percentage turnover of female employees is equal to or less than the overall Karoon group percentage turnover;
- Provide unconscious bias training to the board and Key Management Personnel (KMP);
- Update Flexible Workplace Practice Guidelines;
- Monitor Karoon's recruitment and remuneration processes for unintended gender bias;
- Continue a zero-tolerance approach to gender pay gap; and
- Ensure at least one female candidate is considered when the board is next appointing a director or member of the KMP.

## 2020 CORPORATE GOVERNANCE STATEMENT (continued)

### 7.3 Fair Dealings and Related Party Transactions

A Director, or entities in which a Director has a significant interest and/or influence, who proposes to enter into a transaction with the Company, must make full disclosure of all material elements of the transaction.

Prior to a related party transaction being entered into, it must be approved by the:

- People, Culture and Governance Committee;
- Karoon Board; and
- Karoon's shareholders prior to the transaction being entered into, unless an exception applies (as determined by the Karoon Board).

The Company's Related Party Policy can be found under the Governance tab on the Company's website at [www.karoonenergy.com.au](http://www.karoonenergy.com.au).

### 7.4 Policy and Procedure for Share Trading

Directors, officers, employees and contractors are prohibited from dealing in securities of the Company if they are in possession of information concerning the Group which, if made public, a reasonable person would expect to have a material impact on the price or value of the Company's securities ('insider information').

Directors, officers, key management personnel and other designated persons are prohibited from dealing in securities of the Company during any embargo period declared by the Managing Director or Company Secretary. Embargo periods include the period of 2 weeks prior to the release of the Company's quarterly exploration activity reports and Appendix 5Bs, half-year results and final results to the ASX and the period from the close of trading 10 days before the Company's Annual General Meeting.

These restrictions in dealing in securities of the Company are subject to the discretion of the relevant notification officer, to be exercised in exceptional circumstances.

Prior to dealing in securities of the Company, Directors, other key management personnel and other designated persons must:

- seek written clearance from the relevant notification officer of the proposed dealing; and
- confirm to the relevant notification officer that he or she is not aware of any insider information that has not been released to the ASX.

Directors, officers, other key management personnel and other designated persons must advise the relevant notification officer of any dealing in securities of the Company within three days of such dealing.

The Company's Share Trading Policy can be found under the Governance tab on the Company's website at [www.karoonenergy.com.au](http://www.karoonenergy.com.au).

### 7.5 Environment

The Company has a Health, Safety, Security and Environment Policy and is committed to conducting all of its activities in a safe and environmentally responsible manner. The Company also introduced a Sustainability Policy during the reporting period, which outlines Karoon's commitment to key environmental and social sustainability issues including climate change, human rights and modern slavery.

The Company's Health, Safety, Security and Environment Policy and Sustainability Policy can be found under the Governance tab on the Company's website at [www.karoonenergy.com.au](http://www.karoonenergy.com.au).

### 7.6 Disclosure of Information

The Company has developed a Continuous Disclosure Policy to ensure compliance by the Company with the *Corporations Act 2001* and the ASX Listing Rules obligations in relation to disclosure of information to the market and to ensure accountability at a senior management level for that compliance.

Upon confirmation of receipt from the ASX, the Company will promptly ensure that its Board of Directors receives copies of all market announcements and that those announcements disclosed to ASX in accordance with this policy are posted on the Company's website.

In addition to the above disclosures, the Company conducts investor briefings and discussions with analysts and institutional investors. However, price sensitive information will not be discussed unless it has been previously disclosed to the market via an ASX announcement. Slides and presentations used in such briefings will also be released immediately prior to the briefing to the market via the ASX and posted on the Company's website.

If any new price sensitive information is to be disclosed in briefing media, institutional investors or analysts or in answering shareholder queries, written materials containing such information will be lodged with the ASX prior to the briefing commencing. Briefing materials may also include information that is not strictly required under continuous disclosure requirements including where the Company believes additional disclosure is appropriate and in accordance with good governance. Briefing materials will be posted to the Company's website promptly after the ASX confirms that the information has been received.

The Company's Continuous Disclosure Policy can be found under the Governance tab on the Company's website at [www.karoonenergy.com.au](http://www.karoonenergy.com.au).

### 7.7 Whistleblower Policy

The Company has a Whistleblower Protection Policy and is committed to fostering a culture of corporate compliance, ethical behaviour, integrity, respect and good corporate governance.

The Company's Whistleblower Protection Policy can be found under the Governance tab on the Company's website at [www.karoonenergy.com.au](http://www.karoonenergy.com.au).

### 7.8 Anti-bribery, Fraud and Corruption Policy

The Company has an Anti-bribery, Fraud and Corruption Policy and is committed to conducting its operations and business activities with integrity and preventing bribery, fraud or corruption by any of its Directors, officers, employees or any other party acting on its behalf.

The Company's Anti-bribery, Fraud and Corruption Policy can be found under the Governance tab on the Company's website at [www.karoonenergy.com.au](http://www.karoonenergy.com.au).

## 8. Remuneration Policy

The Company is committed to remunerating its non-executive directors, executive directors and other senior executives in a manner that is market competitive, consistent with best practice and in the best interests of shareholders. The Company aims to align the interests of executive directors and other Senior Executives (together **Senior Executives**) with those of shareholders by remunerating Senior Executives through performance short-term and long-term incentive plans in addition to their fixed remuneration.

The People, Culture and Governance Committee is responsible for senior executive remuneration and making recommendations to the Board.

Executive Director remuneration is set by the Board and may contain salary, performance payments and other share-based remuneration incentives.

Non-Executive Directors are remunerated by way of Directors' fees in the form of cash and superannuation contribution at market levels. The Company has not established any schemes for retirement benefits, other than superannuation payments required by law, for Non-Executive Directors.

The aggregate Directors' fee pool to Non-Executive Directors is set and may not be increased without the prior approval of shareholders at a general meeting.

Performance rights over unissued ordinary shares of the Company issued to Executive Directors are approved on a case-by-case basis by shareholders at relevant general meetings.

The Company has a policy restricting all recipients of performance rights under the Performance Rights Plan from:

- dealing at any time in financial products such as share options, performance rights, warrants, futures or other financial products issued over the Company's securities by third parties such as banks and other institutions. An exception may apply where the Company's ordinary shares form a component of a listed portfolio or index product; and/or
- entering into transactions in products associated with the Company's securities which operate to limit the economic risk of their security holding in the Company over unvested entitlements (including hedging arrangements).

These restrictions are set out in the Company's Share Trading Policy, which can be found under the Governance tab on the Company's website at [www.karoonenergy.com.au](http://www.karoonenergy.com.au).

Further information on the remuneration of the Directors and other key management personnel can be found in the Remuneration Report section of the Directors' Report in the Annual Report.

## 2020 CORPORATE GOVERNANCE STATEMENT (continued)

### 9. Communication with Shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Company in accordance with its legal obligations. Information is communicated to shareholders as follows:

- the Annual Report is distributed to shareholders who request a copy. The Board ensures that the Annual Report includes relevant information about the operations of the Group during the relevant financial year, changes in the state of affairs of the Group and other disclosures required by the *Corporations Act 2001* and the ASX Listing Rules;
- the Half-year Financial Report, prepared in accordance with the requirements of the *Corporations Act 2001*, is subject to an external auditor's review. The Half-year Financial Report is sent to any shareholder who requests a copy;
- proposed major changes in the Company which may impact on share ownership rights are submitted to a vote of shareholders; and
- the Company posts information about itself and its governance, reports, ASX and media releases and copies of significant presentations on the Company's website at [www.karoonenergy.com.au](http://www.karoonenergy.com.au).

In addition, news announcements and other information are sent by email to all persons who have requested their details be added to the Company's electronic mailing list. If requested, the Company, where appropriate, will provide general information by email, facsimile or post.

The Company's shareholders are able to communicate by email with the Company and its share registry Computershare.

The Company ensures that the Annual General Meeting is held in a manner which enables as many shareholders as possible to attend and encourages effective participation by shareholders at the Annual General Meeting. In relation to this, all substantive resolutions at shareholder meetings are decided by a poll rather than on a show of hands.

The Company will arrange to have its external auditor attend the Company's Annual General Meeting and be available to answer shareholder questions concerning the conduct of the external audit and preparation and content of the Independent Auditor's Report.

The Chairman will allow a reasonable opportunity at the Annual General Meeting for shareholders to ask questions of the Directors about the Company's performance and operations.