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## RISK AND GOVERNANCE COMMITTEE CHARTER

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### 1. INTRODUCTION

#### 1.1 Purpose of the Risk and Governance Committee

The Risk and Governance Committee has been established by resolution of the Board of Karoon Gas Australia Ltd (**Karoon** or **Company**). The Board has ultimate responsibility for risk oversight and risk management and is committed to fostering a culture of corporate compliance, ethical behaviour and decision making, good corporate governance and risk management outcomes. The Board believes that:

- (a) good risk management and corporate governance practices will produce the best outcomes for shareholders and the Company's wider group of stakeholders; and
- (b) that an appropriate balance must be struck between identifying, managing and mitigating material risks and enabling the Company to employ creativity and focus in achieving its business goals and thereby maximise shareholder value.

### 2. ROLE AND RESPONSIBILITIES

#### 2.1 Risk Identification

The formation of the Risk and Governance Committee is designed to assist the Board to properly identify and monitor risks so as to enable the Board to discharge its risk oversight responsibilities.

#### 2.2 Committee Deliberations

In its deliberations, the Committee will have due regard to the Board's:

- (a) overriding responsibility to, and need to act in, the best interests of its shareholders; and
- (b) need to effectively communicate with, and listen to the views of, shareholders and the Company's wider group of stakeholders.

#### 2.3 Strategic Direction

The Committee is responsible to the Board for:

- (a) leading the Company's strategic direction in the management of material business risks; and
- (b) working with the Board and management to determine the Company's risk appetite.

#### 2.4 Oversight

The Committee is responsible to the Board for oversight of the:

- (a) risk profile and management of the risk management framework within the confines of the Board determined risk appetite;
- (b) implementation and review of risk management and internal compliance and control systems;
- (c) management identification of material exposure to economic, environmental and social sustainability risks and how those risks are managed;
- (d) Director's Report (in the Annual Report) discussion of the main internal and external risk sources that could adversely affect the Company's prospects for future financial years; and
- (e) the policies of corporate governance of the Company, including the:
  - (i) Code of Conduct;

- (ii) Anti-Bribery and Corruption Policy;
- (iii) Related Party Policy;
- (iv) Social Responsibility Policy (and any Sustainability Reports prepared under that policy);
- (v) Diversity Policy;
- (vi) Continuous Disclosure Policy; and
- (vii) Share Trading Policy

## **2.5 Policies and Practices**

- (a) The Board, management and staff of the Company are committed to good governance outcomes and believe that policies and processes designed to achieve good governance outcomes should be fully embedded in the Company's fabric and culture.
- (b) The role of the Committee in relation to governance is to ensure that the Company has the appropriate ethical standards and corporate governance policies and practices in place in order to protect and enhance shareholder returns.
- (c) In considering policies and practices the Risk and Governance Committee is responsible for working with the Board to:
  - (i) adopt the most appropriate ethical and governance standards in order to meet all relevant corporate governance requirements; and
  - (ii) ensure, so far as possible, that risk and governance policies are properly embedded within the Company's operations and that all who work for, and with the Company embrace these policies and standards as a normal and necessary element of managing the Company to maximise value for shareholders.

## **2.6 Review**

The Risk and Governance Committee should review:

- (a) on at least an annual basis, the effectiveness of the Company's risk management framework in identifying and managing risks and controlling internal processes;
- (b) on at least an annual basis, the measurable objectives for achieving gender diversity under the diversity policy and assess progress against the objectives;
- (c) on at least an annual basis, the Company's overall corporate governance framework;
- (d) the Company's insurance program;
- (e) management's plans for mitigation of material risks faced by the Company;
- (f) the Risk Register on a periodic basis, identifying the main internal and external risk sources including material exposures to economic, environmental and social sustainability risks;
- (g) any incident of fraud and other break down of internal controls;
- (h) information from the Company as required including obtaining that information, communicating with management and auditors and obtaining advice from consultants where appropriate.

## **2.7 Recommendations**

The Risk and Governance Committee is responsible for making recommendations as to:

- (a) the Company's risk appetite and particular risks and/or risk management practices;
- (b) continuous improvement of risk management and internal control processes, including any issues arising from reviews;
- (c) external best practice developments and trends in relation to corporate governance, compliance, regulatory and risk management policy and practice (including in relation to the ASX Corporate Governance Council's best practice recommendations);
- (d) corporate governance disclosures on the Company's website(s);

- (e) the Corporate Governance Statement published annually in the Company's Annual Report to shareholders prior to its publication; and
- (f) effective policies to communicate the Company's corporate governance policies to shareholders, media, analysts and other external stakeholders.

### **3. ADMINISTRATION**

#### **3.1 Membership**

(a) *Structure of the Committee*

The Risk and Governance Committee shall comprise the following membership structure:

- (i) at least 3 non-executive director members;
- (ii) a majority of independent non-executive director members;
- (iii) annual nomination and confirmation by the Board of all members; and
- (iv) an independent Chairperson appointed by the Board.

(b) *Skills*

- (i) Committee members will be given the opportunity to attend professional development events, courses and study opportunities which are directly relevant to assisting them to fulfil their Committee responsibilities,
- (ii) Members of the Committee shall have appropriate skills and experience in the areas of risk management and governance policy and practice and will be expected to keep abreast of relevant developments in these areas,

#### **3.2 Chairperson**

- (a) A member of the Committee who is an independent director and who is not the chair of the Board shall be elected by the Board as Chairperson of the Committee.
- (b) The Chairperson shall be re-elected annually by the Board.

#### **3.3 Secretary**

The Company Secretary will be the Secretary of the Risk and Governance Committee.

#### **3.4 Quorum**

A quorum shall be two members who are independent non-executive directors.

#### **3.5 Voting**

A resolution of the Committee requires the agreement of a majority of members present.

#### **3.6 Meetings**

- (a) The Committee will meet at least three times per annum, or more frequently as required.
- (b) The Committee Secretary will convene Committee meetings, draft agendas as required and prepare the minutes of Committee meetings.
- (c) Each Committee member must be given reasonable prior notice of the intention to hold a Committee meeting.
- (d) Non-members of the Committee may be invited to attend Committee meetings on either a routine or ad hoc basis.

#### **3.7 Records and Reporting**

- (a) The Committee shall establish and maintain files, which will contain the following:
  - (i) this Charter document (which shall also be available on the company's website);
  - (ii) copies of the confirmed minutes of all meetings of the Committee;

- (iii) copies of all written submissions to the Board by the Committee and copies of the confirmed Board minutes relating to such submissions; and
  - (iv) details of any changes to the composition of the Committee or its Charter.
- (b) The Committee may report to the Board at any time on any matter as the Committee sees fit.
- (c) Minutes of the Committee meetings will be kept and provided to the Board at the next meeting following the Committee meeting to which the minutes relate, along with any recommendation of the Committee.

### **3.8 Conflicts of Interest**

Members of the Risk and Governance Committee will not be present or vote on matters that involve a conflict of interest or involve relatives of the relevant member.

### **3.9 Access to Information**

- (a) The Risk and Governance Committee is authorised by the Board to investigate any activity within its Charter. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Remuneration Committee.
- (b) The Risk and Governance Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at its meetings if it considers this necessary.

### **3.10 Authority**

The Risk and Governance Committee has no decision making power but is required to make recommendations to the Board on all matters within its Charter.

### **3.11 Review and Revocation**

- (a) The performance of the Risk and Governance Committee will be reviewed annually by the Board.
- (b) The Committee will review the Risk and Governance Committee Charter annually and discuss required changes with the Board.
- (c) The Committee will ensure that the Charter is approved or re-approved by the Board if required.
- (d) Any previous Risk and Governance Committee Charter is revoked with effect from the date of this Charter.



Chairman

Date: 27<sup>th</sup> November 2015