

23 August 2023

Company Announcements Office  
ASX Limited

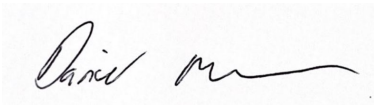
Dear Sir / Madam

**Corporate Governance Statement**

In accordance with the ASX Listing Rules, Karoon Energy Ltd releases its 2023 Corporate Governance Statement to the market.

This announcement has been authorised by the Board of Directors.

Yours faithfully



Daniel Murnane  
**Company Secretary**







## 2023 CORPORATE GOVERNANCE STATEMENT

Karoon Energy Ltd (‘the **Company**’ or ‘**Karoon**’) 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 4th Edition (**ASXCGC Recommendations 4th edition**).

The Company has undergone a thorough review of its corporate governance framework, including a 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 22 August 2023.

A checklist cross-referencing the 4th edition of the ASXCGC Recommendations to the relevant sections of this statement and the 30 June 2023 Annual Report (**Annual Report**) is set out below with compliance recorded as at the date of currency specified in the paragraph above.

ASXCGC RECOMMENDATION (4TH EDITION)	COMPANY 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: <ul style="list-style-type: none"> <li>a) the respective roles and responsibilities of its board and management; and</li> <li>b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	<b>Paragraphs 2.1 and 2.2</b> below disclose the roles and responsibilities of the Board and senior executives. The Board Charter is disclosed on the Company’s website.  <b>Paragraph 2.1</b> discloses the matters expressly reserved to the Board and those delegated to management.	✓
<b>Recommendation 1.2</b> A listed entity should: <ul style="list-style-type: none"> <li>a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director.</li> <li>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.</li> </ul>	<b>Paragraph 2.6</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 2.6 and 2.7</b> confirm that each director and senior executive has 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 3.3</b> confirms that the Company Secretary is accountable directly to the Board, through the Chair.	✓

ASXCGC RECOMMENDATION (4TH EDITION)	COMPANY PRACTICE	COMPLIANCE
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <ol style="list-style-type: none"> <li>have and disclose a diversity policy;</li> <li>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</li> <li>disclose in relation to each reporting period: <ol style="list-style-type: none"> <li>the measurable objectives set for that period to achieve gender diversity;</li> <li>the entity's progress towards achieving those objectives; and</li> <li>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).</li> </ol> </li> </ol> <p>If the entity was in the S&amp;P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p><b>Paragraph 8.2</b> confirms that the Company has adopted and disclosed its Diversity Policy.</p> <p><b>Paragraph 8.2</b> specifies how the Company has defined senior executive for the purposes of its measurable objectives.</p> <p><b>Paragraph 8.2</b> specifies the Company's objectives for achieving gender diversity in the composition of its Board.</p>	✓
<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <ol 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 for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ol>	<p><b>Paragraphs 2.7 and 4</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 2.7 and 4</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> <ol style="list-style-type: none"> <li>have and disclose a process for evaluating the performance of its senior executives at least once every reporting period.</li> <li>disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ol>	<p><b>Paragraph 2.7</b> details the process for evaluating the performance of the Company's senior executives.</p> <p><b>Paragraph 2.7</b> confirms that performance evaluations have been undertaken in accordance with that process.</p>	✓

ASXCGC RECOMMENDATION (4TH EDITION)	COMPANY PRACTICE	COMPLIANCE
<b>Principle 2 – Structure the board to be effective and add value</b>		
<b>Recommendation 2.1</b> The board of a listed entity should: <ol style="list-style-type: none"> <li>have a nomination committee which:               <ol style="list-style-type: none"> <li>has at least three members, a majority of whom are independent directors; and</li> <li>is chaired by an independent director, and disclose:                   <ol style="list-style-type: none"> <li>the charter of the committee;</li> <li>the members of the committee; and</li> <li>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; or</li> </ol> </li> </ol> </li> <li>if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ol>	Given the Company's size, Karoon does not have a nomination committee. The Karoon Board considers the matters normally reserved for a nomination committee are addressed periodically. <ul style="list-style-type: none"> <li><b>Paragraphs 2.1, 2.3 and 2.6</b> specify the role and membership of the Karoon Board.</li> <li><b>Paragraph 2 and 2.5</b> confirm the Karoon Board is comprised of a majority of independent directors.</li> <li><b>Paragraph 2.2</b> confirms the Karoon Board Charter is disclosed on the Company's website.</li> <li><b>Paragraph 3.1</b> confirms that the number of meetings during the annual reporting period and the individual attendance at those meetings is disclosed in the Directors' Report in the Annual Report.</li> </ul>	✓
<b>Recommendation 2.2</b> 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.	<b>Paragraph 2.3</b> includes a Board Skills Matrix.	✓
<b>Recommendation 2.3</b> A listed entity should disclose: <ol 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 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</li> <li>the length of service of each director.</li> </ol>	<b>Paragraph 2.5</b> discloses the names of the independent Non-Executive Directors. There are no material relevant interests, positions, associations or relationships with respect to the independent Non-Executive Directors. <b>Paragraph 2.3</b> confirms that the length of service of each Director is disclosed in the Directors' Report in the Annual Report.	✓
<b>Recommendation 2.4</b> A majority of the board of a listed entity should be independent directors.	<b>Paragraph 2.3</b> confirms that the Company has appointed a majority of independent Directors.	✓
<b>Recommendation 2.5</b> 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.	<b>Paragraph 2.3</b> confirms that the Chair is an independent Director.	✓
<b>Recommendation 2.6</b> 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.	<b>Paragraphs 2.4 and 2.6</b> confirm the Company has a program for inducting new Directors and that professional development opportunities are provided.	✓

ASXCGC RECOMMENDATION (4TH EDITION)	COMPANY PRACTICE	COMPLIANCE
<b>Principle 3 – Instil a culture of acting lawfully, ethically and responsibly</b>		
<b>Recommendation 3.1</b> A listed entity should articulate and disclose its values.	<b>Paragraph 8.1</b> sets out the Company's values statement which is disclosed in the Company's Code of Conduct.	✓
<b>Recommendation 3.2</b> A listed entity should: <ol style="list-style-type: none"> <li>have and disclose a code of conduct for its directors, senior executives and employees; and</li> <li>ensure that the board or a committee of the board is informed of any material breaches of that code.</li> </ol>	<b>Paragraph 8.1</b> confirms that the Company has adopted a Code of Conduct which is disclosed on the Company's website.	✓
<b>Recommendation 3.3</b> A listed entity should: <ol style="list-style-type: none"> <li>have and disclose a whistleblower policy.</li> <li>ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</li> </ol>	<b>Paragraph 8.7</b> confirms that the Company has adopted a Whistleblower Protection Policy which is disclosed on the Company's website. The Whistleblower Protection Policy provides for concerns to be reported to the General Counsel and/or the Chair of the Audit, Risk and Governance Committee.	✓
<b>Recommendation 3.4</b> A listed entity should: <ol style="list-style-type: none"> <li>have and disclose an anti-bribery and corruption policy; and</li> <li>ensure that the board or a committee of the board is informed of any material breaches of that policy.</li> </ol>	<b>Paragraph 8.8</b> confirms that the Company has adopted an Anti-bribery, Fraud and Corruption Policy which is disclosed on the Company's website. The Anti-bribery, Fraud and Corruption Policy provides that the Audit, Risk and Governance Committee should monitor and investigate any reported breaches of the Policy.	✓
<b>Principle 4 – Safeguard the integrity of corporate reports</b>		
<b>Recommendation 4.1</b> The board of a listed entity should: <ol 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, and 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> </li> </ol> </li> </ol>	<b>Paragraph 4.1</b> confirms the Audit, Risk and Governance Committee is comprised of independent Directors.  <b>Paragraph 4.1</b> confirms the Company has adopted a formal Audit, Risk and Governance Committee Charter which is disclosed on the Company's website.  <b>Paragraph 2.3</b> confirms that the skills, experience and expertise of the Directors on the Audit, Risk and Governance Committee are detailed in the Board of Directors section of the Directors' Report in the Annual Report.  <b>Paragraph 4.1</b> confirms the number of meetings during the annual reporting period and the individual attendance 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 5</b> confirms that the assurance was provided by both the CEO and CFO.	✓

ASXCGC RECOMMENDATION (4TH EDITION)	COMPANY PRACTICE	COMPLIANCE
<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 undertaken 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 8.6</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 8.6</b> describes the Company's approach to disclosure and confirms that on confirmation of receipt from the ASX, the Company will promptly ensure that its Board of Directors receives copies of all market announcements.	✓
<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 8.6</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 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 10</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 10</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 10</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 2022 Annual General Meeting was decided by poll. Voting via a poll will also be used at the 2023 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 10</b> confirms that the Company's shareholders may communicate electronically with the Company and its external share registry, Computershare.	✓

ASXCGC RECOMMENDATION (4TH EDITION)	COMPANY PRACTICE	COMPLIANCE
<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: <ol 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, and disclose:</li> <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> </ol>	<p><b>Paragraph 4.1</b> confirms the Audit, Risk and Governance Committee is comprised of independent Directors.</p> <p><b>Paragraph 4.3</b> confirms the Sustainability and Operational Risk Committee is comprised of independent Directors.</p> <p><b>Paragraph 4.1</b> confirms that the Company has adopted a formal Audit, Risk and Governance Committee Charter which is disclosed on the Company's website.</p> <p><b>Paragraph 4.3</b> confirms the Company has adopted a formal Sustainability and Operational Risk Committee Charter which is disclosed on the Company's website.</p> <p><b>Paragraphs 4.1 and 4.3</b> confirms the number of meetings during the annual reporting period and the individual attendance at those meetings is disclosed in the Directors' Report in the Annual Report.</p>	✓
<b>Recommendation 7.2</b> The board or a committee of the board should: <ol style="list-style-type: none"> <li>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</li> <li>b) disclose, in relation to each reporting period, whether such a review has taken place.</li> </ol>	<p><b>Paragraph 6</b> describes the Company's approach to risk management, internal controls and senior management's responsibility for implementing and reporting on effective risk management.</p> <p><b>Paragraph 6</b> confirms that a review of the Company's risk management framework has taken place.</p>	✓
<b>Recommendation 7.3</b> A listed entity should disclose: <ol style="list-style-type: none"> <li>a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>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.</li> </ol>	<p>The Company does not consider it necessary, at this time, to have a formal internal audit function.</p> <p><b>Paragraph 6</b> describes the Company's processes for evaluating and improving its risk management and internal control processes.</p>	✓
<b>Recommendation 7.4</b> 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><b>Paragraph 6</b> confirms that the special risks that affect the Company and how it manages those risks are described in the Annual Report.</p>	✓

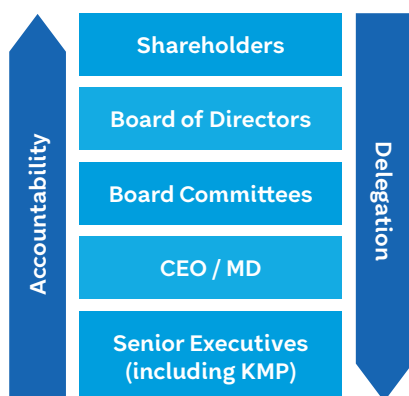


ASXCGC RECOMMENDATION (4TH EDITION)	COMPANY PRACTICE	COMPLIANCE
<b>Principle 8 – Remunerate fairly and responsibly</b>		
<b>Recommendation 8.1</b> The board of a listed entity should: <ol style="list-style-type: none"> <li>Have a remuneration committee which:               <ol style="list-style-type: none"> <li>has at least three members, a majority of whom are independent directors; and</li> <li>is chaired by an independent director, and disclose:                   <ol style="list-style-type: none"> <li>the charter of the committee;</li> <li>the members of the committee; and</li> <li>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; or</li> </ol> </li> </ol> </li> <li>if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ol>	Given the Company's size, Karoon does not have a remuneration committee. Between the Karoon Board and the People and Culture Committee the matters normally reserved for a remuneration committee are addressed. <ul style="list-style-type: none"> <li><b>Paragraphs 2.3 and 4.2</b> confirm the People and Culture and the Karoon Board is comprised of independent Directors.</li> <li><b>Paragraphs 2.3 and 4.2</b> confirm that the Company adopted a formal People and Culture Committee Charter and Board Charter which is disclosed on the Company's website.</li> <li><b>Paragraphs 3.1 and 4.2</b> confirm the number of meetings during the annual reporting period and the individual attendance at those meetings is disclosed in the Directors' Report in the Annual Report.</li> </ul>	✓
<b>Recommendation 8.2</b> 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.	<b>Paragraph 9</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.	✓
<b>Recommendation 8.3</b> A listed entity which has an equity-based remuneration scheme should: <ol style="list-style-type: none"> <li>have a policy on whether participants are permitted to enter transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>disclose that policy or a summary of it.</li> </ol>	<b>Paragraph 9</b> confirms that the Company restricts these types of transactions in its Share Trading Policy which is available on the Company's website.	✓
<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. ABOUT THIS STATEMENT

This Corporate Governance Statement is current as at 22 August 2023 and has been approved by the Karoon Board.

Karoon's Corporate Governance Framework is set out below. Karoon's approach to governance is premised around the delegation of tasks and responsibilities, while retaining accountability for outcomes:



## 2. BOARD OF DIRECTORS

### 2.1 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 following matters are the responsibility of the Board:

- 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 tolerance 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;
- reviewing and monitoring management and Company performance;
- appointing, appraising and where necessary replacing the Managing Director, other senior executives and the Company Secretary;
- setting the remuneration of the Board of Directors and the CEO and Managing Director, and reviewing and approving the Company's remuneration framework and policies to ensure they are aligned to Karoon's values, strategic direction and risk tolerance;
- approving and overseeing the Reserves and Resources Policy, including any new resource bookings or revisions;
- reviewing and approving the Company's sustainability framework, annual objectives and annual sustainability reporting;
- 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;
- 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;
- establishing the framework for the approval of non-audit services to be provided by the Company's external auditor.
- reviewing and approving changes to the Performance Review Policy;
- reviewing the 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; and
- monitoring succession plans to maintain an appropriate balance of skills and diversity on the Board and for the position of CEO and Managing Director.

Given the Company's size, it does not have a separate nomination committee. The Board is responsible for Board succession plans, composition and diversity matters.

### 2.2 Delegation of authority

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.

The delegation of authority is formally documented in the Company's Delegation of Authority. Management is accountable to the Board for the discharge of this delegated authority and for compliance with any limits on that authority.

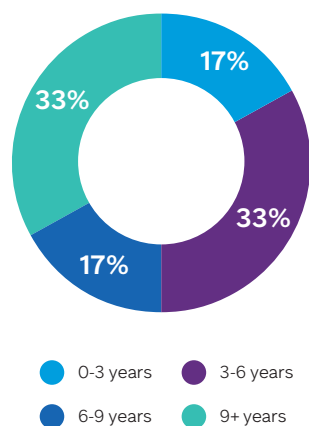
The Chief Executive Officer and Managing Director manages the Company in accordance with the purpose, culture, strategy, plans and policies approved by the Board.

The Board has procedures to assess the performance of, and when necessary replace, the Chief Executive Officer and Managing Director and other senior executives.

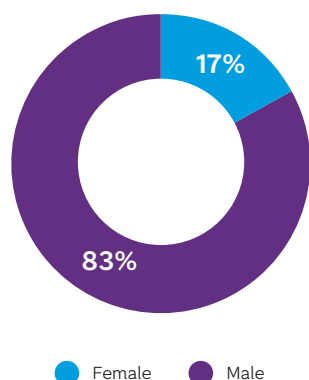
The roles and responsibilities of the Board, including the responsibilities of the Chair are listed in the Company's Board Charter, which can be found under the Governance tab on the Company's website at [www.karoonenergy.com.au](http://www.karoonenergy.com.au).

## 2.3 Structure and composition of the Board

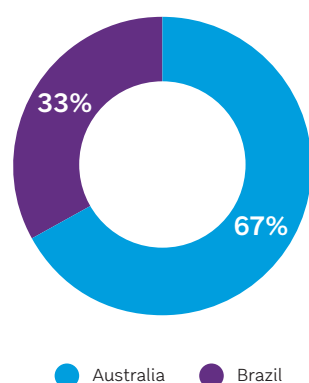
### Tenure (Non-executive Directors)



### Board Gender Diversity



### Location (Non-executive Directors)



The structure and composition of the Board is periodically reviewed by the Board. During the reporting period, the Board:

- Appointed Peter Botten as Deputy Chairman, with the intention that Mr Botten will succeed Mr Phillips as Chairman at the conclusion of the 2023 Annual General Meeting.
- Considered and updated the board skills matrix.
- Determined that the existing structure, including the number of directors, post the retirement of Bruce Phillips, remains appropriate for the size and scale of Karoon's operations, including having regard to the growth of the Company's business.

During the reporting period, the Board was constituted by seven (7) Directors, including the Managing Director and CEO, the majority of whom 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.

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

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 Chief Executive Officer and Managing Director brings an additional perspective to the Board through a thorough understanding of the Group's business as a whole.

## Our Board's focus areas and activities in FY23

In addition to matters routinely considered, the focus areas of our Board during FY23 included:

### Safety and performance

The safety and wellbeing of our employees, contractors, the environment and the communities in which we operate are integral to Karoon.

During FY23, the Board received monthly updates on our overall safety performance. The Board were actively involved in leading management's response to the suspension of production on 28 March 2023 following a gas leak on the FPSO.

The Board receives regular updates on our operational and financial performance and uses operational deep-dives and visits to increase its understanding of our operational safety performance, the regulatory environment, organisational culture, risks and community engagement.

The Board has determined to further strengthen its engagement with the operations by holding at least two Board meetings in Brazil each year, which will be accompanied by workshops and site visits, as appropriate.

### People and Culture

During FY23, the Board continued to work with senior managers to implement people capability and culture as a priority workstream within the organisational strategy. A Karoon wide action plan is being developed to respond to and address the findings of the employee engagement survey. Senior managers are focused on delivering a 'OneKaroon' culture, accountable to the Board.

### Engagement with our employees

In July 2022, the Board participated in a five-day visit to the Rio De Janeiro office and the FPSO operating site. In July 2023, the Board followed this up with a further five-day visit, holding 10 deep dive workshops, facilitated by general manager level employees to learn about organisational activities, social and R&D projects, Karoon's climate strategy, the regulatory environment and industry wide carbon sequestration opportunities, providing an opportunity to engage with employees and learn more about Karoon's overall business.

### Reserves governance

As part of Karoon's commitment to managing and mitigating risk, the Board implemented a Reserves and Resources Policy in early 2023, to seek to achieve quality and consistency in all hydrocarbon Reserves and resources estimates. Consistent with Karoon's continuous disclosure obligations under the Corporations Act 2001 (Cth) (Corporations Act), the Australian Securities Exchange Listing Rules (ASX Listing Rules) and industry best practice, the policy enables effective business planning, providing shareholders and the market with quality Reserves and resource information, and promote investor confidence in the integrity of Karoon's processes.

A Board Skills Matrix for the current Board is set out below:

**Karoon Energy Ltd Board Skills Matrix as at 30 June 2023**

SKILLS	DESCRIPTION OF SKILL / EXPERIENCE	NUMBER OF DIRECTORS WITH SATISFACTORY OR HIGH EXPERIENCE (TOTAL = 7)
<b>Oil and Gas Sector</b>	Management, advisory or board level experience in the oil and gas industry.	7
<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.	7
<b>Project Development</b>	Experience in developing substantial exploration and production projects in the oil and gas, resources or energy industries.	5
<b>Emerging Markets / Regulatory</b>	Experience in conducting business in international jurisdictions including having a conceptual understanding of various regulatory frameworks.	7
<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.	5
<b>Commercial / Operations</b>	Experience in: <ul style="list-style-type: none"> <li>Commercial decision making in a senior management role with an appreciation of operational conditions and practices and/or experience in operations management; and</li> <li>Information technology including cyber security and technological change.</li> </ul>	6
<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 capital markets and 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;</li> <li>People and workplace cultural management; 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>	6
<b>Stakeholder Engagement and Investor Relations</b>	Experience in successfully engaging with internal and external stakeholders at all levels.	7
<b>Environmental, Social and Governance</b>	Experience in: <ul style="list-style-type: none"> <li>the transition to a low carbon economy;</li> <li>enabling innovation and technology in business;</li> <li>the design, implementation and oversight of effective governance frameworks including in relation to compliance and risk management processes and development of good corporate culture (including in relation to safety, technology, disruption, carbon, anti-bribery and corruption).</li> </ul>	7



## 2.4 Supplementing the Board's skills and experience

The Board understands that it must continue to educate itself on the key issues, risks and opportunities facing the business, including evolving business, shareholder, and regulatory expectations. The Board supplements its skills and expertise, utilising management and subject matter experts and advisors. For example, in FY23, the Board enhanced its knowledge of carbon sequestration and climate change risks through workshops with various experts and market participants.

## 2.5 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 Clark Davey, Mr Peter Turnbull, Ms Luciana Rachid, Mr Peter Botten and Mr Tadeu Fraga.

During the reporting period, these Non-Executive Directors were considered to be independent based on the above criteria. Mr Fowles was considered by the Board not to be independent as he is an Executive of the Company.

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 indexed 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. In addition, the Board considered whether Mr Davey's independence had been compromised as a result of him having been a director of the Company for more than 10 years. In the Board's view, despite Mr Davey's tenure, the Board is satisfied that he remains "independent"

## 2.6 Selection and Appointment of Directors

The ongoing composition of the Board is overseen by the Board, which has specific responsibility for:

- reviewing the 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;
- selecting candidates for appointment, re-appointment or removal as a director. In electing directors for appointment, the Board will ensure there is a process for recruitment including evaluating the balance of skills set out in the Board Skills Matrix, knowledge, experience, independence and diversity on the Board and senior executive;
- setting the remuneration of the Board of Directors and the CEO and Managing Director and reviewing and approving the Company's remuneration framework and policies to ensure they are aligned to Karoon's values, strategic direction and risk tolerance;
- ensuring there is a written agreement for each director;
- monitoring the induction and continuing professional development programs for directors, to facilitate directors receiving ongoing briefings on legislative developments impacting directors' responsibilities;
- 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; and
- an internal annual internal performance review, and an independent five yearly review, of the Board, Committees and Directors.

Non-executive directors are required to inform the Chair of the Board 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 Board 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 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 setting out the terms of their appointment; and
- an induction program is carried out for new Directors.

The above process was followed in relation to Mr Fraga's appointment in August 2022

### 2.7 Review of Board, Director and Senior Executive

Performance evaluations of the Directors were undertaken in accordance with the Performance Review Policy, in accordance with the process summarised below.

The evaluation process generally includes a combination of:

- Discussion with and self-assessment by Directors on their individual performance and effectiveness and the effectiveness of the Board, its committees and the respective Board and committee chairs;
- Peer assessment and feedback; and
- Feedback from management on issues relevant to performance management.

Karoon's senior executives, which includes the Chief Executive Officer and Managing Director, 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 Karoon's requirements. In the case of the Chief Executive Officer and Managing Director, the targets are established by the Board and reflect the corporate scorecard.

Each senior executive has a written agreement describing their responsibilities. Performance evaluations for senior executives occurred 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.karoonenergy.com.au](http://www.karoonenergy.com.au).

The outcome of the FY23 Corporate Scorecard can be found on page 56 of the 2023 Annual Report.

## 3. OPERATION OF THE BOARD

### 3.1 Board Meetings

The Board meets at least eight (8) times annually with additional Board and Committee meetings, if and when required, to discuss specific matters.

The Board met seventeen (17) times during the period from 1 July 2022 to 30 June 2023.

### 3.2 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 Chair 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.

### 3.3 Company Secretary

The Company Secretary is appointed (or removed) by the Board or with Board approval. Each director can communicate directly with the Company Secretary and vice versa. The Company Secretary is accountable to the Board, through the Chairman, on all matters related to for the proper functioning of the Board and its committees. Details on the

responsibilities of the Company Secretary are set out in the Board Charter.

More information about Karoon's Company's Secretary experience and qualifications can be found on page 40 of the 2023 Annual Report.

## 4. 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 2023 the Board has established three (3) standing Committees to assist it in effectively exercising its responsibilities. These are the:

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

The Board reviews the performance of the Committees and considers whether new committees are required. During FY23, the Board undertook a comprehensive review of the performance and charters of the Board and its Committees.

### 4.1 Audit, Risk and Governance Committee

The role of the Audit, Risk and Governance Committee is to oversee the financial reporting process to seek to ensure the balance, transparency and integrity of published financial information, oversee risk identification and management and ensuring that the Company has the appropriate ethical standards and corporate governance policies and practices in place. The Board has formally adopted an Audit, Risk and Governance Committee Charter.

The responsibilities of the Audit, Risk and Governance Committee include:

#### Powers and functions

- improving 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 recommending to the Board the appointment, compensation, retention and oversight of the work of the external auditor, including rotation of the external audit engagement partner; and
- recommend to the Board 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 tolerance;
- 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 Chief Executive Officer 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 Karoon 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, including 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;
- review and make recommendations for Board approval in relation to corporate governance and oversee the following:
  - Code of Conduct;
  - Anti-Bribery and Corruption Policy;
  - Related Party Policy;
  - Whistleblower Protection Policy;
  - Continuous Disclosure Policy; and
  - Share Trading Policy.
- monitor 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);
- review on at least a bi-annual basis the Company's overall corporate governance framework;
- review and make recommendations for Board approval in relation to the annual Corporate Governance Statement prior to its publication;
- monitor the effective communication of the Company's corporate governance policies to all Karoon employees, and
- monitor the effective communication of the Company's corporate governance policies to shareholders, media, analysts and other external stakeholders.

### 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, Risk and Governance Committee reports to the Board after each committee meeting and minutes of meetings are provided to all Directors.

A full description of the role and responsibilities of the Audit, Risk and Governance Committee is contained in the Audit, Risk 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 2023, the Audit, Risk and Governance Committee consisted of the following three (3) independent Non-Executive Directors:

- Mr Clark Davey (Chair of Committee);
- Mr Peter Turnbull; and
- Mr Peter Botten.

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

The Audit, Risk and Governance Committee met six (6) times during the period from 1 July 2022 to 30 June 2023.

### 4.2 People and Culture Committee Charter

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

#### People and Culture

- 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;
- overseeing the Company's approach to culture and diversity;
- reviewing and monitoring employee engagement;
- 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;
- monitoring the effective communication of the Diversity Policy and Performance Review Policy;

### Remuneration Strategy, Policies and Structure

With respect to employees (excluding the Chief Executive Officer and Managing Director in respect of whom such matters are reserved for the Board), reviewing, monitoring and making recommendations to the Board on the following:

- defining the Company's remuneration policies and strategic objectives for remuneration frameworks to ensure they are informed by market practice, trends and legislative and regulatory requirements;
- assessing the separate policies and practices regarding remuneration of senior executives;
- the Company's recruitment, retention and termination policies and procedures for senior executives;
- seeking external advice to ensure that employees are being rewarded with remuneration packages commensurate with their responsibilities and make recommendations to the Board on any incentive scheme and any proposed changes;
- reporting on the progress against the long term performance hurdles making recommendations on equity allocations, including outcomes of short-term objectives in line with company performance;
- recommendations from the Chief Executive Officer and Managing Director relating to proposed merit increases for direct reports;
- overseeing fee frameworks, including superannuation arrangements for senior executives and other employees;
- identifying any changes to the Senior Executive Remuneration Policy;
- reviewing and recommending to the Audit, Risk and Governance Committee and the Board the annual audited Remuneration Report for approval; and
- considering the outcome of the annual shareholder advisory vote on the adoption of the Remuneration Report and feedback of key stakeholders.



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

A full description of the role and responsibilities of the People and Culture Committee is contained in the People and Culture 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 2023, the People and Culture Committee consisted of the following three (3) independent Directors:

- Mr Peter Turnbull (Chair of Committee);
- Mr Bruce Phillips; and
- Mr Clark Davey.

The People and Culture Committee met five (5) times during the period from 1 July 2022 to 30 June 2023.

#### 4.3 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 Karoon operations; and
- key policies and strategies in relation to the health and safety of Karoon employees and the environmental and social impacts of Karoon operations, including the:

##### 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 and 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 Karoon'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;
- Karoon'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 all Directors.

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 2023, the Sustainability and Operational Risk Committee consisted of the following four (4) independent Directors:

- Ms Luciana Rachid (Chair of Committee);
- Mr Peter Turnbull;
- Mr Peter Botten; and
- Mr Carlos Tadeu da Costa Fraga.

The Sustainability and Operational Risk Committee met four (4) times during the period from 1 July 2022 to 30 June 2023.

## 5. MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER ASSURANCES

The Board requires accountability for the Company's financial reporting by requiring both the Chief Executive Officer and 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 Chief Executive Officer and 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.

## 6. RISK ASSESSMENT AND MANAGEMENT

The Company has a Risk Management Policy. Throughout the annual reporting period, senior management, through the Risk Management Team, the Sustainability and Operational Risk Committee and Audit, Risk and Governance 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, Risk and Governance 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.

During FY23:

- The Board was presented a detailed review of the existing approach to risk management and implemented a revised framework, which includes a layered structure (i.e. managing risk at the Enterprise, Country and Asset levels) to managing risks and a heat map approach for reporting and engaging with the Board and its Committees. In addition, a more frequent series of regular risk management meetings will be implemented. The underlying risk identification and mitigation approach remains unchanged. However, the revised reporting tools allow for greater focus and detailed discussion on strategic and material risks to Karoon's operations; and
  - The requirement for an internal audit function was re-considered in the context of the size of the Company, the existing controls and policies and the current utilisation of external resources to provide governance and assurance support.
- 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, Risk and Governance Committee and a Sustainability and Operational Risk Committee as described in Paragraphs 4.1 and 4.3. The Risk Management Team prepares and maintains a Corporate Risk Register and Operational Risk Register and provides regular updates to the Audit, Risk and Governance Committee and the Sustainability and Operational Risk Committee (as applicable);
  - the senior managers of the Company regularly consider key strategic risks, including deep dives and workshops. In addition, a non Board Enterprise Risk Committee is to be established, comprising senior managers of the Company;
  - financial controls are set in place by the use of an authority matrix, tender committees, general purchasing principles and approval procedures. All material expenditure is closely monitored by the Board. The Chair of the Audit, Risk and Governance Committee works closely with the Company's finance personnel in order to understand financial risks and communicate such risks to the Audit, Risk and Governance Committee and the Board. Management accounts are prepared regularly for the Board to ensure information congruence between senior management and the Board. The Audit, Risk and Governance Committee reviews and recommends improvements to internal controls;
  - the Company offsets the risk of catastrophic operational failures purchasing appropriate insurance, including property damage, business interruption, control of well, third party liability, cargo, non-owned aviation, charterers and construction all risk insurance policies;

- the Company protects its employees through the adoption and application of a Health, Safety, Security and Environment Policy and ongoing global travel insurance for periods where employees are travelling on business, together with membership to emergency assistance;
- operational performance 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, 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 2023 Annual Report.

Details of material risks, including environmental or social risks are set out in the 2023 Annual Report see pages 36–37.

#### Cyber risks as a FY23 Focus

During FY2023, the Board and its Committees have been focused on various information technology projects aimed at enhancing and mitigating Karoon's network and cyber security posture to protect the Company's data and assets, while supporting business growth.

Regular reports have been provided regarding the implementation of the group wide network security perimeter, system penetration testing, and cyber training including phishing exercises.

## 7. EXTERNAL AUDITORS

The Audit, Risk and Governance 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.

During the year, given the length of time that PwC has been the Company's auditor and consistent with best practice corporate governance, the Board undertook a tender process for the external audit provider. The tender process was led by Peter Botten, an independent non-executive director. Four (4) firms responded to the tender process. At the conclusion of the process, it was recommended PwC be reappointed. This recommendation was accepted by the Board and PwC was re-appointed as the Company's external auditor.

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).

## 8. 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.

### 8.1 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 purpose, vision, mission and values statement for the Company. Karoon's purpose is to provide energy to a dynamic world, responsibly creating enduring benefits for all its shareholders. The Company's vision is to be a leading, independent international energy company that adapts to a dynamic world in an entrepreneurial and innovative way. Karoon's mission is to empower its people to deliver safe and reliable operations and build scale in a socially responsible and sustainable manner. Karoon seeks to have a culture which values safety, integrity, collaboration, commitment and respect.

The Board is informed of any material breaches of the Code of Conduct.

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).

### 8.2 Diversity objectives

The Board recognises the importance of a diverse workforce, and the diversity of thought and has adopted a Diversity Policy in accordance with the ASXCGC Recommendations 4th Edition. Karoon 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 People and Culture 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 2023

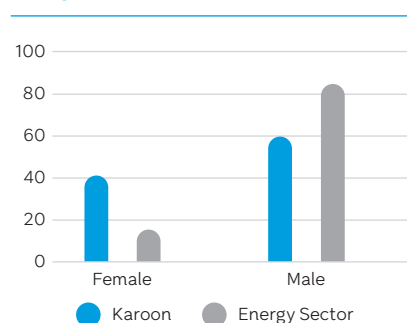
Aim to achieve at least a 30% participation of each gender on the Board, in the Senior leadership <sup>1</sup> and across the Karoon Group by 2025.	An assessment has been conducted in respect of the reporting year, with participation rates calculated as at 30 June 2023. The Group participation rate of women was 41.3% at 30 June 2023, while senior leadership <sup>1</sup> participation rate of women was 10.5% and the Board participation rate of women was 14%. ✓
Aim to ensure the percentage turnover of female employees is equal to or less than the overall Karoon Group percentage turnover excluding departures as a result of a Karoon country withdrawal.	This was achieved during the reporting period. ✓
Make flexible working arrangements available to all employees.	This was achieved during the reporting period. Flexible working arrangements were made available to all employees in line with operational demands and other needs of the business. ✓
Monitor Karoon's recruitment and remuneration processes for unintended gender bias.	This was achieved during the reporting period. Karoon continued to monitor its recruitment and remuneration processes for unintended gender bias. ✓
Ensure pay equity for all employees	This was achieved during the reporting period. During the financial year Karoon revised its pay grade structure ensuring all employees are paid fairly and equitably irrespective of their gender. A gender pay equity review was also conducted. Any gaps noted were reviewed and are justifiable and explainable. ✓
Ensure at least one female candidate is considered when appointing a new Director or member of the Key Management Personnel (KMP).	In relation to the appointment of Carlos Tadeu da Costa Fraga in FY23, this was achieved. No KMP appointments have been made during the FY23 financial year. ✓

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

	EMALE %
All employees	41%
Senior Leaders <sup>2</sup>	10%
Board	14%

As of 30 June 2023, Karoon had 109 permanent employees, 41.3% of whom were women. While this is lower than the same time last year, it is primarily due to a significant number of new hires in the Brazilian operations, which is current a very competitive market for talent, in particular female talent.

#### Gender diversity compared to energy sector<sup>3</sup>



The diversity objectives have been reviewed and the measurable objectives set for the 2024 financial year are:

- Aim to achieve at least a 30% participation rate of women by 31 December 2025 on the Board.
- Ensure at least one female candidate is considered when appointing a new Director or member of the KMP.
- Aim to achieve at least a 30% participation rate of women by 31 December 2025 in Senior Leadership.
- Maintain a minimum of 30% participation rate of women across the Karoon Group.
- Aim to ensure the percentage turnover of women employees is equal to or less than the overall Karoon Group turnover rate.
- Ensure pay equity for all employees.
- Monitor Karoon's recruitment and remuneration processes for unintended gender bias.
- Respectful workplace behaviours training provided biennially to all employees.

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

#### 8.3 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 and Culture Committee;
- 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).

<sup>1</sup> The term 'senior leaders' is defined for the purposes of the diversity analysis by reference to Karoon's internal organisation structure.

<sup>2</sup> Ibid.

<sup>3</sup> International Energy Agency – <https://www.iea.org/topics/energy-and-gender>



#### 8.4 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 Chair or Company Secretary. Embargo periods include the period of two (2) weeks prior to the release of the Company's quarterly report, 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.

In addition, persons covered by the policy are restricted from entering into transactions in products associated with the Company's securities which operate to limit the economic risk of their security holding over unvested entitlements (including hedging arrangements).

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).

#### 8.5 Environment

The Company has a Health, Safety, Security and Environment Policy. Karoon recognises that its people are one of its most important resources. Karoon therefore makes it a top priority to ensure that all safety procedures are followed in accordance with industry practice and all applicable laws. In addition, Karoon takes its environmental and community obligations very seriously and aspires to best practice in all instances.

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).

#### 8.6 Disclosure of Information

During FY23, the Company agreed with the ASX to change its classification from 'oil and gas exploration entity' to an 'oil and gas producing entity' as defined in ASX Listing Rule 19.124. As a consequence, the Company ceased lodging an Appendix 5B and commencement lodging either an Appendix 4E or Appendix 4D as required.

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.

On confirmation of lodgement 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 the ASX in accordance with this policy are posted on the Company's website.

#### Investor and analyst briefings

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.

Any new and substantive investor or analyst presentations will be lodged with the ASX prior to the presentation 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).

#### 8.7 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 Board is informed of any material breaches of the Whistleblower Protection Policy.

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).

#### 8.8 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 Board is informed of any material breaches of the Anti-bribery, Fraud and Corruption Policy.

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).

## 9. 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 short-term and long-term incentives under the Performance Rights Plan in addition to their fixed remuneration.

The People and Culture Committee is responsible for senior executive remuneration (excluding the Chief Executive Officer and Managing Director) and making recommendations to the Board.

The Chief Executive Officer and Managing Director’s 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 contributions 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 the Chief Executive Officer and Managing Director 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 in the Annual Report, starting on page 47.

## 10. 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;
- if required by law, 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 or post.

The Company gives shareholders the option to receive communications from, and to send communications to, the Company and its share registry electronically.

The Company encourages its shareholders to participate in its annual general meeting, by attending, exercising their voting rights and asking questions of the Board. The Company will conduct voting on all substantive resolutions at the annual general meeting on a poll, ensuring that voting outcomes reflect the proportionate holdings of all shareholders who vote (whether in person or by proxy or other representative).

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

The Chair 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.

## 11. VERIFICATION OF PERIODIC CORPORATE REPORTS

Karoon completes verification of all corporate reports including the annual and half yearly financial statements, quarterly reports, sustainability report, modern slavery report or other periodic reports prepared for the benefit of shareholders. The content of these reports is verified with reference to, as appropriate, reliable written source materials and data or sign off from the content owner and progress through a hierarchy of reviews and approvals before approval by the Board and release to the market.