

## CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement (CGS) is provided by the Directors of Genex Power Limited A.C.N. 152 098 854 (**GNX** or the **Company**) pursuant to ASX Listing Rule 4.10.3 and reports against the ASX Corporate Governance Council's '*Corporate Governance Principles and Recommendations*' 4th Edition (the Recommendations) including the 8 principles and 35 specific recommendations included therein. This is the second time the Company has reported against the 4th Edition of the Recommendations. This CGS was approved by a resolution of the Board of the Company dated 27 August 2021 and is effective as at the same date and is in addition to and supplements the Company's Appendix 4G which is lodged with the ASX together with this Annual Report to Shareholders.

### PRINCIPLE 1:

LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

A LISTED ENTITY SHOULD CLEARLY DELINEATE THE RESPECTIVE ROLES AND RESPONSIBILITIES OF ITS BOARD AND MANAGEMENT AND REGULARLY REVIEW THEIR PERFORMANCE.

### Recommendations

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| <p>1.1 A listed entity should have and disclose a board charter setting out:</p> <ul style="list-style-type: none"><li>(a) the respective roles and responsibilities of its board and management; and</li><li>(b) those matters expressly reserved to the board and those delegated to management.</li></ul> | <p>(a) The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities and functions of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director (<b>MD</b>) or equivalent which is currently the Chief Executive Officer (<b>CEO</b>), Mr James Harding.</p> <p>The Board Charter also specifically outlines the role of the Board, the Company's Chair, Individual Directors and the MD/CEO. Each function and its responsibility are outlined in the Board Charter and in various sections of this Corporate Governance Statement, both of which are available on the Company's website.</p> <p>The role and responsibility of the Board, the Company's Chair, Individual Directors and the MD/CEO is outlined in the following paragraphs of the Company's Board Charter:</p> <ul style="list-style-type: none"><li>• The Board – Paragraph 3.1;</li><li>• The Chair – Paragraph 8.1;</li><li>• The Individual Directors – Paragraph 8.2; and</li><li>• The MD/CEO – Paragraph 8.3.</li></ul> |
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(b) The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, purpose, values, policies, practices, goals for management and the operation of the Company. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include those matters particularised in paragraph 3.1 of the Company's Board Charter.

The MD/CEO is separately responsible for the ongoing management of the Company in accordance with the strategy, purpose, values, policies and programs approved by the Board as outlined in paragraph 8.3.

1.2 A listed entity should:

- (a) undertake appropriate checks before appointing a director or senior executive, or putting someone forward for election as a director; and
- (b) provide securityholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

(a) Prior to the nomination of prospective non-executive directors for election or re-election, the Board must obtain from the prospective candidate:

- details of other commitments of the prospective candidate (including the potential for any actual or perceived conflicts of interest at the time of the candidate's appointment or in the foreseeable future) and an indication of the time involved; and
- an acknowledgement that the prospective candidate will have sufficient time to meet the requirements of non-executive directors of the Company.

All of the Company's current directors have undergone bankruptcy and police checks and appropriate checks will also be undertaken prior to the appointment of any new directors to the Board or any new candidates for election.

(b) When a candidate is placed before shareholders for election or re-election as a director, the names of candidates submitted is accompanied by the following information to

enable shareholders to make an informed decision in relation to that vote:

- biographical details, including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate;
- details of relationships between the candidate and the Company, and the candidate and directors of the company;
- whether the Board considers the person to be independent;
- other directorships held;
- particulars of other positions which involve significant time commitments;
- the term of office currently served by any director subject to re-election;
- for new candidates, confirmation that the Company has conducted appropriate checks into the candidate's background and experience and whether those checks have revealed any information of concern that might affect the person's ability to perform the role or a shareholder's decision on how to vote on a resolution for the appointment of that candidate;
- a statement as to whether the Board supports the election or re-election of the candidate and the reasons why; and
- any other particulars required by law.

**1.3** A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company has an Executive Services Agreement in place with each of its executive directors, its Chief Operations Officer, CEO and a Letter of Appointment with each of its non-executive directors other than Mr Yongqing Yu and Mr Kenichi Seshimo who are shareholder representatives and do not receive any remuneration from Genex. Notwithstanding this, both directors received the same Board induction pack as is received by any new director which contains, amongst other things, all of the Company's policies and procedures

as well as an introductory session with the Company Secretary on the ASX Corporate Governance Council's *'Corporate Governance Principles and Recommendations'*. All remunerated directors provide their services as directors to the entity in an individual capacity and may also provide any additional exertion type services through a service entity.

1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Secretary is accountable to the Board through the Chair on all governance matters and also on all matters to do with the proper functioning of the Board. The Secretary is generally responsible for carrying out the administrative and legislative requirements of the Board. The Secretary holds primary responsibility for ensuring that the Board processes, procedures and policies run efficiently and effectively, and the Secretary's role of responsibilities is outlined in paragraph 8.4 of the Board Charter.

1.5 A listed entity should:

- (a) have and disclose a diversity policy;
- (b) Through its board or a committee of the board, set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and
- (c) disclose in relation to each reporting period:
  - (1) the measurable objectives set for that period to achieve gender diversity;
  - (2) the entity's progress towards achieving those objectives; and
  - (3) either:
    - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or

(a) The Company has established a Diversity Policy as part of its Corporate Governance Plan. The Policy details the Board's commitment to providing an inclusive workplace and recognises the value that a workforce made up of individuals with diverse skills, values, backgrounds and experiences can bring to the Company. The Company has a commitment to gender diversity and female participation is sought in all areas of the Company's business. Decisions relating to promotion, leadership development and flexible work arrangements are based on merit and reinforce the importance of equality in the workplace. Ongoing monitoring of company policies and culture is undertaken to make sure they do not hold any group back in their professional development.

(b) While the Company has not yet set measurable objectives for achieving gender diversity with respect to the composition of its board, senior executives or workforce

(B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.

generally, the Company aims to achieve gender diversity in all areas of its business noting that the most recent appointment to the board and the most recent senior executive appointment were both women.

(c)(1) As stated in (b) above, the Company has not yet set measurable objectives in terms of a specific quota or ratio but adopts an approach of aiming to achieve gender diversity in every new appointment to the board, at senior executive level or in the workforce generally.

(c) (2) The Company is making progress towards gender diversity with recent female board and senior executive appointments. The Company will continue to strive for gender diversity and will establish measurable objectives for achieving gender diversity when it has grown to a point where it is appropriate to do so. The Board regularly reviews its policy and practical approach in achieving gender diversity to determine its adequacy for current circumstances and make appropriate recommendations where required. The Company’s Corporate Governance Statement each year contains an update on the Company’s compliance with the ASX’s recommendations and the Company’s Diversity Policy.

The Company recently updated its Diversity Policy to ensure that it not only reflects the Company’s approach to gender diversity but also to state that in employing new people it recognises that people differ not just on the basis of gender, race or ethnicity, but also other dimensions such as lifestyle, cultural or socio-economic background, education, physical ability, age, marital or and family status, perspective and experience.

The policy now also reflects the Company's expanded approach to ensure a culture that supports diversity. The Company supports flexible work practices (including part time positions) to best accommodate business, family or personal choices where practicable and aims to provide opportunities for employees on extended parental leave to maintain their connection with the entity, for example, by offering them the option (without any obligation) to receive all-staff communications and to attend work functions and training programs.

In order to have an inclusive workplace, discrimination, harassment, vilification and victimisation cannot and will not be tolerated.

(c)(3)(A) The Company currently has 16 employees and 7 consultants with 7 of these in total, women. The Company has 4 women in Senior Executive positions with the definition of a "senior executive" according to generally well known market practice and definitions. The Company has 1 female director. This will continue to be reviewed in accordance with each review of the Board's skills and requirements in accordance with the Company's Diversity Policy.

(c)(3)(B) The entity is not a "relevant employer".

**1.6** A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

(a) The Chair is responsible for overseeing the:

- evaluation and review of the performance of the Board and its committees (other than the Chair); and
- evaluation and review of the performance of individual directors (other than the Chair);

The Chair should disclose the process for evaluating the performance of the Board, its committees and individual directors.

The Board (other than the Chair) is responsible for the:

- evaluation and review of the performance of the Chair; and

- review of the effectiveness and programme of Board meetings.

The process for the performance evaluation of the Board, its Committees and Directors generally involves an internal review. From time to time as the Company's needs and circumstances require, the Board may commission an external review of the Board, and its composition.

(b) A review of the Board has commenced following the Company reaching financial close of its Kidston Pumped Storage Hydro Project in May 2021 as noted in last year's corporate governance statement which stated: *"...It is the Board's current intention that the next formal review of the Board will be undertaken following the appointment of the nominated director from J-Power ... and following financial close of the Company's Kidston Pumped Storage Hydro Project..."* That process is ongoing, and updates will be provided to the market in the event of any further changes to the Board.

**1.7** A listed entity should:

- (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and
- (b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

(a) The Board will monitor the performance of senior management, including measuring actual performance against planned performance. The Board Charter sets out the process to be followed in evaluating the performance of senior executives. Each senior executive is required to participate in a formal review process which assesses individual performance against predetermined objectives.

(b) As noted in last year's corporate governance statement, *"...an evaluation of the performance of the Chief Executive Officer, Chief Operations Officer and other senior executives will take place at the same time as a formal Board evaluation scheduled to occur in ... following financial close of the Company's Kidston Pumped Storage Hydro Project."* That process remains ongoing.

**PRINCIPLE 2:  
STRUCTURE THE BOARD TO BE EFFECTIVE AND  
ADD VALUE**

**THE BOARD OF A LISTED ENTITY SHOULD BE OF AN  
APPROPRIATE SIZE AND COLLECTIVELY HAVE THE  
SKILLS, COMMITMENT AND KNOWLEDGE OF THE  
ENTITY AND THE INDUSTRY IN WHICH IT  
OPERATES, TO ENABLE IT TO DISCHARGE ITS  
DUTIES EFFECTIVELY, AND TO ADD VALUE.**

**Recommendations**

2.1 The board of a listed entity should:

- (a) have a nomination committee which:
- (1) has at least three members, a majority of whom are independent directors; and
  - (2) is chaired by an independent director, and disclose:
  - (3) the charter of the committee;
  - (4) the members of the committee; and
  - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; **OR**
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

(a) The Board, as a whole, currently serves as the Company's Nomination Committee. Terms and conditions of employees are negotiated by the MD/CEO in consultation with the Board's two executive directors and the Chief Operations Officer for recommendation to the Board. As the Company grows in size it is planned that the Company will implement a separate Nomination Committee with its own separate Nomination Committee charter.

(b) While the Board does not currently comply with this recommendation, given the stage of the Company's operations and relatively small number of employees, the Board is of the view that it is currently structured in such a way so as to add value and is appropriate for the complexity of the business at this time.

The Board shall ensure that, collectively, it has the appropriate range of skills and expertise to properly fulfil its responsibilities, including:

- accounting;
- finance;
- business;
- legal, regulatory and compliance;
- the renewable energy industry;
- Managing Director / CEO level experience; and
- relevant technical expertise.

The Board shall review the range of expertise of its members on a regular basis and ensure that it has operational and technical expertise relevant to the operation of the Company.



2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.

The Board will determine the procedure for the selection and appointment of new Directors and the re-election of incumbents in accordance with the Company's Constitution, the ASX Listing Rules and having regard to the ability and independence of the individual to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction, purpose and values of the Company. The Board shall ensure that, collectively, it has the appropriate range of skills and expertise to properly fulfil its responsibilities, including:

- accounting;
- finance;
- business;
- legal, regulatory and compliance
- the renewable energy industry;
- MD/CEO-level experience; and
- relevant technical expertise.

The mix of skills of the current Board is set out on the Company's website.

2.3 A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

(a) Currently only 2 of the 7 directors are considered to be independent given that Michael Addison was formerly the Managing Director until 7 May 2018, Simon Kidston is an Executive Director, Ben Guo is the Finance Director (which is an executive role) and Yongqing Yu is the representative of one of the Company's largest shareholders. The independent directors are Dr Ralph Craven, the Company's Non-Executive Chair, and Ms Teresa Dyson, both Non-Executive Directors however the Board believes that Mr Addison is transitioning to the point where he may be considered independent in the near future. It has been more than 3 years since Mr Addison held an executive role with the Company and more than 12 months since he ceased to be a substantial holder in the Company.

(b) Not applicable. While each of the directors have received grants of options approved by shareholders in the past, these have not had any specific performance hurdles or vesting milestones attached other than an exercise price well above the share price as at the date of the grant. Additionally, while the independent directors have received payments for services rendered over and above their duties as non-executive independent directors, these are not performance based payments but payments for actual exertion services provided on an arm's length basis and not of sufficient duration for the independence of these directors to be compromised. For example, services of this nature were provided by the independent directors to assist Genex's small management team during periods of significant workload and where additional expertise was required in relation to the Company's Jemalong and Kidston Pumped Storage Hydro Projects. The services are not of an ongoing nature and ceased at the point the Company reached financial close for its Kidston Pumped Storage Hydro Project.

(c) The Directors were appointed to the Board as follows:

Dr Ralph Craven – 29 May 2015

Mr Michael Addison – 15 July 2011

Mr Simon Kidston - 1 August 2013

Mr Ben Guo – 25 October 2013

Mr Yongqing Yu – 8 February 2016

Ms Teresa Dyson – 7 May 2018

Mr Kenichi Seshimo – 18 May 2021

2.4 A majority of the board of a listed entity should be independent directors.

The Company does not currently have a majority of independent directors however the Board is of the view that notwithstanding that it does not currently comply with this recommendation it nonetheless has the appropriate mix of skills and experience for

	<p>the Company's present stage of operations. The Company does however have a majority of non-executive directors comprising 5 of the 7 directors.</p>
<p>2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>The Company's current Chair is Dr Ralph Craven who is an independent director and is not engaged in any executive role within the Company either as CEO, Managing Director or equivalent.</p>
<p>2.6 A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>Pursuant to the Company's Board Charter the Board must implement an appropriate induction and education process for new Board appointees and Senior Executives to enable them to gain a better understanding of:</p> <ul style="list-style-type: none"> <li>• the Company's financial, strategic, operational and risk management position;</li> <li>• the rights, duties and responsibilities of the directors;</li> <li>• the roles and responsibilities of Senior Executives; and</li> <li>• the role of Board committees.</li> </ul> <p>Existing directors are required to participate in development initiatives from time to time including in relation to workplace health and safety.</p>
<p><b>PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b></p>	<p><b>A LISTED ENTITY SHOULD INSTIL AND CONTINUALLY REINFORCE A CULTURE ACROSS THE ORGANISATION OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY.</b></p>
<p><b>Recommendations</b></p>	
<p>3.1 A listed entity should articulate and disclose its values.</p>	<p>(a) The Company's Corporate Governance Plan includes the following policies and charters which provide a framework for decisions and actions in relation to ethical conduct in employment.</p> <ul style="list-style-type: none"> <li>• Board Charter;</li> <li>• Audit &amp; Risk Management Committee Charter;</li> <li>• Code of Conduct – Obligations to Stakeholders;</li> <li>• Code of Conduct – Directors and Key Officers;</li> </ul>

- Continuous Disclosure;
- Remuneration Committee Charter;
- Securities Trading;
- Diversity; and
- Whistleblower

(b) A copy of each policy including the codes of conduct relating to Directors, Senior Executives and employees is available on the Company's website.

<p><b>3.2</b> A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code.</p>	<p>(a) The Company has a "Code of Conduct for Directors and Key Officers" which includes senior executives and employees; and</p> <p>(b) Any material breaches of this policy are brought directly before the Board.</p>
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<p><b>3.3</b> A listed entity should:</p> <p>(a) Have and disclose a whistleblower policy; and</p> <p>(b) Ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	<p>(a) The Company has a whistleblower policy; and</p> <p>(b) Any material breaches of this policy are brought directly before the Board.</p>
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<p><b>3.4</b> A listed entity should:</p> <p>(a) Have and disclose an anti-bribery and corruption policy; and</p> <p>(b) Ensure that the board or a committee of the board is informed of any material breaches of that policy.</p>	<p>(a) The Company has a policy titled "Code of Conduct – the Company's obligations to Stakeholders" which operates as the Company's anti-bribery and corruption policy; and</p> <p>(b) Any material breaches of this policy are brought directly before the Board.</p>
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**PRINCIPLE 4:  
SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS**

**A LISTED ENTITY SHOULD HAVE APPROPRIATE PROCESSES TO VERIFY THE INTEGRITY OF ITS CORPORATE REPORTS.**

**Recommendations**

<p><b>4.1</b> The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p>	<p>(a) The Company has an Audit and Risk Management Committee which:</p> <p>(1) has 3 members being Ms Teresa Dyson, Dr Ralph Craven and Mr Michael Addison. All of the committee members are non-executive</p>
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- (2) is chaired by an independent director, who is not the chair of the board, and disclose:
  - (3) the charter of the committee;
  - (4) the relevant qualifications and experience of the members of the committee; and
  - (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; **OR**
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

directors and a majority of the committee being Ms Teresa Dyson and Dr Ralph Craven are independent.

(2) is chaired by an independent director being Ms Teresa Dyson who is not the chair of the board.

(3) A copy of the policy titled "*Charter of the Audit and Risk Management Committee of Genex Power Limited*" is available on the Company's website.

(4) The relevant qualifications and experience of the Committee members is available on the Company's website.

(5) The Committee met 4 times in the financial year with all members present at the meeting.

(b) Not applicable.

**4.2** The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Board ensures and has received on each occasion that it approves the Company's statutory accounts, the appropriate declarations and assurances including a declaration from the Chief Financial Officer that the Company's accounts have been kept in accordance with section 295A of the *Corporations Act 2001* and received such declarations in the financial year.

**4.3** A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

The Company ensures that a copy of every announcement to the market is sent to every Board member and senior executive for review and comment prior to release to the ASX which includes the Company's Appendix 4C and associated commentary every quarter. The Board is of the view that having each announcement reviewed includes an

appropriate and necessary level of oversight of all statements made to the market.

**PRINCIPLE 5:  
MAKE TIMELY AND BALANCED DISCLOSURE**

**A LISTED ENTITY SHOULD MAKE TIMELY AND BALANCED DISCLOSURE OF ALL MATTERS CONCERNING IT THAT A REASONABLE PERSON WOULD EXPECT TO HAVE A MATERIAL EFFECT ON THE PRICE OR VALUE OF ITS SECURITIES.**

**Recommendations:**

5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1. The Company has a continuous disclosure program/policy in place designed to ensure compliance with the ASX Listing Rules on continuous disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.

5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made. The Company Secretary ensures that a copy of all market announcements is provided to the Board either immediately before or immediately after release to the ASX. This practice has been adopted by the Company since its IPO in 2015.

5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation. As stated in the responses to 4.3 and 5.2, the Company ensures that a copy of every announcement to the market is sent to every Board member and senior executive for review and comment prior to release to the ASX which includes any new and substantive investor presentation. The Company Secretary also ensures that a copy of the investor presentation is provided to the Board either immediately before or immediately after release to the ASX.

**PRINCIPLE 6:  
RESPECT THE RIGHTS OF SECURITY HOLDERS**

**A LISTED ENTITY SHOULD PROVIDE ITS SECURITY HOLDERS WITH APPROPRIATE INFORMATION AND FACILITIES TO ALLOW THEM TO EXERCISE THEIR RIGHTS AS SECURITY HOLDERS EFFECTIVELY.**

**Recommendations:**

6.1 A listed entity should provide information about itself and its governance to investors via its website. The Company's Corporate Governance Plan includes a shareholder communications strategy which aims to ensure that shareholders are informed of all major

developments affecting the Company's state of affairs. This is contained within the Company's policies titled "Code of Conduct – Obligations to Stakeholders" and "Corporate Governance Policy – Continuous Disclosure". The policies are available on the Company's website.

<p>6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.</p>	<p>The Company's Corporate Governance Plan includes a shareholder communications strategy which is outlined in 6.1.</p>
<p>6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</p>	<p>The Company's Corporate Governance Plan includes a shareholder communications strategy which is outlined in 6.1. The Company also encourages shareholders to attend the Company's AGM either in person or virtually during the current COVID-19 pandemic, and to ask questions of the Board and the Auditor and/or to submit questions in writing in advance.</p>
<p>6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.</p>	<p>The Company has implemented a policy of ensuring that all resolutions at an AGM or EGM are decided by a poll.</p>
<p>6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>The Company has such a practice already in place for all shareholders.</p>

**PRINCIPLE 7:  
RECOGNISE AND MANAGE RISK**

**A LISTED ENTITY SHOULD ESTABLISH A SOUND RISK MANAGEMENT FRAMEWORK AND PERIODICALLY REVIEW THE EFFECTIVENESS OF THAT FRAMEWORK**

**Recommendations**

<p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p>	<p>(a) The Board in conjunction with the Audit and Risk Management Committee determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.</p> <p>(1) has 3 members being Ms Teresa Dyson, Dr Ralph Craven and Mr Michael Addison. All of the committee members are non-executive and a majority of the committee being Ms</p>
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- (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.
- Teresa Dyson and Dr Ralph Craven are independent.
- (2) is chaired by an independent director being Ms Teresa Dyson who is not the Chair of the Board.
- (3) A copy of the policy titled "*Charter of the Audit and Risk Management Committee of Genex Power Limited*" is available on the Company's website.
- (4) The members of the committee are Ms Teresa Dyson (Chair), Dr Ralph Craven (Member) and Mr Michael Addison (member).
- (5) The Committee met 4 times during the reporting period with all members as constituted at the time in attendance.
- (b) Not applicable.

- 7.2** The board or a committee of the board should:
- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.
- (a) The Company has established policies for the oversight and management of material business risks. The Audit and Risk Management Charter of the Company is available on the Company's website. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to the Board in conjunction with the Audit and Risk Committee. The Board and Audit and Risk Management Committee are required to assess risk management and associated internal compliance and control procedures and will be responsible for ensuring the process for managing risks is integrated within business planning and management activities. Reports on risk management are to be provided to the Board by the Audit and Risk Management Committee at the first Board meeting subsequent to each Committee meeting.
- (b) A formal review of the Company's risk management framework occurs at every Audit & Risk Management Committee and Board



meeting with the Committee and Board reviewing and prioritising the top risks faced by the Company as advised by the Company's risk management team in conjunction with the Audit & Risk Management Committee. A formal review and planning session analysing and assessing the Company's risk register occurred a number of times through the reporting period between the Audit & Risk Management Committee and the management executive team.

<p><b>7.3</b> A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; <b>OR</b></p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	<p>(a) Not applicable.</p> <p>(b) The Company does not have an internal auditor with the Company having policies in place to ensure a level of segregation particularly in relation to processes and procedures around such things as payment authorisations and limits of authority. The Audit &amp; Risk Committee regularly assesses the need for an internal auditor and will undertake such an appointment at an appropriate time in conjunction with the Company's external auditor.</p>
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<p><b>7.4</b> A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Company is subject to a range of material economic and environmental risks as a developer and operator of a number of diverse renewable energy projects in different jurisdictions within Australia and emphasises the summary of non-exclusive risks outlined in the Company's Replacement Prospectus lodged with ASIC on 10 June 2015 and in the Company's presentations released periodically to the ASX. In relation to any potential, but as yet unknown, environmental risk, the Company has an environmental assurance bond with the Queensland Government for \$3,804,311 and is undertaking an Environmental Evaluation Process in conjunction with the Queensland Department of Environment and Science in relation to amending the terms of its current</p>
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Environmental Authority over the Kidston site in Queensland.

**PRINCIPLE 8:  
REMUNERATE FAIRLY AND RESPONSIBLY**

**A LISTED ENTITY SHOULD PAY DIRECTOR REMUNERATION SUFFICIENT TO ATTRACT AND RETAIN HIGH QUALITY DIRECTORS AND DESIGN ITS EXECUTIVE REMUNERATION TO ATTRACT, RETAIN AND MOTIVATE HIGH QUALITY SENIOR EXECUTIVES AND TO ALIGN THEIR INTERESTS WITH THE CREATION OF VALUE FOR SECURITY HOLDERS AND WITH THE ENTITY'S VALUES AND RISK APPETITE.**

**Recommendations**

<p><b>8.1</b> The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"><li>(1) has at least three members, a majority of whom are independent directors; and</li><li>(2) is chaired by an independent director, and disclose:</li><li>(3) the charter of the committee;</li><li>(4) the members of the committee; and</li><li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></li></ul> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>(a) The Board has established a separate Remuneration Committee which:</p> <ul style="list-style-type: none"><li>(1) has 4 members being Dr Ralph Craven, Ms Teresa Dyson, Mr Michel Addison and Mr Simon Kidston. 2 members of the committee being Dr Ralph Craven and Ms Teresa Dyson are independent.</li><li>(2) the Committee is chaired by an independent director being Dr Ralph Craven.</li><li>(3) A copy of the Remuneration Committee Charter is available on the Company's website.</li><li>(4) The members of the committee are Dr Ralph Craven, Ms Teresa Dyson, Mr Michael Addison and Mr Simon Kidston.</li><li>(5) The Committee met three times in the financial year with all members being present at each meeting of the Committee they were entitled to attend.</li></ul> <p>(b) Not applicable.</p>
<p><b>8.2</b> A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>The Committee distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives. The Company's Constitution and the Corporations Act also provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by a general meeting. The Board is responsible for determining the remuneration</p>

of the executive directors (without the participation of the affected director).

8.3 A listed entity which has an equity-based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) disclose that policy or a summary of it.

(a) A summary of the Company's policy on prohibiting transactions in associated products which operate to limit the risk of participating in unvested entitlements under any equity based remuneration scheme is contained within the Remuneration Committee Charter.

(b) Paragraph 6.2 (3) of the Company's Remuneration Committee Charter states:

*"...The Committee must ensure that, where applicable, any payments of equity-based remuneration are made in accordance with the Company's constitution and any thresholds approved by the Company's shareholders. Committee members must be aware at all times of the limitations of equity-based remuneration. The terms of such schemes should clearly prohibit entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under these schemes. The exercise of any entitlements under these schemes should be timed to coincide with any trading windows under the Company's securities trading policy..."*

## PRINCIPLE 9:

### Recommendations:

9.1 A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the process it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.

Mr Yongqing Yu, a non-executive director based in China and the representative of one of the Company's largest shareholders, Asia Ecoenergy Development Limited, does not speak English. Mr Yu has an appointed representative who is a senior executive of that entity, who is able to interpret communications including relevant Board material with Mr Yu.