

# PILOT ENERGY LIMITED

## REMUNERATION COMMITTEE CHARTER

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### **1 Purpose**

- 1.1 This charter sets out the composition, role, responsibilities and administration of the Remuneration Committee (“Committee”) of Pilot Energy Limited (“Pilot”) within the corporate governance structure of Pilot and its controlled entities (“the Company”).
- 1.2 The Committee has been established by the board of directors (“Board”) of Pilot in accordance with clause 7 of Pilot’s Board Charter.
- 1.3 The Committee is to assist and advise the Board on matters relating to the remuneration of executive directors, non executive directors and other key executives of the Company.

### **2 Membership**

- 2.1 The Board has determined that the Committee, where practicable, shall comprise at least three non-executive directors.
- 2.2 The Committee members shall possess the appropriate skills and experience to enable the Committee to meet its purpose.
- 2.3 The Committee shall be chaired by the chairperson of the Board or a non-executive independent director.
- 2.4 The appointment of new members of the Committee shall be approved by the Board.
- 2.5 Other executives or individuals may attend meetings of the Committee at the invitation of the Committee chairperson, but are not members of the Committee.
- 2.6 If a member is unable to act for any reason, the chairperson may appoint another non-executive director as an additional member, provided, where practicable, that the majority of the members of the Committee shall be independent.

### **3 Secretary**

The Secretary of the Committee shall be Company Secretary or such other person as the Committee may appoint.

### **4 Voting Arrangements**

- 4.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.

- 4.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 4.3 Save where he has a personal interest, the chairperson will have a casting vote.
- 4.4 All decisions of the Committee shall be formally reported to the Board by the chairperson. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and shall compile a report on its activities to be included in the Company's annual report.

## **5 Role**

- 5.1 The role of the Committee shall be to:
- (a) determine and disclose remuneration and incentive policies and remuneration of executive directors, non executive directors and other key executives.
  - (b) Ensure processes are in place, and disclose those processes, for setting the level of and composition of remuneration for directors and key executives and ensuring that such remuneration is appropriate and not excessive.
  - (c) Ensuring that executive remuneration has an appropriate balance of fixed and performance based remuneration. Fixed remuneration should be reasonable and fair, taking into account the Company's obligations at law and market conditions, and should be relative to the scale of the Company's business. Fixed remuneration should reflect core performance requirements and expectations. Non executive directors should be remunerated only by cash fees and superannuation benefits, Performance based remuneration should be linked to clearly specified performance targets and KPI's. These targets should be aligned to the Company's short and long term performance objectives and should be appropriate to its circumstances, goals and risk appetite. Non executive directors should not receive performance based remuneration.
  - (d) determine the Company's recruitment, retention and termination policies and procedures for senior management
  - (e) ensure that contractual terms or termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised
  - (f) determine the policy for, and scope of, pension arrangements for each key executive
  - (g) determine and review incentive plans and require that equity-based incentive plans involving the issue of new securities to executives, other than directors, be approved by shareholders prior to implementation and that such plans prohibit hedging-unvested options
  - (h) determine and review superannuation arrangements of the Company
  - (i) determine and review professional indemnity and liability insurance for directors and senior management
  - (j) make a statement in the Company's annual report of the Company's remuneration and policy and practices

- (k) ensure that all provisions regarding disclosure of remuneration, including pensions are fulfilled
- (l) annually review its own performance, constitution and terms of reference to ensure it is operating to maximum effectiveness and to recommend any changes it considers necessary to the board for approval.

## **6 Performance Evaluation**

- 6.1 The Committee will arrange a performance evaluation of the Board, its committees and its individual Directors on an annual basis. To assist in this process, an independent advisor may be used.
- 6.2 The Committee will conduct an annual review of the role of the Board, assess the performance of the Board over the previous 12 months and examine ways of assisting the Board in performing its duties more effectively.
- 6.3 The review will include:
  - (a) comparing the performance of the Board with the requirements of its Charter;
  - (b) examination of the Board's interaction with management;
  - (c) the nature of information provided to the Board by management; and
  - (d) management's performance in assisting the Board to meet its objectives.
- 6.4 A similar review will be conducted for each Committee by the Board with the aim of assessing the performance of each Committee and identifying areas where improvements can be made.
- 6.5 The Committee will oversee the performance evaluation of the executive team. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel. The process for periodically evaluating the performance of the executive team members shall be disclosed, and disclosure will be made, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

## **7 Administration**

- 7.1 The Committee shall meet at least once a year.
- 7.2 A notice of each meeting confirming the date, time and venue together with the agenda and Committee papers shall be forwarded to each member of the Committee at least 21 working days prior to the date of the meeting, although such notice period may be waived or shortened with the written consent of all members of the Committee for the time being.
- 7.3 The Committee shall appoint a secretary who shall attend all Committee meetings and record minutes as minute secretary. All minutes of the Committee, when approved and signed by the

Committee chairperson and tabled at the next meeting of the Board, shall be entered into a minute book maintained for that purpose and shall be open at all times for inspection by any director.

- 7.4 A quorum shall comprise any two Committee members who are non-executive directors. In the absence of the Committee chairperson or appointed delegate, the members shall elect one of their number as chairperson being an independent director for that meeting.
- 7.5 The Committee may with the prior approval of the Board instruct the chairperson of the Committee or chief executive officer to engage independent advisors in relation to any matter pertaining to the responsibilities of the Committee.
- 7.6 The chairperson of the Committee should attend the Company's annual general meeting and be prepared to respond to any shareholder questions on the Committee and its activities and responsibilities.

## **8 Review of Charter**

This charter shall be reviewed by the Committee every 3 years and a report provided to the Board, if required, recommending any necessary amendment and additional duties and responsibilities.