

# BLUE ENERGY LIMITED

AB N 14 054 800 378

## BOARD CHARTER



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### Introduction

The **objective** of Blue Energy Limited (the Company) is to create long term value for shareholders through the discovery, development and conversion of oil and gas natural resources through the delivery of Blue Energy's Vision Statement (Corporate Objective).

The purpose of this Charter is to clearly outline the structure of Blue Energy's Board (the Board) and to define its role through the identification of the powers reserved solely to it and those delegated to Committees of the Board or to Management.

The **role** of the Board is to, while representing shareholders, define the purpose and set the strategic objectives for the Company in addition to demonstrating leadership so as to ensure Management's implementation of the Company's values and strategic initiatives as well as to promote and protect the interests of the Company.

The Board is to set, the 'risk appetite' for the Company, to oversee the risk management framework and to satisfy itself that the risk management framework is sound as well as approving the Company's statement of value's in addition to its code of conduct so as to underpin the appropriate corporate culture.

This Board Charter includes an overview of:

- The Board's composition and processes;
- The interaction and relationship between the Board, its Committees and Management; and
- The delegation of responsibilities and decision-making matters reserved to the Board and those assigned to the Chief Executive Officer / Managing Director (CEO/MD)

The Board Charter and the charters adopted by the Board for its standing Committees have been prepared and adopted on the basis that strong corporate governance can add to the performance of the Company, create shareholder value and engender the confidence of the investment market.

## A. BOARD MEMBERSHIP AND PROCESS

### Shareholders

1. The Board is appointed by the shareholders.
2. The Board will ensure that it receives regular information regarding the issues and concerns of shareholders.
3. The Chairman (or other non-executive director nominated by the Chairman), will represent the Board to the shareholders and will communicate the Board's position. The Chairman and any other Directors will communicate the shareholders position to the Board.

### Composition

4. The Board will always attempt to have a majority of directors who are non-executive and are judged by the Board to be independent of judgment and character and free of material relationships with the Company and other entities and people that might influence or would be perceived by shareholders to influence such judgment.
5. The Board will endeavor to have a balance of non-executive and executive directors that is effective for the promotion of shareholder interests and the governance of the Company. Due to the size of the Company and the stage of its development this may not be appropriate and the Directors will determine the Board composition as required. The situation will be monitored and changed in line with best practice as the company's size and development changes.

6. The Board determines the size and composition of the Board, subject to the terms of the Company's Constitution. The positions of Chairman and Managing Director are required to be held by separate persons.
7. The Board will review the skills, experience, expertise and diversity represented by Directors on the Board and determine whether the composition and mix remain appropriate for the Company's strategy. The Board will have regard to this review and the skills matrix for the Directors when considering Board succession planning.
8. The Board will at least annually review the skills represented by directors on the Board and determine whether the composition and mix of those skills remain appropriate to achieve the Corporate Objective.
9. Non-executive directors will be engaged through a letter of appointment.
10. The Board will determine the level of remuneration paid to its members within any limits approved by shareholders.

### Independence and Tenure

12. The Board regularly reviews the independence of each Non-executive Director in light of information relevant to this assessment as disclosed by each Non-executive Director to the Board.
13. The Board only considers a Director to be independent where he or she is free of any interest, position, association or relationship that might influence, or might reasonably be perceived to influence, in a material respect his or her capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.
14. The Board has adopted a definition of independence based on that set out in the ASX Corporate Governance Council's Principles and Recommendations (4<sup>th</sup> edition) as a guide. Additional policies, such as Directors not being present during discussions or decision making on matters in which they have or could be seen to potentially have a material conflict of interest, as well as Directors being excluded from taking part in the appointment of third-party service providers where the Director has an interest, provide further separation and safeguards to independence.
15. The Board does not believe that it should establish an arbitrary limit on tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight in the Company and its operation and, therefore, an increasing contribution to the Board as a whole. Accordingly, tenure is just one of factor that the Board considers when assessing the independence and ongoing contribution of a Director in the context of the overall Board process.

### Conduct

16. Directors will act at all times with honesty and integrity and will observe the highest standards of ethical behaviour. Each Director will ensure that no decision or action is taken that has the effect of placing his or her interests in priority or in conflict to the interests of the Company.
17. Directors commit to the collective, group decision-making processes of the Board. Individual Directors will always respect the contributions of other Directors and strive to understand their perspective and contributions to Board debate and discussion. Directors will debate issues openly and constructively and be free to question or challenge the opinions presented at meetings where their own judgement differs from that of other Directors.

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18. All Directors are expected to utilise their range of relevant skills, knowledge and experience for all matters discussed at Board meetings. Executive Directors will ensure that they bring to all Board debate and discussion their unique knowledge, experience, and perspective on the Company's businesses.
19. Directors will use all reasonable endeavours to attend Board meetings. Members unable to attend a meeting must advise the Chairman and Company Secretary as soon as practicable with an explanation for non-attendance.
20. Non-executive Directors will periodically meet alone without Executive Directors or representatives of executive management present. In addition, Directors will periodically meet alone without Nominee Directors or representatives of executive management present.
21. Directors will be expected to participate in all induction or orientation programs, and any continuing education or training arranged for them.
22. The Board collectively, as well as the Committees of the Board may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chairman, (which will not be unreasonably withheld) individual Directors may seek independent professional advice at the expense of the Company, on any matter connected with the discharge of their responsibilities. A copy of any advice so received will be made available to all Directors.

### Chairman

23. The Board will select one of its members to be Chairman.
24. If the composition of the Board allows the Board will identify an independent non-executive Director to act as Chairman for a Board meeting in the event that the Chairman is unable to do so for any reason. The Board will periodically keep the shareholders informed through appropriate disclosure of its choice in this regard.
25. The Chairman will facilitate the work of the Board at its meetings, and be responsible for ensuring that the principles and processes of the Board are maintained.
26. The Chairman will set the agenda for each meeting in consultation with the CEO/MD and the Company Secretary. Any Director may request that an item be added to the agenda.
27. The Chairman has authority to represent the Board between its meetings, including engaging with the CEO/MD. The Chairman will report to the Board and Committee Chairs as appropriate on actions taken and discussions held between meetings of the Board.

### Chief Executive Officer/Managing Director.

28. The CEO/MD is responsible for the executive management of the Company, and is accountable to the Board for its day to day operations. The CEO/MD is authorised to delegate such of the powers conferred on him as he deems appropriate. The delegation of powers by the CEO/MD will be subject to limits and restrictions as from time to time determined by the Board.

### Secretary

29. The Company Secretary is accountable to the Board and his or her appointment and removal is a matter for the Board as a whole.
30. The Company Secretary will advise the Chairman, and through the Chairman, the Board and individual Directors on all matters of governance process.
31. The Company Secretary's advice and services shall be available to all Directors and Board Committees.
32. The Company Secretary will retain independent advisory services at the request of the Board or Board Committees.

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33. The Company Secretary will develop and maintain the information systems and processes that are appropriate for the Board to fulfill its role and to achieve the Corporate Objective.

### Board Evaluation

34. The Board will at least annually conduct performance evaluations of the Board as a whole, its Committees, the Chairman, individual Directors, and the governance processes which support Board work.
35. All evaluations will have regard to the collective nature of Board work, and the operation of the governance processes established in this document. They will be conducted periodically as the Board considers appropriate.
36. The Board will conduct evaluations of the performance of Directors retiring and seeking re-election to the Board. The Board will use the results of these evaluations in considering the endorsement of Directors for re-election by shareholders.

### The Board and its Committees

37. The Board will establish Committees to assist the Board in exercising its authority.
38. The permanent committee of the Board is as follows:
- Risk and Audit Committee (RAC)

The Nomination and Remuneration functions will be administered by the full board until such time as the size and nature of the Company dictate that a separate committee is warranted.

39. Each Committee will be composed of the individuals the Board considers best suited to fulfil the role of each Committee. The Chair of each Committee will be a non-executive Director. The requirements for composition are set out in the individual charters for each Committee.
40. Committees will have access to sufficient resources to carry out their activities effectively.
41. The Board may establish more detailed documents to set the constitutional base for each committee, to record their activities, duties and to provide guidance to Directors.
42. Committees will assist the Board by focusing on the following activities, reporting to the Board on decisions and actions taken, and making any necessary recommendations:

### Review of Charter

This Charter will be reviewed regularly to ensure that it meets the best practice standards, and complies with all governance principles of the Australian Securities Exchange.

**Approved by Authority of the Board 20 August 2019**