



# REMUNERATION COMMITTEE CHARTER

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## 1 Introduction

This is the Remuneration Committee charter for Energy Action Limited (the “Company”). The charter governs the procedures of the Remuneration Committee (the “Committee”) and outlines the procedures and guidelines in relation to the remuneration of directors and senior executives of the Company.

## 2 Purpose

The role of the Committee is to review and make recommendations to the Board in respect of:

- an executive remuneration and incentive policy;
- the remuneration of the chief executive officer and any other executive director, the company secretary and all senior executives reporting directly to the chief executive officer;
- any executive incentive plan;
- any equity based incentive plan;
- the remuneration of non-executive directors;
- superannuation arrangements;
- recruitment, retention, performance measurement and termination policies and procedures for non-executive directors, the chief executive officer and any other executive director, the company secretary and all senior executives reporting directly to the chief executive officer; and
- the Remuneration Report prepared in accordance with the Corporations Act 2001 (Cth) for inclusion in the Company’s annual report.

Further, the Committee is entitled to direct any special investigation that the Committee considers appropriate and to consult any independent expert that the Committee considers appropriate to carry out its duties. The Company bears the costs of any such investigation or consultations.

The Committee is entitled to call on and use any employee of the Company to the extent that the Committee considers appropriate to carry out the Committee’s role and responsibilities.

### 2.1 Composition

The Committee must consist of:-

- A minimum of 3 members
- A majority of non -executive independent directors
- The Chairman will be a Board appointed non-executive independent director.

- The Chairman will not be the Chairman of the Board

### 2.1.1 Removal or resignation

If a member of the Committee retires, is removed or resigns from the Board, that member ceases to be a member of the Committee. The Board will appoint the successor.

### 2.1.2 Committee may invite

The Committee may invite any executive management team member or any other individual to attend a meeting of the Committee, as they consider appropriate.

The chief executive officer will be the principal liaison between executive management and the Committee on remuneration matters and will be invited to attend meetings when the Committee considers appropriate.

### 2.1.3 Secretary

The Company Secretary is the secretary of the Committee.

## 2.2 Meetings

### 2.2.1 Frequency

The Committee will meet as frequently as required but not less than two times a year. Any Committee member or the Company Secretary may call a Committee meeting.

### 2.2.2 Calling meetings & notice

A notice of each meeting confirming the date, time, venue and agenda must be forwarded to each member of the Committee (with a copy to all board members) seven working days before the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.

### 2.2.3 Advice

The Committee will engage a remuneration consultant (who is not an employee), in relation to the setting of remuneration of Key Management Personnel (KMP), in order to avoid conflicts of interest and to ensure appropriate levels of expertise and transparency. The Committee shall be solely responsible (without reliance upon executives) for the selection of such independent expert and the contractual arrangements to be put in place for their engagement.

The Committee will, in line with any formal protocols set by the Committee from time to time:

- a. Engage remuneration consultants and receive any advice and/or recommendations from them with respect to KMP remuneration, as the Committee sees fit.
- b. Take into account any potential conflicts of interest when remuneration consultants are selected and ensure that their terms of engagement regulate their level of access to, and require their independence from, the Company's management.

- c. Set parameters for the interaction between remuneration consultants and management.
- d. Communicate, where appropriate, the recommendation of any remuneration consultant to persons within the Group.

### 2.2.4 Report to board

The Committee chair, or delegate, will report to the Board following each meeting. The Committee will report to the Board regularly on the matters set out in section 2 of this document.

The Committee will prepare for approval by the Board any report on the matters set out in section 2 that may be:

- required by any listing rule, legislation, regulatory body or other regulatory requirement; or
- proposed for inclusion in the annual report.

### 2.2.5 Minutes

Minutes of proceedings and resolutions of Committee meetings will be kept by the secretary. Minutes will be distributed to all Committee members and the chair of the Board, after the Committee chair has given the preliminary approval. Minutes, agenda and supporting papers will be made available to any director upon request to the secretary, providing no conflict of interest exists.

### 2.2.6 Quorum & Voting

A quorum will comprise of any two non-executive director Committee members. In the absence of the Committee chair or appointed delegate, the members will elect one of their number as chair for that meeting.

Each member will have one vote and the chair of the Committee will not have a second or casting vote.

## 3 Duties & responsibilities

In order to fulfill its responsibilities to the Board the Committee will:

### 3.1 Executive remuneration policy

- review and make recommendations to the Board regarding the Company's policy for determining executive remuneration including, but not limited to, pension rights and compensation payments and any amendments to that policy proposed from time to time by management;
- review the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs;
- consider whether to seek shareholder approval of the executive remuneration policy; and
- oversee the implementation of the remuneration policy within the Company.

### 3.2 Executive directors & senior management

- consider and make recommendations to the Board on the entire specific remuneration for the chief executive officer and any other executive director, (including base pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy, and determine whether any shareholder approvals are required and that any equity-based executive remuneration is made in accordance with shareholder approvals; and
- review and make recommendations to the Board regarding the proposed remuneration (including incentive awards, equity awards and service contracts) for the company secretary and all senior executives reporting directly to the chief executive officer.

### 3.3 Executive incentive plans

- review and make recommendations to the Board regarding the design of any executive incentive plans; and
- review and make recommendations to the Board regarding the total proposed payments from each executive incentive plan.

### 3.4 Equity Based Plans

- review and make recommendations to the Board regarding the design of any equity based plans;
- keep all plans under review in the light of legislative, regulatory and market developments;
- for each equity based plan, determine each year whether awards will be made under that plan;
- review and make recommendations to the Board regarding total proposed awards under each plan;
- in addition to considering awards to the company secretary or any senior executives reporting directly to the chief executive officer, review and make recommendations to the Board regarding proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee; and
- review, make recommendations to the Board and keep under review performance hurdles for each equity based plan.

### 3.5 Non-executive director remuneration

- review and recommend to the Board the level of remuneration for non-executive directors. The level of director remuneration is to be set so as to attract the best candidates for the Board while maintaining a level commensurate with boards of a similar size and type;
- in order to align directors' and shareholder's interests, but still retain director independence, each director's remuneration package shall allow for both cash and equity components;
- where necessary recommend that the Board seek an increase in the amount of remuneration for non-executive directors approved by shareholders; and
- the Committee may request management or external consultants to provide necessary information upon which the Board may make its determination.

### 3.6 Disclosure

In order to maintain remuneration transparency, both the levels and process of setting the remuneration for directors, the chief executive officer, the chief financial officer and others are to be fully and fairly reported.

In addition, disclosure in the directors' report which forms part of the annual report is required for performance conditions including:

- a detailed summary of the performance conditions;
- an explanation of why the performance condition was chosen;
- a summary of the methods used in assessing whether the performance condition is satisfied; and
- explanation of why those methods were chosen.

Furthermore, if an element of remuneration consists of securities and that element is not dependent on the satisfaction of a performance condition, an explanation as to why there is no link between that element of remuneration and the Company's performance is required. There must also be an explanation of the relative proportions of those elements of remuneration which are performance-based and those which are not.

Disclosure in the directors' report is also required with respect to:

- the value of options granted as part of remuneration packages, as at when they are granted, when they are exercised and if they lapse;
- the percentage of the value of the person's remuneration that consists of options;
- the duration of executive employment contracts, as well as the periods of notice required to terminate the contract and the termination payments provided for under contract;
- the relationship between the remuneration policy and the Company's performance on shareholder returns in the current and previous 4 years.

In addition, if the directors consider that compliance with the accounting standards would result in the accounts not providing a "true and fair" view, they need to explain the reasons for this and provide information as to how they formed this view. The auditor will also be required to comment on the appropriateness of such additional disclosure.

The qualifications and experience of the company secretary must be disclosed in the annual report. The amount paid to auditors for non-audit services will also need to be disclosed.

Consistent with the disclosure policy the Committee will review all public disclosures and statements concerning the matter the subject of this policy including disclosures in:

- ASX filings;
- the annual report; and
- press releases.

The Committee must also supervise the reporting of the budget and operating costs for the Board (including the costs of travel, expense reimbursement, facilities hire) as well as the actual director remuneration information.

The Committee will ensure the following information is publically available:

- a copy of this Charter or a summary of the role, rights, responsibilities and membership requirements for this Committee; and
- a summary of the company's policy on hedging the economic risk of unvested entitlements in relation to any equity based remuneration scheme.

### 3.7 Approvals

Before implementing any of the following proposals the Board will ask the Committee to review the proposal and make a recommendation to the Board in relation to it:

- any change to the remuneration or contract terms of the chief executive officer and any other executive director, the company secretary and all senior executives reporting directly to the chief executive officer;
- the design of any new equity plan or executive cash-based incentive plan, or the amendment of any existing equity plan or executive cash-based incentive plan;
- the total level of award proposed from equity plans or executive cash-base incentive plans; and
- any termination payment to the chief executive officer, any other executive director, the company secretary or any senior executive reporting directly to the chief executive officer. A termination payment to any other departing executive must be reported to the Committee at its next meeting.

## 4 Review

The Committee will conduct an annual review of the Charter to ensure that the Charter continues to reflect the current processes and guidance utilised when assessing the appropriate remuneration of the directors and the senior executives. The Board will need to approve any amendments to the Charter that stem from the review.