



Charter of the Remuneration Committee

GENEX POWER LIMITED

ACN 152 098 854

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(Company)

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1. Introduction

- 1.1 This Charter governs the roles, responsibilities, composition and membership of the remuneration committee (**Committee**) of the Company.
- 1.2 The operation of the Committee is also governed, where applicable, by the constitution of the Company.

2. Objectives

- 2.1 The purpose of the Committee is to provide advice, recommendations and assistance to the board of directors of the Company (**Board**) in fulfilling its corporate governance and oversight responsibilities by:
- (1) putting in place remuneration policies which are designed to attract and retain senior managers and directors with the expertise to enhance the performance and growth of the Company;
 - (2) putting in place remuneration policies that clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives; and
 - (3) ensuring that the level and composition of remuneration packages are fair, reasonable and adequate and, in the case of executive directors and senior managers, display a clear relationship between the performance of the individual and the performance of the Company.
- 2.2 The Committee should ensure that the Board is provided with sufficient information to ensure informed decision-making with respect to the remuneration of executive directors and senior management.
- 2.3 Ultimate responsibility for the Company's remuneration policy rests with the full Board, notwithstanding the establishment of the Committee.

3. Composition

3.1 Members

The Committee must have a minimum of three members, with a majority of members being independent directors. The Committee should be chaired by an independent director.

The members of the Committee will be appointed and removed by the Board.

3.2 Expertise

Members of the Committee must have an appropriate level of understanding of:

- (1) the principles of corporate governance, including knowledge of the Australian Securities Exchange (**ASX**) Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (**ASX Recommendations**);
- (2) the Company's businesses and organisation structure;
- (3) the functions of the Board and the various roles and responsibilities of directors and other key executive positions;
- (4) Company management, at a senior management level;
- (5) the disclosure requirements under the *Corporations Act 2001* and the ASX Listing Rules in respect to executive and director remuneration; and
- (6) the complexities involved in negotiating and determining executive remuneration packages.

3.3 Chair and Secretary

The Committee should be chaired by an independent director (**Chair**).

The Company secretary will act as secretary of the Committee (**Secretary**) unless determined otherwise by the Board.

3.4 Liaison

The principal liaison between executive management and the Committee will be the Secretary.

4. Meetings

4.1 Frequency

The Committee will meet as frequently as required in order to undertake its role effectively but must, at a minimum, meet once a year.

The Secretary must call a meeting of the Committee if requested to do so by any member of the Committee or Board.

4.2 Agenda and notice

The Secretary will be responsible, in conjunction with the Chair, for drawing up the agenda (supported by any necessary explanatory documentation) and circulating it to Committee members prior to each meeting. The Secretary must notify members of the Committee of the date, time and location of Committee meetings as far in advance as possible.

4.3 **Quorum**

A quorum for Committee meetings will be at least 2 members.

4.4 **Minutes**

The Secretary is responsible for taking minutes of each meeting and distributing them to Committee members as soon as practicable after the close of the meeting.

4.5 **Attendance**

The Committee may invite any person to attend part or all of any meeting of the Committee as it considers appropriate. Voting at Committee meetings is restricted to Committee members. Any member of the Board may attend a meeting on request.

5. Objectivity

5.1 The Committee has the right to seek internal and external advice when it considers such advice necessary in order to fulfil its responsibilities.

5.2 Management must supply the Committee with information in a form, timeframe and of a quality that will enable the Committee to effectively discharge its duties.

5.3 The Committee must ensure that it obtains sufficient information to enable it to make informed decisions with respect to the advice and recommendations it provides to the Board.

5.4 A member of the Committee is not entitled to be present at a Committee meeting, nor give advice or recommendations to the Board, regarding:

- (1) the level or composition of his or her remuneration; and
- (2) the evaluation of his or her performance as a director of the Company.

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

6. Responsibilities of the Committee

6.1 **Executive remuneration policy**

The Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of an executive and senior executive remuneration policy that:

- (1) is designed to attract, maintain and motivate directors and senior management with the aim of enhancing the performance and long-term growth of the Company; and

- (2) clearly sets out the relationship between the individual's performance and remuneration.

The Committee must review the remuneration policy and other relevant policies on an ongoing basis and recommend any necessary changes to the Board.

6.2 **Executive remuneration packages**

The Committee is responsible for reviewing and providing recommendations to the Board with respect to the remuneration packages of senior management and executive directors.

The Committee must ensure that the remuneration packages of senior management and executive directors:

- (1) display a balance between fixed and incentive pay which is tailored to the Company's short and long-term performance objectives appropriate to the Company's circumstances and goals;
- (2) provide for a link between rewards and the performance of the Company and individual; and
- (3) are consistent with the Company's remuneration policy and any other relevant Company policies.

The fixed component of each executive remuneration package should be reasonable and fair, taking into account:

- (1) the core performance requirements and expectations of the individual;
- (2) the Company's legal and industrial obligations and labour market conditions; and
- (3) the scale of the business.

The performance-based component of each executive remuneration package must be clearly linked to specified performance targets.

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.

The Committee is also responsible for advising and providing recommendations to the Board with respect to executive superannuation arrangements.

6.3 **Incentive schemes**

The Committee is responsible for reviewing and providing recommendations to the Board with respect to:

- (1) the Company's policies with respect to incentive schemes; and
- (2) the incentive schemes of senior managers and executive directors.

The Committee will assist the Board in the development of appropriate benchmarks for use in designing incentive schemes. Incentive schemes should be designed around appropriate performance benchmarks that measure relative performance and provide rewards for materially improved company performance.

6.4 **Non-executive remuneration**

Subject to compliance with clause 5.4, the Committee is responsible for providing advice to the Board with respect to non-executive directors' remuneration.

The remuneration packages of non-executive directors should generally be fee based and the Committee must ensure that:

- (1) there is a clear distinction between the structure of non-executive directors' and executive directors' remuneration; and
- (2) non-executive directors do not:
 - (a) participate in remuneration schemes designed for executive directors; or
 - (b) receive options, bonus payments or retirement benefits other than statutory superannuation without the approval of the Company's shareholders.

6.5 **Recruitment, retention and termination policies**

The Committee must review and make recommendations to the Board on the Company's remuneration, recruitment, retention and termination policies and procedures for senior executives.

6.6 **Termination payments**

The Committee is responsible for providing advice and recommendations to the Board on the Company's termination and redundancy policies and the payments made to outgoing directors and senior managers. The Committee should ensure that termination payments:

- (1) are fair to the individual and the Company; and
- (2) do not reward failure or misconduct.

Applicable termination payments must be agreed in advance and must contain clearly defined provisions regarding the consequences of early termination. The termination payments of the Company's Managing Director must always be agreed in advance. Agreements should clearly articulate performance expectations. Further, in providing advice and recommendations to the Board, the Committee should also consider the consequences of an appointment not working out, and the costs and other impacts of early termination.

7. Access to adequate internal or external resources

7.1 In order to ensure the Board is able to discharge its responsibilities properly, the Committee should establish a process whereby directors:

- (1) can obtain independent professional advice when reasonably necessary at the expense of the Company;
- (2) are encouraged to, and in fact actively, request additional information where they consider that the information supplied by internal or external sources is insufficient to allow them to make informed decisions; and
- (3) can access the Secretary whenever required.

8. Reporting

8.1 Reporting to the Board

The Committee must report to the Board, at the first Board meeting subsequent to each Committee meeting, regarding the proceedings of each Committee meeting, the outcomes of the Committee's reviews and recommendations and any other relevant issues. Such reports must include detailed disclosure of executive remuneration policies which are subject to an advisory vote by shareholders.

8.2 Annual report

The Committee must provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the corporate governance section of the Company's annual report which relates to the Company's remuneration policies and procedures, information concerning the directors and the performance evaluation of the Board and senior executives.

The following material or a clear cross-reference to the location of the material should be included in the corporate governance statement in the Company's annual report:

- (1) the names of the members of the Committee and their attendance at meetings of the Committee;
- (2) the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; and
- (3) an explanation for the departures from the ASX Recommendations.

9. Committee's performance evaluation

9.1 The Committee will review its performance from time to time and whenever there are major changes to the management of the Company.

9.2 The performance evaluation will have regard to the extent to which the Company has met its responsibilities in terms of this Charter.

10. Review of the Charter

10.1 This Charter shall be reviewed annually and revised by the Board as required.

11. Public availability of materials

11.1 This Charter or a summary of its main provisions shall be made publicly available on the Company's website in a clearly marked corporate governance section.

Approved by the Board on 1 May, 2014.