

26<sup>th</sup> April 2021

## **Appendix 4G and 2020 Corporate Governance Statement**

*Petsec Energy Ltd (ASX: PSA / OTC ADR: PSJEY)*

In accordance with ASX Listing Rules 4.7.3 and 4.7.4, please find attached for immediate release:

1. Appendix 4G; and
2. 2020 Corporate Governance Statement.

This announcement is authorised for market release by the Board of Directors of the Company.

For further information, please contact:

Paul Gahdmar  
Chief Financial Officer & Company Secretary  
Petsec Energy Ltd  
Tel: (612) 9247 4605  
Fax: (612) 9251 2410

*Petsec Energy Ltd is an independent oil and gas exploration and production company listed on the Australian Stock Exchange. It has operations onshore in the Republic of Yemen.*

# Appendix 4G

## Key to Disclosures

### Corporate Governance Council Principles and Recommendations

Name of entity

PETSEC ENERGY LTD

ABN/ARBN

92 000 602 700

Financial year ended:

31 DECEMBER 2020

Our corporate governance statement<sup>1</sup> for the period above can be found at:<sup>2</sup>

- ☐ These pages of our annual report:
- ☒ This URL on our website: <http://www.petsec.com.au/about-us/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as at 26 April 2021 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.<sup>3</sup>

Date: 26 April 2021

Name of authorised officer  
authorising lodgement:

Paul Gahdmar  
Chief Financial Officer & Company Secretary

<sup>1</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

<sup>2</sup> Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

<sup>3</sup> Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have <b>NOT</b> followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<input checked="" type="checkbox"/> and we have disclosed a copy of our board charter at: <a href="http://www.petsec.com.au/about-us/corporate-governance/">http://www.petsec.com.au/about-us/corporate-governance/</a>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> Tick the box in this column only if you have followed the relevant recommendation **in full** for the **whole** of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate-governance/charters/”).

<sup>5</sup> If you have followed all of the Council’s recommendations **in full** for the **whole** of the period above, you can, if you wish, delete this column from the form and re-format it.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<p>1.5 A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) 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); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <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><input checked="" type="checkbox"/> and we have disclosed a copy of our diversity policy at: <a href="http://www.petsec.com.au/wp-content/uploads/2021/04/Diversity-Policy.pdf">http://www.petsec.com.au/wp-content/uploads/2021/04/Diversity-Policy.pdf</a></p> <p>and we have disclosed the information referred to in paragraph (c) at:</p> <p>and if we were included in the S&amp;P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at: <a href="http://www.petsec.com.au/about-us/corporate-governance/">http://www.petsec.com.au/about-us/corporate-governance/</a></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: <a href="http://www.petsec.com.au/about-us/corporate-governance/">http://www.petsec.com.au/about-us/corporate-governance/</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p><a href="http://www.petsec.com.au/about-us/corporate-governance/">http://www.petsec.com.au/about-us/corporate-governance/</a></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p><a href="http://www.petsec.com.au/about-us/corporate-governance/">http://www.petsec.com.au/about-us/corporate-governance/</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) 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.</p>	<p><input checked="" type="checkbox"/> [If the entity complies with paragraph (a):]</p> <p>and we have disclosed a copy of the charter of the committee at: <a href="http://www.petsec.com.au/about-us/corporate-governance/nomination-and-remuneration-committee/">http://www.petsec.com.au/about-us/corporate-governance/nomination-and-remuneration-committee/</a> and the information referred to in paragraphs (4) and (5) at: <b>Directors' Report in the 2020 Annual Report (page 15)</b></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	<p><input type="checkbox"/> and we have disclosed our board skills matrix at: .....</p> <p>[insert location]</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p><input checked="" type="checkbox"/> and we have disclosed the names of the directors considered by the board to be independent directors at: <b>Directors' Report in the 2020 Annual Report (page 15)</b> and, where applicable, the information referred to in paragraph (b) at: <a href="http://www.petsec.com.au/about-us/corporate-governance/">http://www.petsec.com.au/about-us/corporate-governance/</a> and the length of service of each director at: <b>Directors' Report in the 2020 Annual Report (page 14)</b></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
2.4	A majority of the board of a listed entity should be independent directors.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	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.	<input type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should articulate and disclose its values.	<input checked="" type="checkbox"/> and we have disclosed our values at: <a href="http://www.petsec.com.au/about-us/corporate-governance/">http://www.petsec.com.au/about-us/corporate-governance/</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	<input checked="" type="checkbox"/> and we have disclosed our code of conduct at: <a href="http://www.petsec.com.au/about-us/corporate-governance/code-of-ethics-and-corporate-conduct/">http://www.petsec.com.au/about-us/corporate-governance/code-of-ethics-and-corporate-conduct/</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	<input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: <a href="http://www.petsec.com.au/wp-content/uploads/2020/12/Whistle-blower-Policy.pdf">http://www.petsec.com.au/wp-content/uploads/2020/12/Whistle-blower-Policy.pdf</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	<input checked="" type="checkbox"/> and we have disclosed our anti-bribery and corruption policy at: <a href="http://www.petsec.com.au/wp-content/uploads/2020/12/Anti-bribery-and-Corruption-Policy.pdf">http://www.petsec.com.au/wp-content/uploads/2020/12/Anti-bribery-and-Corruption-Policy.pdf</a>	<input type="checkbox"/> set out in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p><input checked="" type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at: <a href="http://www.petsec.com.au/about-us/corporate-governance/audit-committee-charter/">http://www.petsec.com.au/about-us/corporate-governance/audit-committee-charter/</a></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p><b>Directors' Report in the 2020 Annual Report (pages 14 and 15)</b></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
4.2	<p>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.</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
4.3	<p>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.</p>	<p><input type="checkbox"/></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>



## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at: <a href="http://www.petsec.com.au/wp-content/uploads/2020/12/Continuous-Disclosure-Policy.pdf">http://www.petsec.com.au/wp-content/uploads/2020/12/Continuous-Disclosure-Policy.pdf</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.3	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: <a href="http://www.petsec.com.au/about-us/corporate-governance/">http://www.petsec.com.au/about-us/corporate-governance/</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders at: <a href="http://www.petsec.com.au/about-us/corporate-governance/">http://www.petsec.com.au/about-us/corporate-governance/</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.4	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p><input checked="" type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at: <a href="http://www.petsec.com.au/about-us/corporate-governance/corporate-policies/">http://www.petsec.com.au/about-us/corporate-governance/corporate-policies/</a></p> <p>and the information referred to in paragraphs (4) and (5) at: <b>Directors' Report in the 2020 Annual Report (page 15)</b></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(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</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: <a href="http://www.petsec.com.au/about-us/corporate-governance/">http://www.petsec.com.au/about-us/corporate-governance/</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (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.	<input type="checkbox"/> <i>[If the entity complies with paragraph (a):]</i> and we have disclosed how our internal audit function is structured and what role it performs at: ..... <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at: ..... <i>[insert location]</i>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
7.4	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.	<input type="checkbox"/> and we have disclosed whether we have any material exposure to environmental and social risks at: ..... <i>[insert location]</i> and, if we do, how we manage or intend to manage those risks at: ..... <i>[insert location]</i>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) 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.</p>	<p><input checked="" type="checkbox"/> [If the entity complies with paragraph (a):]</p> <p>and we have disclosed a copy of the charter of the committee at: <a href="http://www.petsec.com.au/about-us/corporate-governance/nomination-and-remuneration-committee/">http://www.petsec.com.au/about-us/corporate-governance/nomination-and-remuneration-committee/</a> and the information referred to in paragraphs (4) and (5) at: <b>Directors' Report in the 2020 Annual Report (page 15)</b></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p><input checked="" type="checkbox"/> and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at: <a href="http://www.petsec.com.au/about-us/corporate-governance/">http://www.petsec.com.au/about-us/corporate-governance/</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p><input checked="" type="checkbox"/> and we have disclosed our policy on this issue or a summary of it at: <a href="http://www.petsec.com.au/about-us/corporate-governance/corporate-policies/">http://www.petsec.com.au/about-us/corporate-governance/corporate-policies/</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES</b>			
9.1	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.	<input type="checkbox"/> and we have disclosed information about the processes in place at: ..... [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	<input type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.3	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.	<input type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable <input type="checkbox"/> we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	<input type="checkbox"/> and we have disclosed the information referred to in paragraphs (a) and (b) at: ..... [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed the terms governing our remuneration as manager of the entity at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

# Corporate Governance Statement

The Board of Petsec Energy Ltd ("Petsec") is committed to good corporate governance.

This statement sets out the main corporate governance practices adopted by the Company in the format of the Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition, 2019) (**Recommendations**) issued by the ASX Corporate Governance Council.

Unless otherwise stated, the Company's corporate governance practices were in place throughout the 2020 year and comply with the Recommendations. In a limited number of instances there are departures from the Recommendations, with the details and reasons for the departures stated below in italics.

## 1. Laying Solid Foundations for Management and Oversight

The Board operates within the requirements of the Company's Constitution and Board Charter which sets out the functions and responsibilities reserved for the Board and the matters which have been delegated to executive management. The Board Charter is posted on the Company's website.

The performance of the CEO and senior executives is reviewed annually by the Nomination and Remuneration Committee and is reported to and reviewed by the full Board.

All material information relating to a director is provided by the Company in support of a resolution for the election or re-election of a director. The Company has in place written agreements with its directors and senior executives setting out the terms of their appointment.

### Diversity

The Company's Diversity Policy is posted on the website. *Notwithstanding the requirements of Recommendation 1.5 to establish and disclose measurable objectives and results for achieving gender diversity, the Board has not adopted any numerical benchmarks or targets, and has not made the relevant disclosure as required by Recommendation 1.5, given the small size of the Company's board and workforce. The Company will reconsider the need for measurable objectives as it grows.*

### Evaluation of performance of the Board, its Committees, individual Directors and Senior Executives

A review of the Board's own performance is conducted annually, together with reviews of the performance of Board Committees, individual Directors and Senior Executives. Each Director and Senior Executive completes a questionnaire, with the collective responses discussed by the Board to identify actions and goals to guide performance improvement. The questionnaire covers general and governance issues, overall Board performance and performance of individual Directors and Senior Executives. Each of these evaluations has been performed during the past year.

Further details of the Company's performance evaluation processes are detailed in the Board Charter and Nomination and Remuneration Committee Charter, which are posted on the Company's website.

## 2. Structure the Board to Add Value

### Board Composition and Director Independence

The Board has a balanced composition of Executive and Non-executive Directors. Currently the Board comprises two Executive Directors, being Mr Terrence N Fern (Chairman of the Board) and Mr Brent D Emmett (Technical Director), and two Non-executive Directors being Mr Barry J Dawes and Mr Francis M Douglas. The non-executive Directors are considered by the Board to be independent, based on the criteria in the Recommendations.

Mr T N Fern acts in the role of Executive Chairman. *Although Recommendation 2.5 provides that the Chairman should be an independent director, Directors consider that the current composition of the Board is appropriate for the Company at its current stage of development.*

To ensure that independent judgment is achieved and maintained in respect of its decision-making processes, the Board has adopted a number of measures which include the following:

- Directors are entitled to seek independent professional advice at the Company's expense,
- Directors having a conflict of interest in relation to a particular item of business must declare their interest and not vote on that item of business and must absent themselves from the Board Meeting if required by the Board before commencement of discussion on the topic; and
- Non-executive Directors confer on a needs basis without management in attendance.

The Board is balanced in its composition, with each Director bringing a range of complementary skills and experience to the Company as set out in the Directors' Report section of the annual report ("Directors' Report").

### **Board Committees**

To assist the Board in discharging its responsibilities, the Board has a Nomination and Remuneration Committee and an Audit Committee. Each of these committees has its own written charter which has been approved by the Board.

Both Committees comprise two independent Directors and one executive Director, and are chaired by an independent Director. The Nomination and Remuneration Committee is chaired by Mr Francis M Douglas and the Audit Committee is chaired by Mr Barry J Dawes.

It is the Board's policy that Board Committees should:

- be chaired by an independent Director;
- comprise a majority of independent Directors;
- be entitled to obtain independent professional or other advice at the cost of the Company; and
- be entitled to obtain such resources and information from the Company, including direct access to employees of and advisors to the Company, as they may require.

The qualifications, experience and date of appointment of Directors and Committee Members are included in the Directors' Report, as are details of the number of Board and Committee meetings held during the year.

An induction process applies to new Directors and professional development opportunities are made available to all Directors.

## **3. Promoting Ethical and Responsible Decision Making**

### **Code of Ethics and Corporate Conduct**

Petsec has always placed great importance on the maintenance of high ethical standards. The Board has adopted a Code of Ethics and Corporate Conduct which is posted on the Company's website. A similar document has been issued to all employees setting out the Company values, principles and standards with which they are expected to comply. The Board has also adopted an Anti-bribery and Corruption Policy and a Whistle-blower Policy, which are posted on the Company's website.

The Company also has a Securities Trading Policy, which is posted on the website.



#### **4. Safeguarding Integrity in Financial Reporting**

The Audit Committee is comprised of two independent Directors, each with relevant financial and technical experience, and is chaired by Mr Barry J Dawes. Details of the qualifications of the Audit Committee members are set out in the Directors' Report.

The responsibilities of the Audit Committee include the monitoring and review of the external audit function, management reporting and internal controls, integrity of financial reporting and risk management. The Committee's Charter is posted on the Company's website. The Audit Committee also appoints the auditor and monitors the 5-year audit partner rotation policy, as set out in the Company's Appointment of External Auditor Policy posted on the website.

The Board has received assurance from the Managing Director and Chief Financial Officer that the declaration in the financial report, provided in accordance with section 295A of the *Corporations Act*, is founded on a sound system of risk management and internal control and that the system is operating effectively.

The Company's external auditors attend each Annual General Meeting to respond to questions from shareholders.

#### **5. Making Timely and Balanced Disclosure**

The Company has policies and procedures in place to ensure the timely and appropriate release of all information required to be disclosed to shareholders in accordance with the ASX Continuous Disclosure regime. The Company Secretary has been appointed as the Continuous Disclosure Officer and with the approval of the Managing Director is responsible for ensuring compliance by overseeing and coordinating the release of information to the ASX, brokers, shareholders, the media and the public. The Continuous Disclosure Policy is posted on the Company's website.

#### **6. Respecting the Rights of Shareholders**

In addition to market disclosure through the ASX, Directors ensure that shareholders and other interested parties are informed through a range of other means including the Company's website at [www.petsec.com.au](http://www.petsec.com.au) which contains copies of all key disclosure information including announcements to the market, periodic reports, broker and analyst briefings and notices of meetings.

Shareholders and other interested parties are also able to register their email address with the Company to receive announcements made to the ASX. Shareholders are also able to receive communications from, and send communications to, the Company and its share registry electronically.

The Communications Policy is posted on the Company's website.

#### **7. Recognising and Managing Risk**

The Company recognises that an effective system of risk oversight, management and internal control is critical for its success.

To assist the risk management function of the Audit Committee, the Company has a Risk Management Policy, which is available on the Company's website. The Risk Management Policy is reviewed annually and was reviewed during the past year. Management reports regularly to the Audit Committee and the Board on its management of material business risks, including economic and environmental risks, which are mitigated as set out below. The Company's exposure to social sustainability risks is considered to be minor.

Certain of those risks are inherent to the Company's business, such as drilling for, producing and marketing oil and gas. Although the Company is committed to minimising its risk exposure, many risks are largely beyond the control of the Company and its directors. The risks which management and the Board consider to be the material risks of the business are detailed in the Directors' Report.

A brief summary of the Company's processes are set out below. A more detailed summary is posted in the Corporate Governance section of the Company's website.

#### **(a) Control Environment and Measures**

The Board oversees the overall risk management and control framework of the Company to ensure an appropriate control environment is established and maintained spanning Petsec's operations, financial reporting and compliance activities.

The Audit Committee assists the Board in fulfilling its responsibilities in this regard by reviewing and monitoring financial and reporting matters, and the Company's risk management and internal control processes.

#### **(b) Risk Assessment**

Petsec runs two parallel risk management processes, one to identify and manage business and operational risk and the other to manage the financial reporting risks and underlying internal controls.

Identification and evaluation of key business and operational risks is conducted through:

- I. the annual risk management review, a formal process which is based on the approach prescribed in Australian Standard AS ISO 31000:2018 and carried out in the fourth quarter each year in conjunction with the preparation of the budget and strategic plan; and
- II. assessment of risk as part of all business proposals for management or Board approval.

Key financial statement and financial reporting risks are reviewed and assessed, prior to the commencement of the internal and external audit programmes each year.

#### **(c) Control Activities**

Petsec employs a range of techniques to mitigate and control risk including insurance, oil and gas price hedging, establishment of management accountabilities, and compliance with policies and procedures documented in the Company's Internal Control Policy manual and supporting documents.

#### **(d) Information and Communication**

Monthly management reports to the Board, which draw from both structured management information systems and management input, provide a regular and formal channel of communication within Petsec.

#### **(e) Monitoring Activities**

Formal monitoring of risk and controls at senior management and Board level is achieved by means of:

- I. the monthly management report to the Board;
- II. detailed audit questionnaires and management sign-offs, which form part of the semi-annual audit or review process, and
- III. an internal audit programme to evaluate and test the key controls over financial reporting that is conducted over the course of each year, and involves senior management implementing a specific programme to appraise the effectiveness of the internal controls and to ensure the ongoing integrity of financial reporting. The scope and findings of the programme are reported to the Audit Committee at different intervals during the course of the year. The programme of evaluating the effectiveness of internal control over

financial reporting uses methodology drawn from the COSO (Committee of Sponsoring Organisations of the Treadway Commission) Framework for Smaller Public Companies released in 2013, one of the most widely used approaches to internal control worldwide. The programme comprises five integrated components:

- Control environment and measures;
- Risk assessment;
- Control activities;
- Information and communication; and
- Monitoring activities.

## **8. Remunerate Fairly and Responsibly**

The objective of the Company's remuneration policies is to provide fair and competitive remuneration to its Board, executives and staff in order for the Company to benefit by attracting and retaining a high quality team. The level and composition of Directors' and senior executives' remuneration is set out in the Remuneration Report in the Directors' Report together with further information on the structure and basis of remuneration paid.

The Nomination and Remuneration Committee is responsible for reviewing and making recommendations on remuneration policies for Directors and senior executives based on assessment of relevant market conditions, and linking remuneration to the Company's financial and operational performance. The Nomination and Remuneration Committee consists of two independent Directors and one executive Director, and is chaired by Mr Francis M Douglas.

Executive remuneration may comprise salary, short term bonuses and share participation. All equity-based remuneration is made in accordance with thresholds approved by shareholders. Recipients of equity-based remuneration such as options or shares are not permitted to enter into transactions that limit the economic risk of participating in such schemes.

Non-executive Directors are remunerated by fees which are not performance- based. Non-executive Directors appointed prior to 2003 are entitled to receive a retirement allowance equivalent to the remuneration received in the three years prior to retirement. Non-executive Directors appointed during or after 2003 are not entitled to receive retirement benefits, in accordance with the Recommendations.