



NOMINATION AND REMUNERATION COMMITTEE CHARTER

VERSION: 1.0



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**PURPOSE
OF CHARTER**

CHARTER OBJECTIVES

The Nomination and Remuneration Committee (NRC or “the Committee”) Charter outlines the operations of the Committee and is intended to assist members in the discharge of their responsibilities. It also seeks to delineate the roles and responsibilities of the Committee from that of the Executive Board, in order to maintain its independence and regulate its activities in accordance with good corporate governance principles and established practices.

This Charter is not intended to supersede any applicable governing legislation or regulations.

REVIEW OF CHARTER

This Charter is to be biennially reviewed, updated and approved by the Supervisory Board and Executive Board.

However, the Charter may be updated between the assigned review dates as necessary based on changes in regulation, legislation, business processes, and the strategic direction of the Company, outcomes of risk assessment or identification of any other material content gaps.



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**PURPOSE OF NOMINATION
AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee is a Committee of the Supervisory Board established to assist the Board in the effective discharge of its governance and independent oversight responsibilities with respect to the following:

- Establishing evaluation methodologies for the annual evaluation of Supervisory and Executive Boards and Board Committees.
- Maintaining an appropriate structure, size and balance of skills within the Supervisory and Executive Boards to drive the strategic objectives and values of the Company.
- Providing oversight and enhancing transparency in the implementation of remuneration and selection arrangements of the Executive Board.
- Establishing and monitoring Supervisory and Executive Board succession plans.



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AUTHORIZATION

In discharging its duties, the NRC shall operate under the delegated authority of the Board and shall have the authority to:

- Meet and obtain any information it requires from staff, Management, Executive Management, Directors, advisors, legal counsel and consultants.
- Subject to the ratification of the Supervisory Board, retain external consultants or other specialist advisors in relation to remuneration, selection and performance appraisal matters.



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ROLES AND RESPONSIBILITIES OF THE NRC

The Committee shall have the following duties and responsibilities:

POLICIES

- Establishing and recommending terms, conditions and policies to govern the remuneration of Supervisory Board/Board Committee members to the Supervisory Board for approval and ratification by shareholders at the annual general meeting.
- Reviewing the terms, conditions and policies that govern the appointment, remuneration and termination of the Managing Director and the Executive Board members on an annual basis.
- Where applicable, making recommendations for amendments to the terms, conditions and policies that govern the appointment, remuneration and termination of the Managing Director and the Executive Board for approval by the Supervisory Board and ratification by shareholders at the annual general meeting.
- Conducting periodic (at least every three years) reviews of market conditions, economic factors, industry and remuneration trends and peer practices, and assessing these factors against current company-wide remuneration policies and pay scales. However, remuneration policies and pay scales may be updated in between review periods based on changes in regulation, legislation, business processes, and the strategic direction of the Company, outcomes of risk assessment or identification of any other material content gaps.

SELECTION AND APPOINTMENT

- Recommending the optimal size, competencies and composition of the Supervisory Board to enable effective decision making for consideration by the Supervisory Board and Shareholders.
- Examining the Company's current selection and (re)appointment process for the Managing Director and the Executive Board members, and where applicable, making recommendations for amendments to the Supervisory Board.
- Overseeing/undertaking the recruitment of the Executive Board on behalf of the Supervisory Board.
- Consulting with the Supervisory Board Chairman on the appointment of new Executive members.
- Where necessary, engaging external consultants to support the targeting and recruitment of new Managing Directors and Executive Board members.
- Verifying that integrity and fit for purpose checks have been performed for each new member and that each new member is compliant with their respective Board eligibility criteria.
- Verifying that the Company's values of diversity and inclusion are considered in selecting new members.
- Reviewing information and providing feedback on the Managing Director's recommendations in relation to other Executive/Senior Management recruitment and remuneration proposals.

PERFORMANCE APPRAISAL

- Identifying/modifying and recommending to the Supervisory Board for approval, methodologies, approaches, key metrics and milestones to assess the performance of the Supervisory and Executive Boards and the related Board Committees. Methodologies must consider the performance of the overall Boards/Committees, as well as the performance of the individual Board/Committee members.
- Verifying the annual evaluations have been undertaken for the following groups in accordance with the approved methodologies:
 - a. Supervisory Board
 - b. Supervisory Board Chairman
 - c. All Supervisory Board Committees
 - d. Executive Board
 - e. Managing Director
- Where necessary, engaging external consultants to support in the design and implementation of formal performance evaluation processes for the Supervisory and Executive Boards and the related Supervisory Board Committees.
- Verifying that the findings of the above annual performance evaluations, inclusive of recommendations for changes (if required) have been submitted in written form to the Chairman of the Supervisory Board.
- Establishing the estimated time required by Supervisory Board and Supervisory Board Committee members to discharge their duties efficiently and effectively and undertaking periodic assessments as to whether sufficient time was devoted.

TRAINING AND SUCCESSION PLANNING

- Establishing and monitoring induction programs for the Company's Supervisory Board, Supervisory Board Committees and Executive Board and verifying that all new members participate in the program.
- Developing a skills matrix to identify any gaps in the skills/experience of Supervisory or Executive Board members, if applicable, inform the Supervisory Board chairman of any significant issues along with the requisite training needs to mitigate these issues.
- Periodically reviewing the Company's succession plans for the Supervisory and Executive Boards and Senior Management and, where applicable, recommending amendments to the plan for Supervisory Board approval.
- Informing the Supervisory Board of any pending Supervisory Board, Executive Board or Supervisory Board Committee retirement/expiration of term at least six (6) months prior thereto, along with the recommended candidates or recruitment options to fill the vacancies.
- Providing access to ongoing education relevant to the position of members and implementing any other appropriate measures to enhance the competency of members.

OTHER RESPONSIBILITIES

- Performing other activities related to this Charter as requested by the Supervisory Board.
- Reviewing and assessing the adequacy of the NRC Charter at least biennially, requesting Supervisory Board approval for proposed changes and appropriate disclosure as may be required by law or regulation.
- Confirming biennially in writing that all responsibilities outlined in this Charter have been carried out.
- Evaluating the NRC's and individual members' performance on an annual basis



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COMPOSITION

MEMBERSHIP

The NRC will comprise of non-executive independent members of the Supervisory Board and shall not include:

- The Chairman of the Supervisory Board.
- The Chairman of other Supervisory Board Committees.

The NRC shall be comprised of at least three (3) but no more than five (5) Supervisory Board members.

NRC members are expected to attend at all meetings during the year

NRC MEMBER CRITERIA

In addition to the criteria detailed in the Supervisory Board profiles appended to the Supervisory Board Charter, NRC members must possess the following qualities:

- At least one NRC member shall have at least 5 years combined experience at a Board or Executive level in the oil and gas sector.
- At least one NRC member shall have at least 5 years combined experience at a Board or Executive level in the Human capital management/compensation.

The Chairman and all members of the NRC must be financially literate with a strong knowledge of the oil and gas industry.

TENURE

- The NRC Chairman and its members shall be appointed or reappointed at a meeting of the Supervisory Board where the agenda includes the review and approval of nominations to the approved Supervisory Board Committees and where nominations are supported by a nomination note on the recommended member's qualifications, experience, skills and independence to serve.
- The term of appointments to the NRC, including that of the Chairman, shall be for a period of two years or until the members' death, resignation, removal or disqualification. Reappointments shall be for a term of a further two years.
- In order to support good governance practices and to adhere to leading international standards, a person appointed as NRC Chairman or NRC Committee member may not serve as a member of the NRC in any capacity for a period of more than two consecutive terms.
- The appointment and removal of NRC members shall be the responsibility of the Supervisory Board.

INDUCTION AND TRAINING

- NRC members should receive at the start of their appointment, an orientation providing guidance on:
 - a. Their terms of reference, authority, independence and the standards expected to be applied in practice by the NRC.
 - b. Current legislative, regulatory and corporate governance expectations in relation to Supervisory Board and Executive selection, recruitment, remuneration and evaluation practices.
 - c. An overview of leading global performance management and evaluation techniques and objectives.
- Annual training must also be provided so that NRC members are kept abreast of significant developments in Supervisory Board and Executive selection, recruitment, remuneration and evaluation practices, as well as any regulatory/legislative changes.

EVALUATION

- The NRC must undertake an annual performance evaluation. This evaluation shall examine the performance of the Committee and individual members in relation to the expectations and responsibilities specified in this Charter.
- The Supervisory Board shall set the specific terms of reference and specify the manner in which the annual performance evaluation shall be conducted.

COMPENSATION

- In addition to normal Supervisory Board remuneration, members of the NRC shall be paid such fees or other compensation as the Supervisory Board, after consultation with the Company's shareholders, may determine.

SUCCESSION PLANNING

- To facilitate adequate succession planning, the NRC Chairman shall inform the Supervisory Board of the pending expiration of any ARCC member's term at the Supervisory Board Meeting at least six (6) months prior thereto.



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MEETINGS

Meetings of the Committee shall be convened and presided over by the Chairman with the agenda for upcoming meetings being set by the Chairman.

The Chairman of the NRC may invite or approve the invitation of any member of the Executive Management team, other staff member or external service provider to attend a meeting for any relevant agenda items.

QUORUM

- The quorum for meetings of the NRC shall be three (3) members, where one of the three (3) members must include the Chairman and in the absence of its Chairman, the three or more members present shall elect one of its members to perform the duties of Chairman for that meeting.
- Decisions of the NRC shall be taken during meetings, or in the case where the Chairman shall so direct, by circulation of papers amongst the members.
- Decisions shall be by a majority of votes during meetings, or unanimously by circulation of papers amongst members. All decisions made by circulation of papers shall be ratified in the next NRC meeting.
- In the event of an equality of votes, the Chairman shall have the casting vote.

FREQUENCY

- The NRC shall meet at least four (4) times per annum or more frequently as it may determine. The Chairman may convene a meeting at any time for the consideration of urgent matters.
- A meeting may be held using any means of audio or audio-visual communication.

ROLE OF NRC SECRETARY

The NRC shall appoint a secretary to manage the day-to-day administrative activities of the NRC (the Supervisory Board Secretary may also act as Secretary of the Supervisory Board's Committees).

The NRC Secretary shall work in consultation with the Corporate Secretary. The Corporate Secretary will be responsible for coordinating the NRC Secretary's activities in relation to the following:

- The NRC Secretary shall be a senior officer within the General Counsel/Corporate Secretarial function that is not a voting member of the NRC. The NRC Secretary shall:
- Attend all meetings. In their absence, the members of the NRC shall appoint another senior officer to act as NRC Secretary.
- Except as determined by the Chairman, schedule meetings and circulate documents and agendas of upcoming meetings to members at least three (3) days before the time fixed for respective meeting.
- Prepare minutes of each meeting in proper form, noting time and place, attendees, matters discussed, and decisions taken. Each member's interest shall be recorded in the minutes.
- If required, advise the Chairman on the proper conduct and mandatory requirements of any meeting.
- Manage internal and external correspondence on behalf of the NRC.
- Secure and manage access to NRC minutes and other key documentation related to the NRC and include in the papers for the next full Supervisory Board meeting.



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**DISCLOSURE
REQUIREMENTS**

- On an annual basis or upon discovery of a material personal change, each NRC member shall disclose to the Supervisory Board any personal material changes which has potential to affect their competence, independence or availability.
- The Supervisory Board shall then consider whether changes in the circumstance of any NRC member are likely to affect the independence or availability of the NRC member.
- With reference to the above, the Supervisory Board shall determine whether the affected NRC member would be fit and proper to continue on the NRC, whether any specific recusals are required or whether the affected Supervisory Board member should be replaced by another member.
- The Supervisory Board shall disclose the relevant experience and qualifications of the Committee members, the number of times the Committee met over the period and the individual attendances of the members in the Annual Report.
- NRC members must also be aware of and comply with their obligations under Staatsolie's Code of Conduct.



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MEMBERS'
DUTY TO RECUSE

Where the Supervisory Board determines that an NRC member's independence for matters are subject to impairment and specific recusals are to take effect, it would be the responsibility of the respective NRC member and the Corporate Secretary to verify that recusals occur in practice.



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**REPORTING TO THE
SUPERVISORY BOARD**

The NRC shall:

- Provide update reports to the Supervisory Board regularly about the activities within its remit and make recommendations on the steps to be taken to address matters for which action or improvement is needed. These reports should be tabled at the next regularly scheduled meeting following the NRC meeting.
- Report the findings of the Committees' annual performance evaluation in written form and, if required, include recommendations for changes.
- Report the findings of the NRC's biennial Charter review and, if required, include recommendations for changes.
- Provide minutes of each Committee meeting for the next meeting of the Supervisory Board.
- Provide Executive and Senior Management remuneration reports to the Supervisory Board on an annual basis.
- Provide an annual summary of the overall cost (or relative percentage) of the Supervisory Board and Executive Board's total compensation for disclosure with the Company's Annual Report, subject to ratification by the Supervisory Board.