

2019

TRANSFORMATION

IN MOTION

CORPORATE GOVERNANCE STATEMENT



Corporate Governance Statement

This Corporate Governance Statement should be read in conjunction with the Directors' Report (including the Remuneration Report) on pages 64 to 88 of the Senex 2019 annual report. This statement summarises our main corporate governance principles and practices.

Our purpose, and values support effective and fit-for-purpose corporate governance practices that ensure an appropriate framework for Senex to meet stakeholder expectations.

Our purpose

A growing and independent company, providing oil and gas to improve lives and support the energy needs of Australia and the world.

Our mission

- We protect our people and the environment
- We build quality relationships with our customers, partners and stakeholders
- We deliver what we promise
- We attract and retain talented people with drive and energy
- We create value for our investors

Our values



Protecting our people and the environment



Integrity in everything we do



Striving for excellence



Winning together

In 2019 the following suite of corporate governance policies were in place:

- Code of Conduct;
- Compliance Policy;
- Conflicts of Interest Policy;
- Diversity Policy;
- Disclosure and Communications Policy;
- Environmental Management Policy;
- Health, Safety and Welfare Policy;
- Privacy Policy;
- Risk Management Policy;
- Remuneration Policy;
- Securities Trading Policy;
- Tax Risk Management Policy;
- Treasury Risk Management Policy; and
- Whistleblower Policy.

Our approach to corporate governance has been modelled on recommendations in the ASX Corporate Governance Council's Principles and Recommendations (3rd Edition). The Board believes that Senex has complied with all of the guidelines.

Senex seeks to deliver with purpose by providing oil and gas to improve lives and support the energy needs of Australia and the world.

Principle 1 – Lay solid foundations for management and oversight

Board responsibilities

Our Board Charter defines the functions reserved to the Board and those delegated to management to ensure we deliver on our strategy for shareholders. A copy of the Board Charter is available on the Senex website in the corporate governance section.

The Board delegates certain of its responsibilities to the Managing Director and senior management through a formal instrument of delegated authority. That document is regularly reviewed and designed to allow appropriate levels of authority within a framework of controls.

The Board has established three standing committees – the Audit and Risk Committee, the Nomination Committee and the People and Remuneration Committee. The composition, structure, purpose and responsibilities of those committees are described in more detail below. The Board may also delegate specific functions to ad hoc committees or certain Directors from time to time, typically for commercial related matters. The Board Charter contains a procedure for the Directors to obtain independent professional advice at the expense of the company.

Director appointments and resignations

The following changes to Directors occurred in 2019:

- Andy Zhmurovsky resigned as a Director on 25 March 2019; and
- Vahid Farzad was appointed a Director on 2 April 2019.

Vahid Farzad is the nominated representative of EIG Global Energy Partners, a substantial holder in Senex. Vahid was the subject of the usual and appropriate checks before being appointed as a Director and has received an induction to the company. He is a Senior Vice President of EIG Global Energy Partners. Before joining EIG, Vahid held senior business development and commercial roles at oil and gas companies including Petrobras Africa, Dominion Petroleum and Salamander Energy. Vahid started his career in investment banking at Goldman Sachs.

Senex undertakes appropriate checks before appointing any Director.

Company Secretary

David Pegg is Company Secretary and is also General Counsel.

The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Terms of appointment

Senex has a signed a letter of appointment between it and each Director that sets out the terms of their appointment, duties, rights and responsibilities, and entitlements on termination. We also provided each Director with an induction to the corporate structure, governance, business and risk management systems, and operations.

Diversity

Senex has a diversity policy that aims to create a workplace culture that attracts and retains well-qualified, diverse and motivated people. The annual report contains a breakdown of the proportion of men and women employed and their relative seniority. A copy of our Diversity Policy is available on Senex's website in the corporate governance section.

Senior Executive performance

Senex undertakes an annual performance evaluation process for all Senior Executives and did so in 2019. The Remuneration Report on pages 70 to 88 of the 2019 annual report sets out details of the 2019 annual performance evaluation process undertaken for Senior Executives.

Principle 2 – Structure the Board to add value

Composition of the Board

The composition and operation of the Board is determined in accordance with the following principles and guidelines:

- The Board, advised by the People and Remuneration Committee, determines the size and composition of the Board and each Board committee, subject to the terms of the Constitution;
- The Directors should bring appropriate qualifications and experience to the Board to contribute to business needs and Senex's overall strategy;
- The Board should comprise a majority of independent Non-Executive Directors;
- The Chairman must be an independent Non-Executive Director; and
- The Board and each Board committee should meet regularly in a pre-arranged cycle and follow agreed meeting guidelines to ensure all Directors are made aware of all agenda items and are provided with all necessary information to enable them to participate in informed discussion.

The Directors in office at the date of this statement are:

| Name | Position | Committee Memberships |
|-------------------|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Trevor Bourne | Chairman, Independent Non-Executive Director | Chairman, Nomination Committee. He is not counted as a member of the other Board committees, but attends and participate in those meetings |
| Ralph Craven | Independent Non-Executive Director | Chairman of People and Remuneration Committee and member, Nomination Committee and Audit and Risk Committee |
| Timothy Crommelin | Non-Executive Director | Member, Audit and Risk Committee and Nomination Committee |
| Ian Davies | Managing Director and Chief Executive Officer | Not a member of any committee, but attends and participates in committee meetings, except where conflicted |
| Vahid Farzad | Non-Executive Director | Member, Nomination Committee |
| Debra Goodin | Independent Non-Executive Director | Chairman, Audit and Risk Committee, and member, People and Remuneration Committee and Nomination Committee |
| John Warburton | Independent Non-Executive Director | Member, People and Remuneration Committee and Nomination Committee |

Further information regarding Board committee meetings and the level of attendance by committee members for 2019 is set out in the Director's Report at page 68 of the 2019 Annual Report.

**Principle 2 –
Structure the Board to add value (Continued)**

Independence

Senex complied with recommendation 2.1 of the ASX Corporate Governance Council Guidelines throughout 2019. A majority of the Non-Executive Directors were considered to be independent throughout 2019. The roles of Chairman and Managing Director are exercised by different individuals.

As at the date of this report, the Directors' status is as follows:

| Name | Independent | Comment |
|--------------------------|--------------------|----------------------------------------------------------------------------|
| Trevor Bourne (Chairman) | Yes | |
| Ralph Craven | Yes | |
| Timothy Crommelin | No | Executive Chairman of Morgans Financial Limited, an adviser to the company |
| Ian Davies | No | Managing Director and Chief Executive Officer |
| Vahid Farzad | No | Employee of a substantial shareholder (EIG) |
| Debra Goodin | Yes | |
| John Warburton | Yes | |

Nomination Committee

The Board has a Nomination Committee which is comprised solely of Non-Executive Directors, and all Non-Executive Directors will be members of the Nomination Committee. The majority of the Committee, and its Chairman, is independent.

The Nomination Committee has a charter which sets out its roles and responsibilities, composition and structure and can be found on the Senex website in the corporate governance section.

Director performance review and evaluation

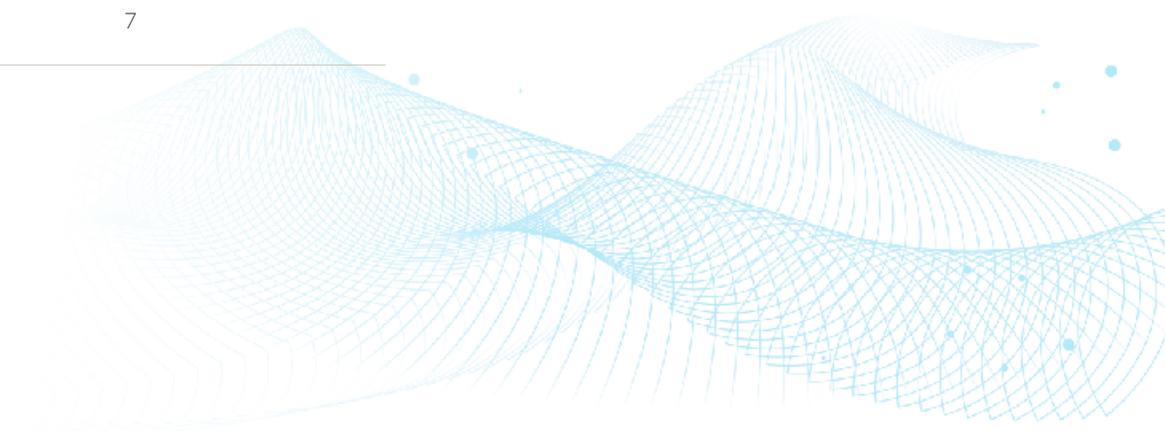
Board policy ensures that the Directors are equipped with the knowledge and information they need to discharge their responsibilities effectively. Senex provides Directors with access to resources, including any specific education or training to develop and maintain the skills and knowledge needed to perform their role as Directors effectively. Performance of Directors is continually monitored by the Chairman of the Board and a Board evaluation was conducted in 2019.

**Principle 2 –
Structure the Board to add value (Continued)**

The composition of skills and experience of the Board as at the date of this report is shown in the table below.

| Skills and experience and diversity | Senex Board representation (out of 7 Directors including Managing Director and CEO) |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| Strategy: Prior experience in setting and delivering company strategy. | 7 |
| Industry experience: Experience in the resources and energy sector, with an upstream explorer/producer or service provider. | 7 |
| Financial expertise: Senior executive experience in financial accounting and reporting; qualification in accounting or finance. | 7 |
| Health, safety and sustainability: Experience in oversight of health, safety, environmental and sustainability issues in an organisation. | 5 |
| Governance: Tenure as a non-executive director or member of governance bodies outside Senex. | 6 |
| Risk management: Prior experience in risk management and internal controls. | 7 |

The Board, through the People and Remuneration Committee, will review the Board composition, skillset and performance at the time of a Director seeking re-election. The results of this review will form the basis of the Board's recommendation to shareholders on the proposal for re-election of the Director.



Principle 3 – Promote ethical and responsible decision-making

Code of conduct

Senex's activities are underpinned by our purpose, mission and values. Certain standards of behaviour are expected of our Directors, employees, and contractors. These are set out in more detail in Senex's Code of Conduct. The code is available on our website in the corporate governance section.

Securities dealings

Senex has a securities trading policy that regulates dealing in its securities by Directors, executives and employees (personnel) and their associates. The Board restricts personnel from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security price.

In addition to an overriding prohibition on dealing in securities when a person is in possession of inside information, personnel are prohibited from dealing in Senex's securities during certain blackout periods. Senex reviewed and updated its securities trading policy in June 2019 to expand the blackout periods as follows:

- The period, typically 14 days, before, and the day of, release by ASX of the company's annual and half-yearly reports;
- One week before, and including the day of, release of Senex's quarterly reports;
- Two weeks before, and including the day of, Senex's Annual General Meeting; and
- Other times as the Company Secretary, Chief Executive Officer or Chairman advises.

A copy of the Securities Trading Policy is available on our website in the corporate governance section.

Handling conflicts of interest

The company manages actual and potential conflicts of interest in accordance with its Code of Conduct and its Conflict of Interest Policy, both of which are on Senex's website in the corporate governance section. Directors have an obligation to identify, disclose, monitor and manage any conflict of interest. It is part of the role of the Chairman, under Board Charter, to monitor performance of Board including the management of conflicts of interest.

A Director who has a material personal interest in a matter being considered at a Directors' meeting must not be present while the matter is being considered at the meeting or vote on the matter unless the rest of the Board have passed a consent resolution.

The Board has determined that a Director or executive who has an interest in Senex shares is not, solely on the basis of that interest, in a position where their obligations to the company conflict with their personal interest, because their interest aligns with the interests of the company's shareholders as a whole.

Timothy Crommelin, a Non-Executive Director of Senex, is Executive Chairman of Morgans, and has given standing notice of a potential conflict of interest in any interaction or dealing between the company and Morgans.

Vahid Farzad, a Non-Executive Director of Senex, is a Senior Vice President of EIG Global Energy Partners and has given a standing notice of a potential conflict of interest in any interaction or dealing between the company and EIG and EIG-related entities.

Principle 4 – Safeguard integrity in financial reporting

Audit and Risk Committee

Senex has an Audit and Risk Committee that comprises three Non-Executive Directors, the majority of whom are independent, and each of whom possesses sufficient financial expertise and knowledge of the industry in which we operate. The Audit and Risk Committee is chaired by Debra Goodin, an independent Non-Executive Director. The Audit and Risk Committee charter setting out its role, responsibilities, composition and structure can be found on Senex's website in the corporate governance section.

Financial integrity

The Board received assurance from Ian Davies as Managing Director and Gary Mallett as Chief Financial Officer that in their opinion, financial records have been properly maintained and financial statements made on the basis of a sound and effectively operating system of risk management and internal control.

Senex's external auditor attended the 2018 Annual General Meeting to answer questions from shareholders.

Principle 5 – Make timely and balanced disclosure

Senex has a Disclosure and Communications Policy that seeks to ensure timely and balanced disclosure and accountability at senior management level for compliance with its continuous disclosure obligations. The disclosure and communications policy is on our website in the corporate governance section.

We are committed to providing timely, full and accurate disclosure and to keeping the market informed through quarterly releases detailing exploration, development and production, and through annual and half-yearly reports to shareholders. Updates on material drilling activities are also provided as and when required. Senex has an internal investor relations function that works with analysts and shareholders as another means of keeping the market fully informed.

As required by ASX Listing Rules, all material matters are disclosed to the ASX immediately (and subsequently to the media, where relevant). All material investor presentations are released to the ASX and are posted on our website. Shareholders, and indeed any interested parties, can subscribe to a free email notification service and receive notice of any announcement released by the company.

Principle 6 – Respect the rights of shareholders

Senex's public website provides a high standard of communication and information to all stakeholders to allow them to make informed decisions regarding risks and potential returns from our assets and operations.

Our internal corporate communications team ensures the website is regularly updated and that it contains all ASX announcements, both present and historical, quarterly, half yearly and annual reports, financial statements, and information on our various operations and assets. Webcasts, podcasts, videos and transcripts are also available on the website.

Communications with investors are handled by a dedicated investor relations team that, together with the corporate communications team, ensures that investors and other stakeholders have access to information about Senex. Those communications take place by phone, in person, over email, at briefings, through analysts, media statements, annual reports, social media posts, and at our AGM. Shareholders are encouraged to use these channels to become more informed about Senex and its operations. Our share registry provider accepts email communications from shareholders.

Senex's Disclosure and Communications Policy contains further details of the manner in which we seek to promote effective communication and is available on our website in the corporate governance section.

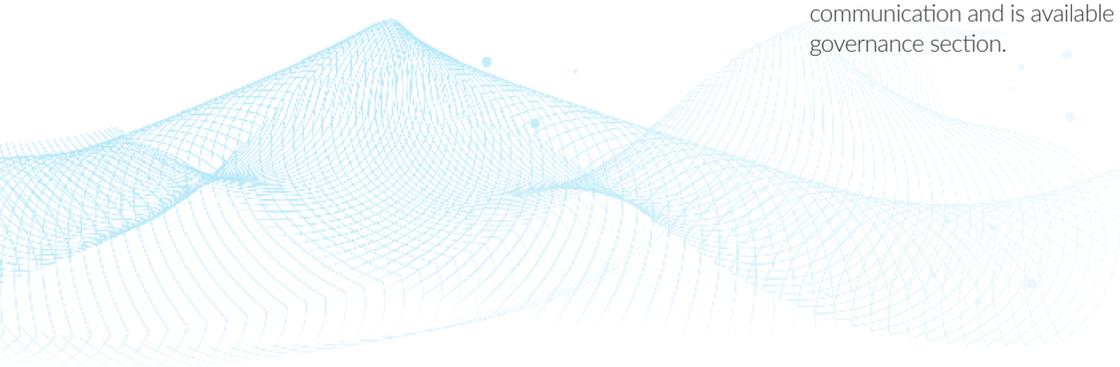
Principle 7 – Recognise and manage risk

The Board, supported by the Audit and Risk Committee and the Executive Committee, is responsible for implementing our enterprise risk management (ERM) framework, which has been designed based on guidance in the Australian standard for risk management AS/NZS ISO 31000:2009 and the following key principles:

- Clear governance and management structure and documentation;
- Defined type of activities to be risk assessed;
- Defined key roles and responsibilities;
- Common risk definitions and categories;
- Common risk assessment tools and techniques;
- Consistent risk assessment recording (i.e., risk registers, forms, etc); and
- Consistent risk assessment event format (i.e., meetings, workshops, etc).

The Senex ERM framework incorporates an entity-level view of risk, an understanding of risk management options and the use of consistently developed risk information to support decision making and management practices. The Senex ERM framework focuses on the key risks to achieving organisation goals, from operational and business activities through to strategy implementation.

As part of the ERM, the Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. Senex's senior executives have implemented our ERM framework and internal controls in a manner that is consistent with the strategic risk appetite that is set by the Board.



Principle 7 – Recognise and manage risk (Continued)

The Senex ERM framework is discussed further in the corporate governance and risk section, pages 60 to 63 of the 2019 Annual Report, including further detail regarding the material risks facing our business.

Copies of the risk management and compliance policies are available on our website in the corporate governance section.

We do not currently have an internal audit function for a number of reasons:

- Our business management system continues to ensure adequate internal controls are in place and followed;
- We have dedicated management bodies to oversee significant or key transactions or expenditure, namely its Procurement Board and Investment Committee;
- External auditors provide a high level of financial assurance;
- Internal and external resources are used where considered appropriate to help with specific assurance activities; and
- External consultants help with assurance activities.

The Board, with advice from the Audit and Risk Committee, annually reviews the need for an in-house internal audit function.

Senex's external auditor is Ernst & Young. The Audit and Risk Committee is responsible for making recommendations to the Board on the selection, appointment, reappointment and replacement (if applicable, subject to shareholder ratification) and independence of the external auditor. For more information about the external auditor please refer to the directors' report in the 2019 Annual Report. For more information about the role of the Audit and Risk Committee please refer to the corporate governance section on our website.

Principle 8 – Remunerate fairly and responsibly

People and Remuneration Committee

The Board has a People and Remuneration Committee, which has three primary functions:

- support and advise the Board on remuneration and remuneration-related matters;
- advise the Board on alignment of the interests of employees and shareholders in remuneration matters; and
- examine our selection and appointment practices in relation to the Board and Senior Executives and advise the Board regarding these matters.

The People and Remuneration Committee has a charter which sets out its roles and responsibilities, composition and structure and can be found on Senex's website in the corporate governance section.

People and remuneration

Ralph Craven, an independent Non-Executive Director, chairs the company's People and Remuneration Committee, which comprises three Non-Executive Directors, the majority of whom are independent. The charter for the People and Remuneration committee can be found on Senex's website in the corporate governance section.

Our approach to remuneration is designed to ensure that Directors, senior executives and employees are motivated to drive strategic outcomes and deliver value to shareholders, within the context of our long-term financial stability and risk management framework.

Remuneration is structured to attract and retain the most appropriate and qualified personnel. Fixed and performance-based remuneration, including a component of equity remuneration, is used by Senex. Our remuneration policy contains provisions for the clawback of remuneration from senior executives in certain circumstances. We have a right to claw back the performance-related component (including unvested or vested but unexercised entitlements) of a senior executive's remuneration where any measure of Senex's performance as it relates to a performance condition, is misstated or any incentive payments or rights vest incorrectly in reliance on the misstated level of performance.

The Remuneration Report on pages 70 to 88 of the 2019 Annual Report sets out details of Senex's policies and practices for remunerating directors (executive and non-executive) and key management personnel.

The remuneration of Non-Executive Directors is structured separately from that of the executive directors and senior executives. No Senior Executive or Director is involved in the decision-making process for their own remuneration.





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