

## **REMUNERATION & NOMINATION COMMITTEE CHARTER**

### **1. ROLE**

- 1.1** The role of the Hydrocarbon Dynamics Limited (HCD) Remuneration & Nomination Committee (Committee) is to assist the HCD Board in fulfilling its corporate governance responsibilities in regard to:
- i. remuneration policies for Non-Executive Directors;
  - ii. remuneration policies for Executive Directors;
  - iii. remuneration policies for Executive Management;
  - iv. equity participation; and
  - v. other matters referred to the Committee by the Board (including Human Resources policies).
- 1.2** To the extent practicable, the Committee is to undertake the functions of the Remuneration Committee and Nomination Committee referred to in the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles)*.

### **2. MEMBERSHIP**

- 2.1** Committee Members and the Chairman of the Committee are appointed by the HCD Board in accordance with clause 15.10 of the HCD Constitution.
- 2.2** The Committee will comprise of the Non-executive Directors..
- 2.3** The Chairman of the Committee is to be an independent non-executive director and is to be appointed by the Board.
- 2.4** All Directors are invited to attend Committee Meetings. In accordance with Section 195(2) of the Corporations Act 2001, "interested" Directors should not be present for consideration of, and vote on, related matters.
- 2.5** The Committee may seek the counsel of an expert at any time and may do so in accordance with clause 6 of this Charter.

### **3. RESPONSIBILITIES**

The responsibilities and functions of the Remuneration & Nomination Committee are as follows:

#### **3.1 Remuneration Related:**

- i. determine the remuneration packages of senior management including any executive directors. Such packages may include a mix of fixed, performance-based and equity-based remuneration;
- ii. establish the company's recruitment, retention and termination policies and procedures for senior management;
- iii. establish the remuneration framework for Non-Executive Directors within the thresholds approved by shareholders at general meetings;
- iv. review and recommend to the Board, the Chairman and the Managing Director (MD) goals and objectives, evaluate Chairman and MD performance in light of these corporate

objectives, and set Chairman and MD compensation levels consistent with company philosophy and comparative market trends;

- v. review trends in management compensation, oversee the development of new compensation plans and, when necessary, approve the revision of existing plans;
- vi. review the performance of executive management;
- vii. review and recommend to the Board the salaries, bonus and other compensation for all senior executives, the committee will recommend appropriate salary, bonus and other compensation to the Board for approval;
- viii. review and recommend to the Board the awards made under any executive officer bonus plan, and provide an appropriate report to the Board;
- ix. review and make recommendations to the Board concerning incentive compensation plans, including the use of share options and other equity-based plans;
- x. review periodic reports from management on matters relating to HCD' personnel appointments and practices; and
- xi. approve superannuation arrangements;

### **3.2 Nomination Related:**

- i. review and advise the Board on the composition of the Board and its Committees;
- ii. assess the necessary and desirable competencies of directors;
- iii. ensure the directors have the appropriate mix of competencies to enable the Board to discharge its responsibilities effectively;
- iv. oversee the directors' induction program;
- v. ensure that directors have access to appropriate continuing education to update and enhance their skills and knowledge;
- vi. develop Board succession plans to ensure an appropriate balance of skills, experience and expertise is maintained;
- vii. review the time commitment required from non-executive directors and whether directors are meeting that commitment; and
- viii. evaluate the collective performance of the Board, the Chairman of the Board, the individual performance of all the directors and senior management.

## **4. MEETINGS**

**4.1** The Committee should meet as often as the Chair of the Committee determines necessary. At a minimum, the Committee should meet at least once per year. Committee Meetings may however be requested by any Member..

**4.2** The Chairman will determine the procedure for meetings of the Committee.

**4.3** A quorum for a Committee Meeting is when at least two Members are present.

- 4.4 Minutes of all meetings of the Committee are to be kept by the Company Secretary.
- 4.5 Relevant HCD employees may be invited to attend Committee Meetings.
- 4.6 Committee meetings will be governed by the same rules, as set out in the Company Constitution, as they apply to the meetings of the Board.

## 5. REPORTING

- 5.1 The Committee is to report on its Meetings to the Board (which may be either verbally or in writing).
- 5.2 All recommendations of the Committee are to be referred to the Board for approval.

## 6. ACCESS TO INFORMATION AND ADVICE

- 6.1 The Committee may seek input from individuals on remuneration policies, but no individual should be directly involved in deciding his/her remuneration.
- 6.2 The Committee has the authority to seek any information it requires from any HCD employee and all employees must comply with such requests.
- 6.3 In carrying out its functions, the Committee may take independent legal, financial, remuneration or other professional advice or assistance, at the reasonable expense of HCD. Unless a conflict exists or to do so would be inconsistent with the Committee's duties, the Committee is to request such information, professional advice or assistance permitted under this clause 6 via the Chairman.

## 7. COMMITTEE PERFORMANCE

To determine whether it is functioning effectively, the Committee shall:

- i. review this Charter annually; and
- ii. undertake an evaluation of its performance at intervals considered appropriate by the Chairman.