

**THE PHILODRILL CORPORATION**  
**Compensation & Remuneration Committee Charter**  
**Adopted by the Board on December 17, 2014**

**Purpose**

1. The Compensation and Remuneration Committee is appointed by the Board. It shall to advise the Board on its duties and responsibilities relating to the Compensation and Benefit Programs of the Executive & Non-Executive Directors, the President and other Executive Officers, as well as other employees. Guidance on the terms of employment of the President and other Executive Officers shall be given. The Committee at the same time reviews possible Option Plans for the 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 Remuneration Committee will be comprised of not less than three members. All members of the Compensation and Remuneration Committee must be members of the Board of Directors.
2. All members shall be Non-Executive Directors and at least one (1) member shall be an Independent Director. The Board may deviate from these requirements if it believes that a different composition will contribute more relevant expertise to the Compensation & Remuneration Committee, if the number of Independent Directors do not so permit or for other reason/s it deems fit.
3. The Independent Non-Executive Director shall be designated as Chairman of the Committee.
4. The members of the Compensation and Remuneration Committee are appointed by the Board and may be replaced at any time.
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 knowledge of pay policies within the industry or across the region.
6. The President and the Head of the Human Resources Department may be invited to attend the meetings of the Compensation and Remuneration Committee in an advisory and non-voting capacity on all matters. They will not however, attend discussions concerning their salaries.

7. For the purpose of this Charter, Compensation and Benefit programs means (i) fixed salary, (ii) variable compensation, - both short term - and long term incentive programs -, including share and share-price related incentive programs, (iii) retirement benefits, 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 & Remuneration Committee shall meet as often as needed in order to fulfill its functions. Meetings will preferably be scheduled prior to the Board meetings. This will guarantee an accurate, up-to-date, and fast communication of the Committee's proposals and recommendations to the full Board of Directors.
2. The Compensation & Remuneration Committee can consult at a reasonable cost at any time internal or external Subject Matter Experts. Any independent expert may be invited to attend meetings for specific topics.
3. The Compensation & Remuneration 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 of Directors. Every Board member shall have unrestricted access to all records of the Compensation & Remuneration Committee.

### **Duties & Responsibilities:**

1. The Remuneration & Compensation Committee advises the Board of Directors on all aspects of the Compensation and Benefit programs for the Executive and Non-Executive Directors, the President and the Executive Officers and other Employees including their terms of employment. The Committee makes recommendations to the Board on appropriate Compensation and Benefit programs (in respect of both amounts and composition) of:
  - The President and the other members of the Executive Committee, 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), including Directors;

- 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 members of the Executive Committee. 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 members of the Executive Committee, and individually or per category in the case of other Employees) to the Compensation and Remuneration Committee. The Compensation and Remuneration Committee 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, Corporate 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 & Remuneration Committee is, together with the Executive Committee, engaged in the Succession Planning of Executive Committee members, including the President. In the latter case the Compensation & Remuneration Committee will coordinate closely with the 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 & Remuneration Committee (or designated members) has the option to schedule exit interviews with departing members of the Executive Committee.

8. The Compensation & Remuneration Committee, with the input of the Executive Committee, yearly reviews and presents the Annual Goals/Objectives for the Board of Directors in order to finalize and approve the final Goals and Objectives by the Board of Directors.
9. The Compensation & Remuneration Committee will also advise the Board of Directors on the accomplishment of the targets set earlier.

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

1. Only Independent Non-Executive Directors shall receive a fixed remuneration in consideration of their membership of the Compensation & Remuneration Committee. They will not receive, in principle, any performance-related remuneration, nor will any options or warrants be granted to them. However, upon advice of the Compensation & Remuneration Committee itself, the Board may propose to the Shareholders Meeting to deviate from the latter principle in the event that, in the Board's reasonable opinion, 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 the 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 & Remuneration Committee.
5. Changes in the remuneration of members of the Compensation & Remuneration Committee are subject to approval by the Shareholders.

**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 regular basis (annually) the Compensation & Remuneration Committee shall evaluate its performance and if needed, shall take the necessary steps to improve its effectiveness.
3. The composition of the Compensation & Remuneration Committee shall be disclosed in the Company's website and the number of meetings held by the Committee.