

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Carnarvon Petroleum Limited

ABN / ARBN:

60 002 688 851

Financial year ended:

30 June 2020

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

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

The Corporate Governance Statement is accurate and up to date as at 27 August 2020 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 27 August 2020



Thomson Naude  
Company Secretary

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

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 rule 4.10.3.

<sup>2</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.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

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.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so 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 person, or putting forward to security holders a candidate 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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so 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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so 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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) 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>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at the Corporate Governance Section on the Company's website (<a href="http://www.carnarvon.com.au">www.carnarvon.com.au</a>)</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so 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, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at the Corporate Governance Section on the Company's website (<a href="http://www.carnarvon.com.au">www.carnarvon.com.au</a>)</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so 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>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at Pages 30-35 of the Directors' Report contained in Carnarvon's 2020 Financial Report</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so 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>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO 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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at the Corporate Governance Section on the Company's website (<a href="http://www.carnarvon.com.au">www.carnarvon.com.au</a>)</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ 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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so 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	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so 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>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association 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, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so 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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so 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 provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so 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 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at the Corporate Governance Section on the Company's website ( <a href="http://www.carnarvon.com.au">www.carnarvon.com.au</a> )	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at the Corporate Governance Section on the Company's website (<a href="http://www.carnarvon.com.au">www.carnarvon.com.au</a>)</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at pages 27-28 of the Directors' Report contained in Carnarvon's 2020 Financial Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our 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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so 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>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	A 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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at the Corporate Governance Section on the Company's website ( <a href="http://www.carnarvon.com.au">www.carnarvon.com.au</a> )	<input type="checkbox"/> an explanation why that is so 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.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at the Corporate Governance Section on the Company's website ( <a href="http://www.carnarvon.com.au">www.carnarvon.com.au</a> )	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement



Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at the Corporate Governance Section on the Company's website (<a href="http://www.carnarvon.com.au">www.carnarvon.com.au</a>)</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so 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</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at the Corporate Governance Section on the Company's website (<a href="http://www.carnarvon.com.au">www.carnarvon.com.au</a>)</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):]  ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]  ... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at pages 23-25 of the Operating and Financial Review contained in Carnarvon's 2020 Financial Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at the Corporate Governance Section on the Company's website (<a href="http://www.carnarvon.com.au">www.carnarvon.com.au</a>)</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ 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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so 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	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at pages 30-38 of the Directors' Report contained in Carnarvon's 2020 Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so 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>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at the Corporate Governance Section on the Company's website (<a href="http://www.carnarvon.com.au">www.carnarvon.com.au</a>)</p>	<p><input type="checkbox"/> an explanation why that is so 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>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<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>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## **Carnarvon Petroleum Limited Corporate Governance Statement**

### **Introduction**

This is a summary of Carnarvon Petroleum Limited's ("Carnarvon" or "Company") main corporate governance principles and practices. It outlines how Carnarvon followed the third edition of the ASX Corporate governance Principles and Recommendations (third edition) during the financial year ending 30 June 2020.

The Company notes the release of the fourth edition of the ASX Corporate Governance Principles and Recommendations (fourth edition) on 27 February 2019 which comes into effect for the first full financial year commencing on or after 1 January 2020. Whilst the fourth edition comes into effect for Carnarvon for the financial year ending 30 June 2021, Carnarvon has already aligned most of its practices and policies with the fourth edition.

### **Approach to Governance Corporate Governance Statement**

This statement outlines the key principles and practices the Board has adopted for its corporate governance. These principles and practices are reviewed regularly and revised as appropriate to reflect changes in law and developments in corporate governance.

The Board seeks to embrace principles and practices it considers are best practice and take an active role in discussions of corporate governance best practice and associated regulation.

In addition to the information contained in this statement, the Company's website ([www.carnarvon.com.au](http://www.carnarvon.com.au)) contains a dedicated corporate governance section which includes copies of the key corporate governance policies adopted by the Company.

### **ASX Corporate Governance Principles and Recommendations**

In March 2014, the Australian Stock Exchange (ASX) Corporate Governance Council released the third edition of its Corporate Governance Principles and Recommendations (Recommendations). Throughout the year, Carnarvon continued the corporate governance practices which complied with the third edition of the Recommendations.

This statement summarises the Company's compliance with the new Recommendations.

### **Principle 1: Lay Solid Foundations for Management and Oversight**

#### *Recommendation 1.1 Role of Board and Management*

The Constitution provides that the business of the Company is to be managed by or under the direction of the Board. The roles and responsibilities of the Board are formalised in the Board Charter. The Board considers that its prime responsibility is to oversee the business activities and management of the Group for the benefit of shareholders.

The key responsibilities of the Board of Carnarvon are on the Board Charter which is available for review on the Company's website.

### **Responsibilities of Management**

Responsibility for management of the Group's business activities is delegated to the Managing Director, who is accountable to the Board. The Managing Director is also responsible for shareholder communication. In carrying out his/her responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

The role of management is to support the Managing Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

#### *Recommendation 1.2 Director Checks*

When appointing a new Director, the Company performs checks which include a check on a person's character, experience, education, criminal record and bankruptcy history.

Your Directors' biographical details, including their relevant qualification and experience and the skills they are bringing to the Board are detailed on the Company's website and within the Financial Report. Details of any other material directorships currently held are also provided on the Company's website and within the Financial Report.

#### *Recommendation 1.3 Written Agreement with each Director and Senior Executive*

All non-executive Directors are engaged by the Company under letters of appointment and senior executives are engaged under service contracts. These address the roles and responsibilities of the individual.

Details of the letters of appointment and service contracts for senior executives are provided in the Remuneration Report within the Financial Report.

### *Recommendation 1.4 Company Secretary*

The appointment and removal of a Company Secretary is a matter for decision by the Board. The Company Secretary is accountable directly to the Board (through the Chairman) on all matters to do with the proper functioning of the Board. Details of the Company Secretary are set out in the Financial Report.

### *Recommendation 1.5 Diversity Policy*

The Company has adopted a Diversity Policy, a copy of which is available on the Company's website. The Diversity Policy was first adopted in 2015, with an aim to developing a diverse and flexible workforce that possesses the required expertise and competence to achieve the Company's strategic objectives. This involves recognising and valuing the unique contribution people can make because of their individual backgrounds, different skills, experiences and perspectives. Diversity may result from a range of factors including gender, ethnicity, religion, culture, language, sexual orientation, disability and age.

The Diversity Policy includes a requirement for the Board to set measurable diversity objectives and monitor the entity's progress in achieving them. The Board sets a number of measurable diversity objectives for the 2020 financial year, including:

- maintaining flexible workplace practices; and
- continue dedicated mentoring program for the female employees of the Company.

The following table shows the number of men and women across the organisation as at 30 June 2020.

	Total	No. of Men	% Men	No. of Women	% Women
Board <sup>1</sup>	5	5	100%	0	0%
Management <sup>2</sup>	2	2	100%	0	0%
Employees <sup>3</sup>	17	11	65%	6	35%

1. Including Managing Director/CEO

2. Management is defined as those employees who are key management personnel but not board members

3. Excluding Managing Director/CEO and Management

### *Recommendation 1.6 Board Performance Assessment*

Improvement in Board processes and effectiveness is a continuing objective and the primary purpose of Board evaluation is to identify ways to improve performance.

The Chairman is responsible for developing a process for evaluating the performance of the Board as a whole. The evaluation is carried out internally and involves applying best practice criteria to the Board's responsibilities. The evaluation criteria are outlined in the Company's Performance Evaluation Policy, which is available on the Company's website.

The Chairman conducted a performance evaluation of the Board, its committees and Directors for the 2020 financial year. This evaluation was undertaken in accordance with the process disclosed above.

#### *Recommendation 1.7 Performance Evaluation of Senior Executives*

The process for evaluating the performance of senior executives (including the Managing Director) is summarised on pages 30 to 38 of the Directors' Report contained in Carnarvon's 2020 Financial Report. Annual performance reviews for the 2020 financial year have been undertaken in accordance with the process described in the Directors' Report.

### **Principle 2: Structure the Board to Add Value**

The Constitution for Carnarvon provides for a minimum of three Directors and a maximum of twelve Directors. The Board currently comprises of four independent non-executive Directors (including an independent chairman and a lead independent non-executive director), and one executive Director.

The Board has the ability under the Company's Constitution to delegate its powers and responsibilities to committees of the Board. The Board has the following committees to assist in the discharge of its responsibilities:

- Remuneration & Nomination Committee; and
- Audit & Risk Committee;

Details of these Committees are set out in this statement.

#### *Recommendation 2.1 Nominations Committee*

Refer to *Recommendation 8.1*

#### *Recommendation 2.2 Board Skills Matrix*

The Company has put in place a process to assist in identifying areas of focus and maintaining an appropriate and diverse mix in its membership by utilising a Board Skills Matrix. The Board Skills Matrix will be reviewed by the Board annually.



Our Board Skills matrix sets out the mix of skills, experience and expertise that the Board currently has and is looking to achieve for board membership. As well as general skills expected for board membership (such as executive leadership and management experience, financial acumen and corporate governance and risk management experience), the matrix reflects various areas relevant to the Company's strategy. In particular, these areas are Geoscience Experience, North West Shelf Experience, legal skills, Government dealings experience, Business Development Skills, Debt and Capital Market Experience and Production Experience. Each of these areas is currently represented by the Board collectively. The Board benefits from a combination of the Directors' individual skills, experience and expertise in particular areas, as well as the varying perspectives and insights that arise from the interaction of Directors with diverse backgrounds.

The Board is of the view that the current Directors possess an appropriate mix of skills, experience, expertise and knowledge to enable the Board to discharge its responsibilities, deliver the Company's corporate objectives and direct the Company in accordance with high standards of corporate governance.

#### *Recommendation 2.3 Directors' Independence*

An independent director is defined in the Recommendations as a director that is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

Below is a table setting out the date each Director was appointed and their status as non-executive, executive or independent Directors.

<b>Director</b>	<b>First Appointed</b>	<b>Non-Executive</b>	<b>Independent</b>
Peter Leonhardt	17 March 2005	Yes	Yes
Adrian Cook	1 July 2011	No	No
Bill Foster	17 August 2010	Yes	Yes
Peter Moore	18 June 2015	Yes	Yes
Gavin Ryan	30 July 2018	Yes	Yes

#### *Recommendation 2.4 Majority of Directors Independent*

The recommendation of best practice is that a majority of directors (and in particular, the chairperson) should be independent. 80% of the Board of the Company are independent Directors. All non-executive Directors (including the Chairman) are independent.

### *Recommendation 2.5 Chairman and Chief Executive Officer / Managing Director*

The Company has at all times maintained a separation between the Chairman and Chief Executive Officer roles. The day to day management of the Company is overseen by the Managing Director and the Chief Executive Officer, Mr Adrian Cook. The Chairman of the Board is an independent director, Mr Peter Leonhardt.

### *Recommendation 2.6 Company Induction and Professional Development of Directors*

The Company has a program for the induction of new Directors. This induction covers all aspects of the Company's operations so as to ensure that new Directors are able to fulfil their responsibilities and contribute to Board decisions.

The Company provides appropriate resources for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors, including briefing Directors on developments in relevant accounting standards.

## **Principle 3: Act Ethically and Responsibly**

### *Recommendation 3.1 Code of Conduct*

In pursuit of the highest ethical standards, the Company has adopted a Corporate Code of Conduct and Executive Code of Conduct. These Codes of Conduct establish the standards of behaviour required of Directors and Executives in the conduct of the Company's affairs.

The Corporate Code of Conduct and the Executive Code of Conduct is available for review on the Company's website.

Directors and employees have a responsibility to report any suspected non-compliance with the Code of Conduct. There were no instances reported to the Board during the reporting period where the conduct of an employee of the Company was found to be in breach of the Code of Conduct.

## **Principle 4: Safeguard Integrity in Corporate Reporting**

### *Recommendation 4.1 Audit & Risk Committee*

The Board has established an Audit & Risk Committee with a Charter that sets out its roles, responsibilities, and composition, structure and membership requirements. The role of the Audit & Risk Committee is to assist the Board in its responsibilities to oversee the Company's financial reporting, compliance with legal and regulatory requirements, internal control structure, risk management system and internal and external audit functions. A copy of the Charter is available for review on the Company's website.

All members of the Audit & Risk Committee are independent non-executive Directors. The Chairman of the Audit and Risk Committee, Mr Bill Foster, is an independent non-executive Director and is not the Chairman of the Board. The Audit and Risk Committee currently has three members as set out below.

<b>Board Member</b>	<b>Capacity</b>	<b>Independent</b>	<b>Committee Position</b>	<b>Committee Meetings Held</b>	<b>Committee Meetings Attended</b>
Bill Foster	Non-executive	Yes	Chairman	2	2
Peter Moore	Non-executive	Yes	Member	2	2
Gavin Ryan	Non-executive	Yes	Member	2	2

*Recommendation 4.2 Declarations from the CEO and CFO*

The Chief Executive Officer and the Chief Financial Officer are required to make a declaration in accordance with section 295A of the Corporations Act that, in their opinion, the financial records of the Company have been properly maintained and that the Company’s financial reports comply with the appropriate accounting standards and present a true and fair view of the Company’s financial position and performance. The CEO and the CFO gave the above declarations to the Board before it adopted the Company’s 2020 Financial Statements.

The CEO and the CFO have also stated in writing to the Board that their opinion is founded on a sound system of risk management and internal control which is operating effectively.

*Recommendation 4.3 External Auditors*

The Board ensures that a representative of the external auditor of the Company attends the AGM to allow shareholders to ask the external auditor any questions about the conduct of the audit, the preparation and content of the auditor’s report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

**Principle 5: Make Timely and Balanced Disclosure**

*Recommendation 5.1 Continuous Disclosure Policy*

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company’s securities takes place in an efficient, competitive and

informed market. In accordance with the continuous disclosure requirements under the ASX Listing Rules, the Company maintains an Information Disclosure Policy (a copy of which is available on the Company's website). The Information Disclosure Policy ensures that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner and that all information provided to the ASX is immediately available to shareholders and the market on the Company's website.

Analyst and press briefings are often conducted following the release of half-year results, full-year results and major announcements and, from time to time, briefings with major shareholders are conducted in order to promote a better understanding of the Company. In conducting briefings, the Company takes care to ensure that any price sensitive information included in the content of briefings has already been made available to all shareholders and the market.

## **Principle 6: Respect the Rights of Security Holders**

### *Recommendation 6.1 Information on Website*

The Company provides information about itself and its governance to investors via its website and has a "Corporate Governance" landing page where all relevant corporate governance information can be accessed.

The Committee Charters and relevant Corporate Governance Policies are listed on the Corporate Governance landing page on the website.

The Company website also includes copies of its annual reports and financial statements, copies of its ASX announcements, copies of Notice of Meetings as well as an overview of the Company's business activities in appropriate areas of the website.

### *Recommendation 6.2 Investor Relations Program*

The Board aims to ensure that shareholders are kept informed of all major developments affecting the Company.

The Company has an established investor relations program, designed to facilitate effective communication between the Company and investors. The Company actively engages with shareholders, meeting them on request and responding to any enquires that they make from time to time. In addition, there is a detailed program of scheduled and ad hoc interactions with institutional investors, private investors, sell-side and buy-side analysts and the financial media.

The Company's investor relations program works in tandem with our obligations under the Information Disclosure Policy which is described in detail above and a copy of which is available on the Company's website.

Investor relations are managed by the senior executives of the Company who regularly report to the Board.

#### *Recommendation 6.3 Participation at Meetings of Shareholders*

The Company has policies and procedures in place which enable shareholders to receive the reports and participate in shareholder meetings by attendance or by written communication. The Board seeks to notify all shareholders so they can be fully informed for voting at the AGM. Shareholders can make an election to receive a copy of the Company's Annual Report by mail; otherwise the Annual Report is available on the Company's website. The Company has online voting facilities available which allow shareholders to vote ahead of the meeting without having to attend by appointing a proxy or corporate representative.

Shareholders are encouraged at AGMs to ask questions of Directors, senior management as well as the Company's external auditors who are required to be in attendance. Shareholders are also given the opportunity to provide questions or comments ahead of the AGM, with a response being provided at the AGM where appropriate.

#### *Recommendation 6.4 Electronic Communication*

The Company has the capability to communicate with shareholders electronically through its website, email communications and share registry. Electronic contact details are provided on the Company's website.

### **Principle 7: Recognise and Manage Risk**

#### *Recommendation 7.1 Risk Committee*

The Company has an Audit and Risk Committee that oversees risk. The Charter of the Audit and Risk Committee is available on the Company's website. The Audit and Risk Committee is composed of three Directors, all of whom are independent non-executive Directors, and is chaired by an independent Director, Mr Bill Foster.

<b>Board Member</b>	<b>Capacity</b>	<b>Independent</b>	<b>Committee Position</b>	<b>Committee Meetings Held</b>	<b>Committee Meetings Attended</b>
Bill Foster	Non-executive	Yes	Chairman	2	2
Gavin Ryan	Non-executive	Yes	Member	2	2
Peter Moore	Non-executive	Yes	Member	2	2

The Chief Executive Officer is accountable to the Board, through the Audit and Risk Committee, for the implementation of the risk management process and is ultimately responsible for the management of risks in the business.

The Board has adopted a formal Risk Management Policy and associated procedures so as to formalise the process of managing material business risks of the Company. A copy of the policy is available on the Company's website.

#### *Recommendation 7.2 Annual Risk Review*

The Risk Management Policy requires management to design and implement risk management processes and systems to identify and manage material business risks and report to the Board on whether those risks are being managed effectively.

The Board maintains policies and practices designed to identify and manage significant business risks, including:

- regular budgeting and financial reporting;
- procedures/controls to manage financial exposures and operational risks;
- procedures/controls to manage environmental and occupational health and safety matters;
- the Company's business plan;
- corporate strategy guidelines and procedures to review and approve the Company's strategic plans;
- reviewing oil price and currency hedging strategies and policies;
- insurance and risk management programs which are reviewed by the Board;
- prudential limitations procedures, which include Board approval for commitments or expenditures exceeding prescribed amounts; and
- Board approval to open bank accounts or incorporate any subsidiary.
- The Board is regularly briefed and involved in discussions in relation to many of the material business risks facing the Company.

The risk management framework is reviewed at least annually by the Audit and Risk Committee and has been reviewed for the year ended 30 June 2020.

#### *Recommendation 7.3 Internal Audit*

The Company does not have a formal internal audit function. The Audit and Risk Committee monitors the need for an internal audit function having regard to the size, geographic location and complexity of the Company's operations.

The Company's management periodically undertakes an internal review of financial systems and processes and where systems are developed. The Audit and Risk Committee also considers reviews of specific areas and monitors the implementation of system improvements.

### *Recommendation 7.4 Sustainability Risks*

The Company values economic, environmental and social sustainability within the areas which it operates. In order to mitigate any material exposure to economic, environmental and social sustainability risks, the Board, assisted by the Audit and Risk Committee, has oversight of risk management and meet regularly to review and assess risks.

During the financial year, the Company identified and addressed its material economic, environmental and social sustainability risks on page 23 to 25 of the Operating and Financial Review contained in the Company's 2020 financial report.

## **Principle 8: Remunerate Fairly and Responsibly**

### *Recommendation 8.1 Remuneration Committee*

The Board has established a Remuneration & Nomination Committee with a charter that sets out its roles, responsibilities, composition, structure and membership requirements. The Charter is available on the Company's website.

The Remuneration & Nomination Committee currently has three members. All members of the Remuneration & Nomination Committee are independent non-executive Directors (including the Chairman). The Remuneration & Nomination Committee currently has the following composition:

<b>Board Member</b>	<b>Capacity</b>	<b>Independent</b>	<b>Committee Position</b>	<b>Committee Meetings Held</b>	<b>Committee Meetings Attended</b>
Gavin Ryan	Non-executive	Yes	Chairman	3	3
Bill Foster	Non-executive	Yes	Member	3	3
Peter Moore	Non-executive	Yes	Member	3	3

### *Recommendation 8.2 Disclosure of Remuneration Policies and Practices*

The purpose of the Remuneration & Nomination Committee is to assist the Board to ensure that proper controls apply in the remuneration of Directors, management and employees. The Remuneration & Nomination Committee operates principally in a review and/or advisory capacity.

The Remuneration & Nomination Committee's role is to review and recommend remuneration for Directors, management and employees, review remuneration policies and practices, company incentive schemes and superannuation



arrangements in accordance with the Remuneration & Nomination Committee Charter.

The Committee considers independent advice, where circumstances require, on the appropriateness of remuneration to ensure the Company attracts, motivates and retains high quality people.

The ASX Listing Rules and the Company's Constitution require that the maximum aggregate amount of remuneration to be allocated among the non-executive directors be approved by the shareholders in the general meeting. In proposing the maximum amount for consideration by shareholders, and in determining allocation, the Remuneration & Nomination Committee takes account of the time demands made on Directors and such factors as fees paid to non-executive directors in comparable Australian companies.

Details of the remuneration policies and framework of the Company and the remuneration paid to Directors (executive and non-executive) and management are set in the Remuneration Report in the Directors' Report on pages 30 to 38 in the 30 June 2020 Financial Report. Shareholders will be invited to consider and approve the Remuneration Report at the 2020 AGM.

#### *Recommendation 8.3 Policy on Equity Based Remuneration Scheme*

The Company has a Policy for Trading in Company Securities which applies to all Directors, employees, contractors and consultants of Carnarvon. This policy provides a brief summary of the law on insider trading and other relevant laws and establishes a best practice procedure relating to dealing in securities that provides protection to both Carnarvon and its personnel against the misuse of unpublished information which could materially affect the value of Carnarvon securities.

In accordance with the Corporations Act, Carnarvon personnel are prohibited from hedging Carnarvon securities prior to the vesting of those securities or while those securities are subject to a holding lock or restriction on dealing under the terms of an employee incentive plan operated by the Company.

This prohibition is contained in the Policy for Trading in Company Securities, a copy of which is available on the Company's website.



**ASX Corporate Governance Council Recommendations (third edition) Checklist**

The Corporate Governance Statement was approved by the Board and is current as at 27 August 2020.

The table below contains each of the ASX Corporate Governance Principles and Recommendations (third edition) and denotes whether the Company has complied with the relevant Recommendation. Further detail is also contained in the Appendix 4G – Key to Disclosures – Corporate Governance Council Principles and Recommendations, released to the ASX at the same time as this Financial Report.

		Complied
<b>Principle1- Lay solid foundations for management and oversight</b>		
1.1	A listed entity should disclose: <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>	Yes
1.2	A listed entity should: <ul style="list-style-type: none"> <li>a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>b) Provide security holders with all material information in its possession relevant to a decision on a whether or not to elect or re-elect a director.</li> </ul>	Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes
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.	Yes
1.5	A listed entity should: <ul style="list-style-type: none"> <li>a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;</li> <li>b) Disclose the policy or a summary of it;</li> <li>c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them, and either;</li> </ul>	Yes

	<ol style="list-style-type: none"> <li>1. The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executives” for these purposes)</li> <li>2. 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 the Act.</li> </ol>	
1.6	<p>A listed entity should:</p> <ol style="list-style-type: none"> <li>a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ol>	Yes
1.7	<p>A listed entity should:</p> <ol style="list-style-type: none"> <li>a) Have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ol>	Yes
<b>Principle 2- Structure the board to add value</b>		
2.1	<p>The board of a listed entity should:</p> <ol style="list-style-type: none"> <li>a) Have a nominated committee 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,</li> </ol> <p>And disclose:</p> <ol style="list-style-type: none"> <li>3. The charter of the committee;</li> <li>4. The members of the committee; and</li> <li>5. As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> </li> <li>b) If it does not have a nominations committee, disclose that fact and 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>	Yes

2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes
2.3	A listed entity should disclose: a) The names of the directors considered by the board to be independent directors; b) If a director has an interest, position, associate 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, association or relationship in questions and an explanation of why the board is of the opinion; and b) The length of service of each director.	Yes
2.4	A majority of the board of a listed entity should be independent directors.	Yes
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.	Yes
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes
<b>Principle 3- Act ethically and responsibly</b>		
3.1	A listed entity should: a) Have a code of conduct for its directors, senior executives and employees; and b) Disclose that code or a summary of it.	Yes
<b>Principle 4- Safeguard integrity in corporate reporting</b>		
4.1	The board of a listed entity should: a) Have an audit committee which: 1. Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 2. Is chaired by an independent director, who is not the chair of the board, and disclose: 3. The charter of the committee; 4. The relevant qualifications and experience of the members of the committee; and 5. In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the member at those meetings; or	Yes

	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.	
4.2	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.	Yes
4.3	A 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.	Yes
<b>Principle 5- Make timely and balanced disclosure</b>		
5.1	A listed entity should: <ul style="list-style-type: none"> <li>a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>b) Disclose that policy or a summary of it.</li> </ul>	Yes.
<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.	Yes
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes
<b>Principle 7- Recognise and manage risk</b>		
7.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>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> </ol> </li> </ul>	Yes

	<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>	
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</p> <p>b) Disclose in relation to each reporting period whether such a review has taken place.</p>	Yes
7.3	<p>A listed entity should disclose:</p> <p>a) It has an internal audit function, how the function is structured and what role it performs; or</p> <p>b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Yes
7.4	<p>A listed entity should disclose whether it has any material exposure to economic environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Yes
<b>Principle 8- Remunerate fairly and responsibly</b>		
8.1	<p>A listed entity should:</p> <p>a) Have a remuneration committee which:</p> <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,</li> </ol> <p>And disclose:</p> <ol style="list-style-type: none"> <li>3. The charter of the committee;</li> <li>4. The member of the committee; and</li> <li>5. As at the end of each reporting period, the number of time the committee met throughout the period and the individual attendance of the members at those meetings;</li> </ol>	Yes

	<p>b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes
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 or participating in the scheme; and</p> <p>b) Disclose that policy or a summary of it.</p>	Yes