



carbonenergy

REMUNERATION COMMITTEE CHARTER

CARBON ENERGY LIMITED
ADOPTED IN MAY 2014

REMUNERATION COMMITTEE CHARTER

Carbon Energy Limited (“COMPANY”)

1. Overview

The Board has established a Remuneration Committee to assist in discharging its responsibilities in relation to remuneration by reviewing and making appropriate recommendations on:

- (a) remuneration packages of executive directors, non-executive directors and senior executives; and
- (b) employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

In particular, the Committee is to undertake the functions of the Remuneration Committee referred to in the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations*.

This Remuneration Committee Charter (Charter) sets out the functions and responsibilities of the Committee and details the manner in which the Committee will operate.

2. Duties and Responsibilities

In assisting the Board (and without limiting its scope), the Committee will:

- (a) 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;
- (b) establish the Company’s recruitment, retention and termination policies and procedures for senior management;
- (c) establish the remuneration framework for non-executive directors within the thresholds approved by shareholders at general meetings;
- (d) review and recommend to the Board, the Chair of the Board and the CEO goals and objectives, evaluate the Chair and CEO’s performance in light of these corporate objectives, and set Chair and CEO compensation levels consistent with company philosophy and comparative market trends;
- (e) review trends in management compensation, oversee the development of new compensation plans and, when necessary, approve the revision of existing plans;
- (f) review the performance of executive management;
- (g) review and recommend to the Board the salaries, bonus and other compensation for all senior executives;
- (h) review and recommend to the Board the awards made under any executive officer bonus plan, and provide an appropriate report to the Board;
- (i) review and make recommendations to the Board concerning incentive compensation plans, including the use of share options and other equity-based plans;
- (j) review periodic reports from management on matters relating to the Company’s personnel appointments and practices; and
- (k) approve superannuation arrangements.

3. Access to Information and Advice

The Company is to provide the Committee with sufficient resources to undertake its duties.

The Committee may seek input from individuals on remuneration policies, but no individual should be directly involved in deciding their own remuneration.

The Committee has the authority, as it deems necessary or appropriate, to obtain advice from external consultants or specialists in relation to remuneration related matters. Unless a conflict exists or to do so would be inconsistent with the Committee's duties, the Committee is to request such advice or assistance via the Chair of the Board. This does not apply where the Chair of the Board is also a member of the Committee.

4. Membership

4.1 Composition of the Remuneration Committee

The Remuneration Committee shall comprise a minimum of three members, the majority being independent directors. The Committee shall be chaired by an independent director.

From time to time, non Committee members may be invited by the Committee to attend meetings of the Committee, if it is considered appropriate.

4.2 Chair of the Committee

The Chair of the Committee is to be an independent non-executive director, and is to be appointed by the Board.

5. Administration

5.1 Meetings

The Committee will meet at least once a year and otherwise as required.

The Company Secretary or their designate shall be the secretary of the Committee.

Any Committee member may convene a Committee meeting. A Committee meeting may also be convened by the Company Secretary, if requested by a Committee member.

Reasonable notice must be given to every Committee member of every Committee meeting, however acknowledgment of receipt of notice by all members is not required before the meeting can be validly held.

All Committee members and invitees have the right to contribute to the agenda for any Committee meeting.

5.2 Quorum and Voting

A quorum consists of two Committee members. Each member will have one vote. The Chairperson will not have a casting vote where there is a tied vote. In the case of a tied vote, the motion will lapse.

5.3 Minutes and Reporting

Minutes of all meetings of the Committee are to be kept by the secretary and the minutes and a report of actions taken or recommended is to be given by the Chairperson at each subsequent meeting of the full Board.