

## BOARD CHARTER

### 1. INTRODUCTION

#### 1.1 Company details

Karoon Energy Ltd ABN 53 107 001 338 (**Karoon** or **Company**) is a listed public company.

#### 1.2 Governance

The Board is responsible for the governance of the Company.

#### 1.3 Charter purpose

The purpose of this charter is to:

- (a) promote high standards of corporate governance;
- (b) clarify the role and responsibilities of the Board; and
- (c) enable the Board to provide cultural and strategic guidance for the Company, and effective management oversight.

#### 1.4 Supporting documentation

This charter is supported by the Company's policies and the charters for the Audit and Risk Committee, the People, Culture and Governance Committee and the Sustainability and Operational Risk Committee.

## 2. ROLE AND RESPONSIBILITIES

### 2.1 Accountability

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

### 2.2 Responsibility

The Board is also responsible for:

- (a) defining and monitoring the purpose, culture and strategic direction of the Company;
- (b) approving the Company's Code of Conduct, including its statement of values, to underpin the desired culture within the Company;
- (c) defining and monitoring policies and procedures to ensure the Company operates within its legal, ethical, social and environmental requirements;
- (d) establishing control and accountability systems within the Company's group operations to conform to the legal requirements and the expectations of shareholders and other legitimate stakeholders;
- (e) reviewing and monitoring the effectiveness of the Company's risk management framework including for both financial and non-financial risks and setting the risk tolerance within which the Board expects management to operate;
- (f) satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board;

- (g) reviewing and approving any changes to the Karoon Senior Executives Remuneration Policy and the Karoon Non-Executive Directors Remuneration Policy;
- (h) approving and monitoring the progress of major capital expenditure, capital management, operating budgets and acquisitions and divestments;
- (i) approving and monitoring accounting and corporate reporting, including the external audit;
- (j) 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;
- (k) reviewing and monitoring the management and Company performance;
- (l) taking on the following responsibilities:

#### **Board**

- (i) reviewing the Board Skills Matrix to assess whether it covers the skills, knowledge, experience, independence and diversity needed to address existing and emerging business and governance issues relevant to the Company;
- (ii) reviewing processes and succession plans to select, appoint, re-appoint or remove members of the Board;
- (iii) reviewing and approving the Company's remuneration framework for directors, including the process by which any pool of director's fees approved by shareholders is allocated to directors;
- (iv) ensuring there is a written agreement for each director;
- (v) reviewing induction and continuing professional development programs for directors, in particular ensuring directors receive ongoing briefings on developments in accounting standards;
- (vi) assessing the time required from non-executive directors and whether such time requirements are being met and assessing any other directorships or positions with significant time commitments before accepting new appointments as director of listed entities;
- (vii) an internal annual performance review, and an independent five yearly review, of the Board, Committees and Directors;

#### **Management**

- (viii) the selection, appointment and where necessary, replacement of the Chief Executive Officer and Managing Director, the Chief Financial Officer and the Company Secretary;
- (ix) setting the terms and conditions of employment for the Chief Executive Officer and Managing Director;
- (x) setting and monitoring key performance indicators for the Chief Executive Officer and Managing Director; and
- (xi) ensuring that there are adequate plans and procedures for succession planning for the Chief Executive Officer and Managing Director.

### 3. DIRECTORS

- (a) Directors are expected to:
  - (i) attend and participate in Board meetings and meetings of committees on which they serve;
  - (ii) attend the Audit and Risk Committee meetings that consider the Half Year and Full Year financial results;
  - (iii) spend the time needed, and meet as often as necessary, to properly discharge their responsibilities; and
  - (iv) review meeting materials before Board meetings and meetings of committees on which they serve.
- (b) Directors are encouraged to ask questions of, request information from, and raise any issue of concern with management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that management is prepared to address them.
- (c) Directors must exercise independent judgment when making decisions.
- (d) Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.
- (e) Directors are expected to comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are:
  - (i) to act in good faith and in the best interests of the Company;
  - (ii) to act with care and diligence;
  - (iii) to act for proper purposes;
  - (iv) to avoid conflicts of interest or duty; and
  - (v) to refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

#### 3.1 The Board and management relationship

- (a) Responsibility for day to day management and administration of the Company is delegated by the Board to the Chief Executive Officer and Managing Director appointed by the Board and other senior executives approved by the Board.
- (b) The Chief Executive Officer and Managing Director manages the Company in accordance with the culture, strategy, budgets, plans and policies approved by the Board.
- (c) The Board has in place procedures to assess the performance, and when necessary replacement, of the Chief Executive Officer and Managing Director and other senior executives.

#### 3.2 Board Committees

The Board has established the following committees to assist it in carrying out its responsibilities, to share work-loads and to consider certain issues and functions in detail. The charter or terms of reference of each Board committee setting out matters relevant to the composition, responsibilities and administration of the committee must be approved by the Board. Each committee will review its charter at least every two years.

### *3.2.1 The Audit and Risk Committee*

The Audit and Risk Committee is appointed by the Board of Directors to assist the Board in discharging its oversight responsibilities with respect to its financial reporting processes; to oversee the balance, transparency and integrity of published financial information; and to oversee risk identification and management. The Committee will also oversee:

- (a) the effectiveness of the Company's internal controls;
- (b) an effective independent audit process, including recommending to the Board the appointment of, and assessing the performance of, the external auditor;
- (c) reliable and timely financial management and reporting;
- (d) maintenance of effective systems of internal monitoring and accounting, financial and operational control; and
- (e) that at least one member of the Audit and Risk Committee has a strong financial background.

### *3.2.2 The People, Culture and Governance Committee*

The People, Culture and Governance Committee is appointed by the Board of Directors to assist the Board in fulfilling its responsibilities in respect of overseeing:

- (a) that the Company has the appropriate ethical standards and corporate governance policies and practices in place in order to protect and enhance shareholder returns;
- (b) that, so far as possible, such policies are properly embedded within the Company's operations and that all who work for, and with the Company, embrace these policies and standards as a normal and necessary element of managing the Company to maximise value for shareholders;
- (c) appropriate remuneration practices, succession plans and policies are in place, including incentive policies for employees (excluding directors and the Chief Executive Officer and Managing Director, in respect of whom such matters are reserved for the Board), to attract and retain personnel who will create value for shareholders;
- (d) corporate culture and general diversity.

### *3.2.3 The Sustainability and Operational Risk Committee*

The Sustainability and Operational Risk Committee is appointed by the Board of Directors to assist the Board in fulfilling its responsibility for operational risk oversight and management and fostering a culture of sustainability and social responsibility. The Board is committed to fostering a culture of corporate compliance, ethical behaviour and decision making, social responsibility, good corporate governance and operational risk management outcomes.

### *3.2.4 Board Committee Membership*

All of the Board Committees must comprise the following membership structure:

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

## **4 ADMINISTRATION**

#### 4.1 Board Membership

The Board shall comprise the following membership structure:

- (a) a minimum of 3 directors and a maximum of 10 directors;
- (b) directors with an appropriate and diverse range of skills, experience and expertise;
- (c) directors who can understand and competently deal with current and emerging business issues; and
- (d) directors who can effectively review and challenge the performance of management and exercise independent judgment.

#### 4.2 Chairperson

The Chairperson of the Board is an independent non-executive director appointed by the directors. The responsibilities of the Chairperson of the Board include:

- (a) providing leadership to the Board and the Company;
- (b) promoting the efficient organisation and conduct of the Board's functions;
- (c) lead the monitoring of the performance of the Board;
- (d) facilitating Board discussions to ensure core issues facing the Company are addressed;
- (e) briefing all directors in relation to material issues arising at Board meetings;
- (f) facilitating the effective contribution and ongoing development of all directors;
- (g) promoting constructive and respectful relations between Board members and between the Board and management; and
- (h) chairing general meetings.

#### 4.3 Company Secretary

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

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

#### 4.4 Authority and access

- (a) Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions including access to:

- (i) management to seek explanations and information from management; and
  - (ii) auditors to seek explanations and information from them without management being present.
- (b) Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- (c) 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.

#### 4.5 Conflicts of interest

- (a) Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their legal and fiduciary obligations. Directors must:
- (i) disclose to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
  - (ii) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
  - (iii) comply with the Corporations Act 2001 (Cth) and the Company's Constitution in relation to disclosing material personal interests and restrictions on voting.
- (b) If a conflict exists, it is expected that any director to whom the conflict relates will leave the room when the Board is discussing any matter to which the conflict relates.
- (c) Directors are expected to inform the Chairperson of the Board of any proposed appointment to a Board or executive of another public company as soon as practicable.

#### 4.6 Retirement of Directors

- (a) At every annual general meeting, one-third of directors (to the nearest whole number) must retire.
- (b) A director must retire at the end of the third annual general meeting after the director's appointment even if it means that more than one-third of directors retire at an annual general meeting.
- (c) Those directors who have been longest in office since their last appointment must retire by rotation. Directors appointed on the same day may agree among themselves or determine by lot who must retire.
- (d) The Chief Executive Officer and Managing Director or a director appointed to fill a casual vacancy or as an addition to the Board are not subject to retirement by rotation and are not taken into account when determining how many directors must retire by rotation. A director appointed to fill a casual vacancy or as an addition to the Board must retire and seek re-election at the next annual general meeting after their appointment.

#### 4.7 Corporate Policies

- (a) The Company has adopted a number of corporate policies setting out its legal and other obligations to all legitimate stakeholders including shareholders, employees and the

community, as well as required standards of behaviour for its directors and senior executives, for the benefit of all shareholders.

- (b) Each director, officer and employee will be given a copy of corporate policies applicable to their position when joining the Company and as those policies are amended from time to time.

#### **4.8 Communication**

The Board will:

- (a) communicate effectively with shareholders;
- (b) give shareholders ready access to balanced and understandable information about the Company and its corporate goals; and
- (c) make it easy for shareholders to participate in general meetings.

#### **4.9 Quorum**

A Quorum shall be at least two thirds of the members of the Board.

#### **4.10 Voting**

A resolution of the Board requires the agreement of a majority of members present. In the event of an equality of votes, the Chairman of the meeting, in addition to the Chairman's deliberative vote, has a casting vote except where only two directors are present and entitled to vote on a question. The Chairman has a discretion both as to whether or not to use the casting vote and as to which way it is used.

#### **4.11 Meetings**

- (a) The Board shall meet at least six times annually.
- (b) The Company Secretary will circulate the agenda and supporting documentation to the Board within a reasonable time before each meeting.
- (c) The Company Secretary will circulate the minutes of meetings to the Board.
- (d) Special meetings may be convened as required. The secretary will convene a meeting on receipt of a request by the Chairman or any director.

#### 4.12 Review and Revocation

- (a) The Company has a Performance Review Policy in place to ensure that the performance of the Board, the directors and key executives will be reviewed regularly and consistently.
- (b) The Board will review the Board Charter at least every two years.
- (c) Any previous Board Charter is revoked with effect from the date of this Charter.



Bruce Phillips  
**Chairman**

Effective Date: 17 September 2021