



**Remuneration Committee
Charter**

**Empire Energy Group Limited
ABN 29 002 148 361**

Adopted by the Board on
31 March 2021

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1 Purpose and authority

1.1 Purpose

The purpose of this Remuneration Committee Charter (**Charter**) is to specify the authority delegated to the Remuneration Committee (**Committee**) by the board of Directors (**Board**) of Empire Energy Group Limited ABN 29 002 148 361 (the **Company**) and to set out the role, responsibilities, membership and operation of the Committee.

1.2 Authority

The Committee is a committee of the Board established in accordance with the Company's constitution and authorised by the Board to assist it in fulfilling its statutory, fiduciary and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this Charter and granted to it under any separate resolutions of the Board from time to time.

2 Membership of the Committee

2.1 Composition and size

It is the Company's goal that the Committee should consist of:

- (a) only Non-Executive Directors;
- (b) a minimum of three members; and
- (c) a majority of independent Directors,

and regard to diversity should be had in constituting the Committee.

However, there may be circumstances where it is not appropriate for the Committee to be constituted as described above. The Company will comply with any binding obligations in relation to the composition of the Committee contained in the ASX Corporate Governance Council's Principles and Recommendations. In particular, if the Company is included in the S&P ASX 300 Index at the beginning of a financial year, the Committee must be comprised solely of Non-Executive Directors. The Board may appoint additional Directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.

Each member is expected to possess skills and experience to carry out his or her responsibilities as a member of the Committee.

Committee members must devote the necessary time and attention for the Committee to carry out its responsibilities.

Non-Committee members, including members of management, may attend all or part of a meeting of the Committee at the invitation of the Committee Chairperson.



2.2 Committee Chairperson

The Committee Chairperson should be an independent Non-Executive Director who is not the Chairperson of the Board. The Committee Chairperson is appointed by the Board.

If, for a particular Committee meeting, the Committee Chairperson is not present within 30 minutes of the nominated starting time of the meeting, the Committee may elect a Chairperson for the meeting.

2.3 Secretary

The Company Secretary is the secretary of the Committee and must attend all Committee meetings as minute secretary.

3 Remuneration

3.1 Role

The Committee assists and advises the Board on remuneration policies and practices for the Board, the Managing Director (**MD**), senior executives and other persons whose activities, individually or collectively, materially affect the operations of the Company.

The policies and practices in this area are designed to:

- (a) enable to the Company to attract, retain and motivate Directors, executives and employees who will create value for shareholders, by providing remuneration packages that are equitable and externally competitive;
- (b) be fair and appropriate having regard to the performance and financial resources of the Company and the performance of the relevant Director, executive or employee;
- (c) foster exceptional human talent and motivate and support employees to pursue the growth and success of the Company in alignment with the Company's values; and
- (d) equitably and responsibly reward employees, having regard to the performance of the Company, individual performance and statutory and regulatory requirements.

3.2 Responsibilities

The responsibilities of the Committee in relation to remuneration are to:

- (a) review and recommend arrangements for the Executive Directors (including the MD) and the executives reporting to the MD, including:
 - (i) remuneration, recruitment, retention and termination policies and procedures and any major changes to those policies and procedures;
 - (ii) contract terms, annual remuneration and participation in the Company's short and long term incentive plans; and

- (iii) total remuneration packages for the MD and senior management (including base pay, incentive payments, equity based awards and superannuation);
- (b) review and recommend to the Board the remuneration arrangements for the Chairperson of the Board and the Non-Executive Directors, including fees, travel and other benefits;
- (c) review major changes and developments in the remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies for the Company;
- (d) review and assess whether there is any gender or other inappropriate bias with respect of the remuneration of directors, senior executives or other employees;
- (e) review the senior management performance assessment processes and results;
- (f) approve the appointment of remuneration consultants for the purposes of the *Corporations Act 2001* (Cth) (**Corporations Act**), if appropriate;
- (g) take appropriate action to ensure that the Committee, the Board and management have available to them sufficient information and external advice to ensure informed decision-making regarding remuneration;
- (h) review and recommend to the Board the remuneration report prepared in accordance with the Corporations Act for inclusion in the annual directors' report;
- (i) review and facilitate shareholder and other stakeholder engagement in relation to the Company's remuneration policies and practices; and
- (j) monitor and provide input to the Board regarding:
 - (i) legislative, regulatory or market developments likely to have a significant impact on the Company and legislative compliance in employment issues; and
 - (ii) as necessary, the perspective of external proxy advisers and shareholders on the remuneration policies, practices and the annual remuneration report of the Company.

3.3 Remuneration policy

- (a) In discharging its responsibilities, the Committee must have regard to the following remuneration policy objectives:
 - (i) to ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders; having regard to relevant Company policies without rewarding conduct that is contrary to the Company's values or risk appetite;

- (ii) to attract and retain skilled executives;
 - (iii) to structure short and long term incentives that are challenging and linked to the creation of sustainable shareholder returns; and
 - (iv) to ensure any termination benefits are justified and appropriate.
- (b) Non-Executive Director remuneration and incentive policies and practices:
- (i) must not be performance-based;
 - (ii) should reflect the time commitment and responsibilities of the role;
 - (iii) should remain within the aggregate amount approved by shareholders, and the Board should periodically consider the need for increases to this aggregate amount at the Company's annual general meeting;
 - (iv) must not include retirement benefits other than statutory superannuation entitlements; and
 - (v) must be aligned with the Group's vision, values and overall business objectives.
- (c) Non-Executive Directors are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure to the Company's shareholders. To the extent that Non-Executive Directors do participate in equity-based remuneration schemes, they are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.
- (d) In the discharge of the Committee's responsibilities, no executive should be directly involved in determining their own remuneration or the specific remuneration policies that are applicable to them.
- (e) The Committee must at all times have regard to, and notify the Board as appropriate of, all legal and regulatory requirements, including any shareholder approvals which are necessary to obtain.

3.4 Incentive schemes and equity based remuneration

With regards to the Company's employee incentive schemes, the Committee's responsibilities are to:

- (a) review and approve short term incentive strategy, performance targets and bonus payments;
- (b) recommend whether offers are to be made under the Company's employee incentive plans in respect of a financial year;
- (c) review and determine the performance hurdles (Key Performance Indicators or 'KPIs') applicable to the Managing Director;

- (d) review and approve the proposed terms of, and authorise the making of, offers to eligible employees of the Company, including determining:
 - (i) the eligibility criteria applying in respect of an offer, in respect of a financial year; and
 - (ii) whether the delivery of shares in satisfaction of offers made should be via shares purchased on market, or whether a new issue of shares in the Company is to be made for the satisfaction of the offer, taking into account the Company's capital management processes;
- (e) review and approve, within the parameters of the schemes, amendments to the terms of existing schemes;
- (f) review and approve the terms of any trust deed applying in relation to the schemes and of any amendment to any such trust deed, including authorising the execution of any such trust deed or amending deed on behalf of the Company; and
- (g) administer the operation of the schemes, including but not limited to determining disputes and resolving questions of fact or interpretation concerning the various schemes.

4 Reporting and disclosure

- (a) The Committee will:
 - (i) liaise with the Audit and Risk Committee and the Board in relation to the Company's remuneration-related reporting in its financial statements and the remuneration report required by the Corporations Act;
 - (ii) approve an annual remuneration report containing information on the Company's remuneration policy, practices, attendance at and frequency of Committee meetings and make recommendations to the Board for the inclusion of the remuneration report in the Company's annual report; and
 - (iii) make recommendations to the Board regarding the process for evaluating performance of the Board, its Committees and the Directors individually.
- (b) The Committee Chairperson, or if they are unavailable, a Committee member, will attend the Company's annual general meetings to respond to any shareholder questions on the Committee's activities or, if appropriate, the Company's remuneration arrangements.

5 Consultancy services

The Committee will undertake such enquiries as are necessary to seek to ensure that the Company only enters into an agreement for the provision of consultancy or similar services by a Director or member of management or by a related party of a Director or member of management:



- (a) if it has independent advice that:
 - (i) the services being provided are outside the ordinary scope of their duties as a Director or member of management (as applicable);
 - (ii) the agreement is on arm's length terms; and
 - (iii) the remuneration payable under it is reasonable; and
- (b) with full disclosure of the material terms to shareholders.

6 Access to information and advisers

The Committee has direct access to all resources necessary to discharge its duties and responsibilities, including engaging counsel, accountants or other experts as it considers appropriate. This may include requesting management, or engaging external remuneration consultants, to provide information to the Committee.

The Committee also has the authority to conduct or direct any investigation required to fulfil its responsibilities.

7 Review

The Board will, at least once in each year, review this Charter and the membership of the Committee to determine its adequacy for current circumstances. The Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise. This Charter may be amended by resolution of the Board.

Committee members must be available to meet with external bodies if requested to do so in accordance with relevant laws, regulations or prudential standards.

Administrative matters and procedures

Meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will as a minimum meet annually.

Committee members may attend meetings in person or by telephone or video conference.

At the end of each reporting period, the Board will disclose the number of times the Committee met throughout that reporting period and the individual attendance of each Committee member at those meetings.

Quorum

The quorum is at least 2 members.

Convening and notice of meeting

Any member may, and the Company Secretary must upon request from any member, the auditor or the Chairperson of the Board, convene a meeting of the Committee.

Notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting documentation will be circulated by the Company Secretary to each Committee member and any other individual invited to attend. There is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

Independent advice

The Committee may seek the advice of the Company's auditors, solicitors or other independent advisers, consultants or specialists as to any matter pertaining to the powers, duties or responsibilities of the Committee. Such advisors may be invited to participate in meetings of the Committee as required.

Minutes

Minutes of meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee Chairperson, be presented at the next Board meeting. All minutes of the Committee must be entered into a minute book maintained for that purpose and be open at all times for inspection by any Director.

Reporting

It is intended that a report of the actions of the Committee and a copy of the minutes of the Committee meeting or both will be included in the Board papers for the next Board meeting following a meeting of the Committee.

The Committee must refer any matter of significant importance to the Board for its consideration and attention.



The Committee Chairperson will, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All Directors may, within the Board meeting, request information of members of the Committee.