

OUR GOVERNANCE

2024 Highlight



Operations completed with zero anti-bribery or corruption violations

Carnarvon believes high standards of governance are critical to delivering our strategy, creating long-term shareholder value, and maintaining our social licence to operate.

In the reporting period, Carnarvon's business activities were undertaken and completed with zero anti-bribery and corruption violations.

Carnarvon's Whistle-blower Policy located on the Company's website outlines how critical concerns are communicated to the Board. No critical concerns communicated to the Board during the reporting period.

Oversight of Carnarvon's impacts on the economy, environment, and people sits with our Board. The Board delegates responsibility for management of Carnarvon's business activities to the CEO, who remains accountable to the Board. This responsibility is then carried out through a group of committees and corporate governance policies and procedures, which are reviewed annually against ASX corporate governance guidance, as can be seen in our latest [Corporate Governance Statement](#).

To ensure effective oversight, Carnarvon utilises specialist recruitment agents to assist in identifying appropriate candidates for the Board. The Board then assesses the candidates to ensure they have the appropriate skills and experience required by the Company. Shareholders can also nominate candidates to the Board at the Carnarvon's general meetings.

Carnarvon has also put in place a process to assist in maintaining an appropriate and diverse mix in its Board membership via a Board Skills Matrix, which is outlined in Carnarvon's 2024 Corporate Governance Statement.

The Board Skills matrix sets out the skills, experience and expertise that the Board currently has and/or is looking to achieve for future 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 Carnarvon's strategy. In particular, these areas are understanding of the North-West Shelf offshore Western Australia, legal and contracting skills, experience with government dealings, business development skills, debt and capital market experience and production and operations experience. Each of these areas are currently represented by the Board collectively.

The Board benefits from a combination of 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 Carnarvon's corporate objectives and provide oversight in accordance with high standards of corporate governance.

Remuneration

Carnarvon's remuneration framework seeks to focus executives on delivering on the Carnarvon purpose, which is to become a major Australian energy provider with expertise and capability that enables the generation of material returns for shareholders. The remuneration framework includes the following:

- Fixed remuneration which aligns to market practice and prevailing economic conditions. It seeks to attract, motivate and retain executives focused on delivering Carnarvon's purpose.
- 'At risk' performance-based incentives link to shorter-term and longer-term Company goals. The goals contribute to the achievement of Carnarvon's purpose.
- Longer term 'at risk' incentives are also designed to directly align with shareholder objectives and interests.

The Board determines Carnarvon's remuneration based on recommendations made to the Board by its Remuneration and Nominations Committee which is guided by Carnarvon's Remuneration and Nomination Committee Charter Policy. The recommendations are based on market conditions and by utilising independent remuneration consultants when required. However, no independent consultants were utilised during the reporting period.

Carnarvon's shareholders can also provide feedback and vote on the Company's Remuneration Report, contained in its Annual Report, at each Annual General Meeting. At the Company's 2023 Annual General Meeting at least 25% of the votes cast were against the adoption of the Remuneration Report. In response, the Board instituted changes to its remuneration during the reporting period. These included reductions to the fixed remuneration of the CEO (20% reduction) and Directors (40% reduction). Other staff received an average CPI increase of 4.2%. The ratio of the CEO's total compensation to the median annual total compensation for all employees (excluding the CEO) is 3.37:1.

OUR GOVERNANCE

GOVERNANCE STRUCTURE



OUR GOVERNANCE

BOARD AND COMMITTEE COMPOSITION

Board of Directors:

As per the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 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 and/or independent:

Director	First Appointed	Length of service	Non-Executive	Independent
Bill Foster	17 August 2010	14 Years	Yes	Yes
Rob Black	2 April 2024	5 Months	Yes	Yes
Russell Delroy	15 December 2023	8 Months	Yes	No ¹
Will Barker	15 December 2023	8 Months	Yes	Yes

¹Mr Delroy is a nominee of Nero Resources Fund, a substantial holder of Carnarvon. Due to his association with Nero, he is not considered independent.

Risk, Governance & Sustainability and Remuneration & Nomination Committees:

Carnarvon has a Risk Governance and Sustainability Committee that oversees risk management and a Remuneration and Nomination Committee. Both Committees are composed of three directors, all of whom are independent non-executive directors, as per the below table:

Board Member	Capacity	Independent	Committee Position
Will Barker	Non-executive	Yes	Chair
Bill Foster	Non-executive	Yes	Member
Rob Black	Non-executive	Yes	Member

OUR GOVERNANCE

ECONOMIC IMPACT

2024 Highlights

- ★ Completion of partial divestment of Bedout assets to CPC Corporation, Taiwan
- ★ Optimisation study for the Dorado Phase 1 liquids development

Carnarvon contributes to the national and regional economies in which we operate. Carnarvon’s annual report provides an overview of our economic performance in FY24, and can be found on our [website](#).

During the reporting period, Carnarvon completed the divestment of a 10% interest in its Bedout assets, including the Dorado field, to CPC for a total cash consideration of US\$148 million (includes a US\$90 million development cost carry). The CPC transaction has been transformative for Carnarvon, providing considerable funding for the Dorado development, as well as allowing the company to unlock the substantial exploration potential across its Bedout assets.

Project engineering works for the Dorado development continued during the year, with a major focus on the integration of the Pavo field and optimisation of the proposed Dorado facilities. As part of the optimisation study, the Dorado joint venture is reviewing various opportunities to reduce the upfront development costs and time to first oil and cashflows, including re-purposing an existing FPSO. Dorado continues progress towards FEED re-entry later this year, and FID in 2025.

Approximately 100% of expenditure associated with progressing project engineering works for the Dorado development, including Pavo integration and the optimisation study, was spent on local suppliers. As stated in our Non-Discrimination and Equal Opportunity chapter (page 23 to 24), ‘local’ is defined as residing in Western Australia as this is where Carnarvon’s operations reside.

Due to no active operations in the current reporting period, Carnarvon didn’t have a significant direct or indirect impact on local communities and economies, once Dorado commences development and production, there is expected to be direct positive impacts, particularly through employment opportunities an investment in local communities, which would be on a commercial basis. There is also expected to be indirect positive impacts through energy security, taxation and indirect employment opportunities.

Looking ahead to 2025

In the coming period, Carnarvon intends to work closely with the operator, and Dorado joint venture, to progress the Dorado development to FID.

We will also seek to maximise shareholder value and drive share price growth through the realisation of Dorado FID and firming up the next targets in the Bedout Exploration Permits for planned drilling in 2025, or assessing alternative transaction opportunities.

Our 2025 Goal

Maximise shareholder value and share price performance year on year.



ASSET INTEGRITY AND CRITICAL INCIDENT MANAGEMENT

2024 Highlight

 Annual review of risks completed

At Carnarvon we recognise that risk is inherent in our business, and that managing risk is essential to our continuing success. To us, success means maintaining the health and safety of our staff and the integrity of the natural environments in which we operate. Carnarvon is committed to identifying, evaluating, and treating all risks in a proactive and effective manner.

Our approach in 2024

Carnarvon did not undertake any drilling operations during the reporting period. Nevertheless, our Incident Management Team (IMT) and Crisis Management Team (CMT) both remained active, with a focus on updating relevant procedures, and maintaining emergency preparedness.

We continue to align sustainability and risk management through our RGS Committee and corporate risk register. Risks are assessed with consideration given to potential health, safety, environmental, community, reputational, legal, and financial impacts. Materials risks are managed across our business activities, functions, and processes, with day-to-day oversight by senior management. The RGS Committee provides the final level of risk review, in addition to its overall responsibilities for corporate governance and sustainability, with ultimate

endorsement of the company's 'top risks' by the Board.

There were no spills and process safety events reported during the period as no drilling or operations occurred. Carnarvon does have abandoned wells in permit areas so whilst the risk of a spill or safety event related to these is low, the topic continues to be monitored.

More details on the RGS Committee, including its charter, are available on the Carnarvon [website](#).

Looking ahead to 2025

For the coming period, Carnarvon will continue to aim for the highest standards of health, safety, and environmental stewardship through the management of risk and asset integrity. This includes following all required standards and on-going training and development of our staff.

Our 2025 Goal

Ensure the Dorado production facilities will be constructed in accordance with required standards and specifications

