

***THE PHILODRILL CORPORATION***

***Compensation & Remuneration Committee Charter***

*Adopted* \_\_\_\_\_

*Last Amended on* \_\_\_\_\_

**Purpose**

1. The Compensation and Remunerations Committee is appointed by the Board of Directors to advise the Board in its duties and responsibilities relating to the Compensation and Benefit programs of Executive & Non-Executive directors, the President, and the Executive Officers, including other terms of employment. The Committee at the same time reviews possible option plans for employees.
2. The basic principle is that the level of remuneration should be sufficient to attract, retain and motivate on each level the most talented individuals for the job.

**Membership and Chairmanship**

1. The Compensation and Remunerations Committee will be comprised of not less than three members of the Board of Directors and at least one (1) member shall be an Independent Non-Executive director. The Board may deviate from these requirements if it believes that a different composition will contribute more relevant expertise to the Compensation & Remunerations Committee and/or if the number of Independent Non-Executive directors does not so permit, and/or for other reasons it deems fit.
3. The Independent Non-Executive Director shall be designated Chairman of the Committee by the Board of Directors.
4. The members of the Compensation and Remunerations Committee are appointed, and may be replaced at any time, by the Board of Directors.
5. Members of the Committee shall have appropriate knowledge and experience in compensation and benefit-related matters. Preferably, they shall be associates of Boards of other companies and, as a result, have acquired knowledge of pay policies across the world.
6. The President and the head of the Human Resources Department (or similar officer) may be invited to attend the meetings of Compensation and Remunerations Committee in an advisory and non-voting capacity on all matters. They will not attend during discussions concerning themselves.

7. For the purpose of this Charter, Compensation and Benefit programs mean: (i) fixed salary, (ii) variable compensation, including short term and long term incentive programs, and share and share-price related incentive programs, (iii) pension schemes, and (iv) other financial benefits.
8. To fulfill their responsibilities, the members of the Committee should dedicate a significant amount of their time to the Committee's activities.

#### **Meetings:**

1. The Compensation & Remunerations Committee shall meet as often as needed in order to fulfill its functions. Meetings will preferably be scheduled prior to Board meetings to guarantee an accurate, up-to-date, and fast communication of the Committee's proposals and recommendations to the Board of Directors.
2. The Compensation & Remunerations Committee can consult, at a reasonable cost at any time, with internal or external independent Subject Matter Experts. Any independent expert may be invited to attend meetings for specific topics.
3. The Compensation & Remunerations Committee shall exercise utmost discretion when making written records of its deliberations and recommendations.
4. Meeting minutes will be circulated as soon as possible after the meeting among all members of the Board. Every Board member shall have unrestricted access to all records of the Compensation & Remunerations Committee.

#### **Duties and Responsibilities:**

1. The Remunerations & Compensation Committee advises the Board on all aspects of the Compensation and Benefits programs for the Executive and Non-Executive directors, the President, and the Executive Officers and other terms of employment for the President and the Executive Officers. The Committee makes recommendations to the Board on appropriate Compensation and Benefits programs (in respect of both amounts and composition) of:
  - The Directors, the President and Executive Officers, upon proposal by the President (except when it concerns his own remuneration), such as: (i) the principal contractual terms and arrangements for the termination of employment; and (ii) the principal components of the remuneration package (including, the relative importance of each component, the performance criteria applying to the variable elements, the benefits in kind, bonuses and long-term incentives, whether stock related or not, in the form of stock options or other financial instruments);

- Drawing up the policy regarding stock option plans and overseeing the general policy for the granting of options to employees, Executive and Non-Executive directors and Executive Officers. The President shall propose the identity of the beneficiaries and the number of options to be allocated to each of them (individually in the case of Executive Officers, and individually or per category in the case of other employees) to the Compensation and Remunerations Committee, which shall evaluate such proposals. In the case of grants of options to the President, the initial proposal shall be made by the Committee itself.
  - Ensuring that remuneration levels take into account risks involved, demands and time requirements of each role, and relevant industry benchmarks.
2. Establish a formal and transparent procedure in developing policies on executive remuneration and fixing remuneration packages of Directors, Executive Officers, Senior Management, and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment.
  3. Develop a form on full business interest disclosure, as part of the pre-employment requirements for all incoming officers, to declare under penalty of perjury, all their existing business interests or shareholdings that may directly or indirectly conflict with the performance of their duties.
  4. Provide in the Company's Annual Reports and Information Statement a clear and concise disclosure on the compensation of the Executive Officers for the previous and ensuing year.
  5. The Compensation and Remunerations Committee is, together with the Executive Committee, engaged in the Succession Planning of Executive Committee members and Executive Officers, including the President. In the latter case, the Compensation & Remunerations Committee will coordinate closely with the Board Chairman any and all activities involved in planning for the President's succession.
  6. Any recommendations made in respect of the recruitment or succession planning requires discussion and endorsement by the Board of Directors before becoming effective.
  7. The Compensation & Remunerations Committee (or designated members) has the option to schedule exit interviews with departing members of the Executive Committee.
  8. The Compensation & Remunerations Committee, with the input of the Executive Committee, presents the Annual Goals/Objectives for the Board of Directors in order to finalize and approve the final Goals and Objectives of the Board of Directors.

9. The Compensation & Remunerations Committee will also advise the Board of Directors on the accomplishment of the targets set earlier.

**Compensation for serving on the Compensation & Remunerations Committee:**

1. Only Independent Non-Executive directors shall receive a fixed remuneration in consideration for their membership in the Compensation & Remunerations Committee. They will not receive, in principle, any performance-related remuneration, nor will any options or warrants be granted to them. However, the Board may propose to the Shareholders that the granting of warrants would be necessary or useful to attract or retain in general Independent Non-Executive directors with the most relevant experience and expertise.
2. The other Directors receive no compensation for serving as a member of the Compensation & Remuneration Committee.
3. The remuneration of Non-Executive directors will be disclosed to the Company's Shareholders in accordance with the applicable laws and regulations.
4. The Board shall determine a fixed annual remuneration for the members of the Compensation & Remunerations Committee.
5. Changes in the remuneration of the members of the Compensation & Remunerations Committee are subject to approval in a Shareholders' meeting.

**Miscellaneous:**

1. The Board of Directors can, in the interest of the Company in general and the performance of the Committee in particular, amend this Charter.
2. On a bi-annual basis, the Compensation & Remunerations Committee shall evaluate its performance and if needed, shall take the necessary steps to improve its effectiveness.
3. The Annual Report shall estate the composition of the Compensation & Remunerations Committee and the number of meetings held by the Committee.