



## **Petro Matad Limited Remuneration Committee**

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The Remuneration Committee reviews the performance of the Executive Directors and the scale and structure of their remuneration. The Remuneration Committee also makes recommendations to the Board regarding employee incentives including performance related pay, profit sharing schemes or share incentive schemes.

The Company has adopted a model code for dealing in Ordinary Shares by Directors and employees which is appropriate for an AIM-quoted company.

The detailed duties of the Remuneration Committee and the authority delegated to them by the Board from the terms of reference of the Committee are extracted and listed as follows:

### **1 Duties of the Remuneration Committee**

The Committee shall carry out the duties below for the Company and the Group as a whole, as appropriate:

#### **1.1 Remuneration Policy**

- 1.1.1 The Committee shall determine and agree with the Board on behalf of the shareholders the broad policy for the remuneration of the Company's Chairman, the Chief Executive of the Company, the executive directors and such other members of the executive management as it is designated to consider. No director or manager shall be involved in any decisions as to his or her own remuneration;
- 1.1.2 In determining the policy, the Committee shall take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- 1.1.3 The Committee shall review the ongoing appropriateness and relevance of the remuneration policy;
- 1.1.4 The Committee shall approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 1.1.5 The Committee shall approve the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to any executive directors and other senior executives and the performance targets to be used;
- 1.1.6 The Committee shall determine the policy for, and scope of, pension arrangements for any executive directors and other senior executives;
- 1.1.7 The Committee shall ensure that contractual terms on termination of employment of any executive directors, 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;
- 1.1.8 Within the terms of the agreed policy and in consultation with the Chairman and/or the chief executive as appropriate, the Committee shall determine the total individual remuneration package of each executive director including bonuses, incentive payments and share options or other share awards;

- 1.1.9 In determining such packages and arrangements, the Committee shall give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code and the London Stock Exchange's AIM Rules for Companies and associated guidance. The Committee shall also give due consideration to pay and employment conditions elsewhere in the Group;
- 1.1.10 The Committee shall review up-to-date remuneration information on companies of a similar size in a comparable industry sector, as well as on other companies within the same group as the Company but ensure that automatic increases are not implemented and consider relative performance, judging the implications carefully;
- 1.1.11 The Committee shall review and note annually the remuneration trends across the Company and Group;
- 1.1.12 The Committee shall be aware of and oversee any major changes in employee benefit structures throughout the Company or Group;
- 1.1.13 The Committee shall agree the process to vet and authorise the reimbursement of any claims for expenses from the Chairman and Chief Executive;
- 1.1.14 The Committee shall ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;
- 1.1.15 The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee, and obtaining reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations; and
- 1.1.16 The Committee shall give guidance to the executive management in setting the levels of remuneration for the Company.

## **1.2 Reporting Responsibilities**

- 1.2.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 1.2.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 1.2.3 The Committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's Annual Report and which may be put to the shareholders at the Annual General Meeting of the Company for their approval.

## **1.3 Other Matters**

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **2 Authority**

The Committee is authorised:

- 2.1 to seek information it requires from any employee of the Company in order to perform its duties and all employees shall be directed to co-operate with any request made by the Committee;
- 2.2 to obtain any outside legal or other professional advice;
- 2.3 within any budgetary restraints imposed by the Board, to appoint remuneration consultants, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties;
- 2.4 to seek any information it requires from any employee of the Company and/or external consultants or other advisers in order to perform its duties; and

2.5 to select, set the terms of reference and appoint Remuneration Consultants, at the Company's expense.

*Approved by the Board of Directors of the Company on 24<sup>th</sup> April 2008.*