

# Corporate governance statement

This document discloses the extent to which Emperor Energy Limited ACN 006 024 764 (**Company**) has followed the recommendations set by the ASX Corporate Governance Council in the third edition of its Corporate Governance Principles and Recommendations (**ASX Recommendations**) during the relevant part of the reporting period.

This document is current as at 30 June 2019 and has been approved by the board of the Company.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<b>Recommendation 1.1</b> 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.	Yes  Yes	Refer Section A of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link: <a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a>
<b>Recommendation 1.2</b> 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 relevant to a decision on whether or not to elect or re-elect a director.	Yes  Yes	Refer Section D of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link: <a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a>  Information is included in The Company's Notice of Meetings to shareholders.
<b>Recommendation 1.3</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Refer Section A of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link: <a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a>
<b>Recommendation 1.4</b> The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	Refer Section A4 of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link: <a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a>



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<p><b>Recommendation 1.7</b></p> <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>Yes</p> <p>Yes</p>	<p>Refer Section D of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a></p> <p>No performance evaluation was undertaken during the period to June 2019. A performance evaluation will be completed in the forthcoming financial year, following 12 months service of the existing Board members.</p>
<p><b>Principle 2: Structure the board to add value</b></p>		
<p><b>Recommendation 2.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	<p>(a) No</p> <p>(i) N/A</p> <p>(ii) N/A</p> <p>(iii) N/A</p> <p>(iv) N/A</p> <p>(v) N/A</p> <p>(b) Yes</p>	<p>Due to the size of the Company and its Board, the Board will fulfil the roles and responsibilities in relation to nomination.</p> <p>Refer Section D of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a></p> <p>The Company intends to disclose the matters contemplated by Recommendation 2.1(b) in future annual reports.</p>
<p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Yes</p>	<p>Refer Section A of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a></p>

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<p><b>Recommendation 2.3</b></p> <p><b>A listed entity should disclose:</b></p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), 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</p> <p>(c) the length of service of each director.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>The Board consists of three directors, one of which (being Daniel Justyn Douglas Peter) is an independent non-executive director.</p> <p>The Board considers above-mentioned non-executive directors to be independent having regard to the indicia in Box 2.3 in the ASX Recommendations. The Board has considered the holdings of shares in the Company by above non- executive directors and is of the opinion that their respective interests in shares would not materially interfere with, or could be reasonably perceived to interfere with, the independent exercise of their judgement in their position as a Director. The Board also considers that Malcolm King and Nigel Harvey are otherwise free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgement, and that each of these Directors are able to fulfil the role of independent Director for the purposes of the ASX Recommendations.</p> <p>Carl Dumbrell and Phil McNamara are currently considered by the Board to not be independent on the basis they have a substantial shareholding in the Company.</p> <p>The lengths of service are as follows:</p> <ul style="list-style-type: none"> <li>• Carl Dumbrell (since 3 July 2015)</li> <li>• Nigel Harvey (since 1 April 2019)</li> <li>• Malcolm King (since 2 April 2019)</li> <li>• Phil McNamara (since 1 April 2019)</li> </ul>
<p><b>Recommendation 2.4</b></p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>Yes</p>	<p>As noted above in Recommendation 2.3, the Board is composed of two non-executive independent directors.</p>
<p><b>Recommendation 2.5</b></p> <p>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.</p>	<p>Yes</p>	<p>There is currently no Chairman of the board due to the size of the Company and its composition. A Chairman is appointed at the commencement of each board meeting.</p> <p>The roles of the Chairman and Chief Executive Officer are intended to be exercised by different individuals.</p>

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<p><b>Recommendation 2.6</b></p> <p>A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	Yes	<p>Refer Section D of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a></p>
<p><b>Principle 3: Act ethically and responsibly</b></p>		
<p><b>Recommendation 3.1</b></p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Yes to all	<p>Refer Section A of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a></p>
<p><b>Principle 4: Safeguard integrity in financial reporting</b></p>		
<p><b>Recommendation 4.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) 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 financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>No</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>Yes</p>	<p>Due to the size of the Company and its Board, the Board will fulfil the roles and responsibilities in relation to audit.</p> <p>The Company intends to disclose the matters contemplated by Recommendation 4.1(b) in future annual reports.</p> <p>Refer Section B of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a></p>

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<p><b>Recommendation 4.2</b></p> <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 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>	Yes	A Director and Company Secretary execute Section 295A declarations and submit to the Board prior to approving the Annual Report.
<p><b>Recommendation 4.3</b></p> <p>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>	Yes	The Auditor attends the Company Annual General Meeting.
<b>Principle 5: Make timely and balanced disclosure</b>		
<p><b>Recommendation 5.1</b></p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes  Yes	Refer Section F of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:  <a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a>
<b>Principle 6: Respect the rights of security holders</b>		
<p><b>Recommendation 6.1</b></p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	Refer to the Company's website at the following link:  <a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a>
<p><b>Recommendation 6.2</b></p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	Refer Section A of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:  <a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a>
<p><b>Recommendation 6.3</b></p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Yes	This is disclosed in the Company's Notice of Meetings when dispatched to Shareholders

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<p><b>Recommendation 6.4</b></p> <p>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>	Yes	This is implemented by the Company's Share Registry.
<b>Principle 7: Recognise and manage risk</b>		
<p><b>Recommendation 7.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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 process it employs for overseeing the entity's risk management framework.</p>	<p>(a) No</p> <p>(i) N/A</p> <p>(ii) N/A</p> <p>(iii) N/A</p> <p>(iv) N/A</p> <p>(v) N/A</p> <p>(b) Yes</p>	<p>Due to the size of the Company and its Board, the Board will fulfil the roles and responsibilities in relation to risk</p> <p>The Company intends to disclose the matters contemplated by Recommendation 7.1(b) in future annual reports.</p> <p>Refer Section C of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a></p>
<p><b>Recommendation 7.2</b></p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	Yes to all	<p>The Company regularly undertake reviews of its risk management framework to establish an effective and efficient system for:</p> <p>(i) identifying, assessing, monitoring and managing risk; and</p> <p>(ii) disclosing any material change to the Group's risk profile.</p> <p>The Company intends to disclose the matters contemplated by ASX Recommendation 7.2 in future annual reports.</p> <p>For further detail refer to Section C of the Company's Corporate Governance Charter which is located on the Company's website at the following link:</p> <p><a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a></p>

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<p><b>Recommendation 7.3</b></p> <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>a. N/A</p> <p>b. Yes</p>	<p>The Company does not have an internal audit function. The Audit Committee directly oversees relevant risk areas as part of its risk management function.</p> <p>For further detail refer to Section B of the Company's Corporate Governance Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a></p>
<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Yes</p>	<p>There is no material exposure to economic and social sustainability risks. The Company details the environmental risks in the Directors Report in the 2019 Annual Report and through the preparation of environmental management plans.</p>
<p><b>Principle 8: Remunerate fairly and responsibly</b></p>		
<p><b>Recommendation 8.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee meet 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>(a) No</p> <p>(i) N/A</p> <p>(ii) N/A</p> <p>(iii) N/A</p> <p>(iv) N/A</p> <p>(v) N/A</p> <p>b. Yes</p>	<p>Due to the size of the Company and its Board, the Board will fulfil the roles and responsibilities in relation to the remuneration of directors and senior executives</p> <p>The Company intends to disclose the matters contemplated by Recommendation 8.1(b) in future annual reports.</p> <p>For further detail refer to Section D of the Company's Corporate Governance Charter which is located on the Company's website at the following link:</p> <p><a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a></p>



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<p><b>Recommendation 8.2</b></p> <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	<p>Separate disclosure regarding the remuneration of the Company's directors (executive and non-executive) and CEO is disclosed in the Company's Annual report, as lodged with the ASX and issued to shareholders.</p> <p>A copy of the latest Annual Report containing this disclosure can be accessed at: <a href="https://emperorenergy.com.au">https://emperorenergy.com.au</a></p>
<p><b>Recommendation 8.3</b></p> <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>	N/A	The Company does not have an equity based remuneration scheme in place.