

Summary Directors' Fees Report

Genesis Energy

6 August 2021

1 EXECUTIVE SUMMARY

Korn Ferry New Zealand (Korn Ferry) was engaged by Genesis Energy Limited (Genesis Energy) to undertake an independent review of the fees paid to the Board of Directors. This involved benchmarking Directors' fees at Genesis Energy against the Directors' fees of comparable organisations in the New Zealand market. This report summarises the more detailed findings of our full benchmark report.

Table 1: Positioning of Directors' fees at Genesis Energy against the selected comparator group:

Fee Element	Genesis Energy	Market Data				Comp. ratio		Sample Size	Alignment
		Lower Quartile	Median	Upper Quartile	Average	MED.	UQ.		
Non-Executive Chair fee	180,000	182,500	201,300	250,175	223,775	89%	72%	15	Lower Quartile
Non-Executive Director fee	90,000	97,500	100,650	121,625	112,583	89%	74%	15	Below Lower Quartile
NED fee per Board meeting	6,429	7,727	9,500	11,192	10,054	68%	57%	15	Below Lower Quartile
Main Board meetings	14	10	10	15	12	140%	93%	15	Upper Quartile
Total Fee Pool	940,000	950,000	1,100,000	1,329,375	1,148,361	85%	71%	13	Lower Quartile
Audit and Risk Committee Chair Fee	24,000	20,000	26,000	37,000	28,927	92%	65%	15	Median
Audit and Risk Committee Member Fee	12,000	10,750	15,650	18,950	15,790	77%	63%	11	Between Lower Quartile and Median
HR and Remuneration Committee Chair Fee	15,000	15,000	20,000	24,075	20,384	75%	62%	13	Lower Quartile
HR and Remuneration Committee Member Fee	7,500	9,325	10,000	13,800	11,606	75%	54%	10	Below Lower Quartile
5Y Revenue (\$m)	2,287	860	1,257	2,507	1,844	182%	91%	15	Upper Quartile
5Y Total Assets (\$m)	4,282	1,876	4,931	6,703	4,377	87%	64%	15	Median
5Y Market Capitalisation (\$m)	2,769	1,647	2,576	5,069	3,785	107%	55%	15	Median

2 MAIN OBSERVATIONS

The main observations from the review of Directors' fees at Genesis Energy are outlined below:

- We recommend a market median positioning for Directors' fees at Genesis Energy.
- Market Capitalisation and Total Assets are aligned to the median of the comparator group while Revenue is aligned to the upper quartile. In comparison, Director remuneration is largely below the median relative to the comparator group.
- Chair and Non-Executive Director fees are positioned below the market median and outside the recommended range of 95% to 100%.
- Directors at Genesis Energy attended four more main Board meetings per year than at the median of the comparator group. However, on a per-meeting basis, Directors at Genesis Energy are compensated below the lower quartile of the comparator group.
- The current Fee Pool is below the median of the comparator group and cannot support further increases to Directors' fees at its current value.
- Audit and Risk committee member fees are below the median of the comparator group and outside the recommended range of 95% to 100%.
- Human Resources and Remuneration committee Chair and member fees are below the median of the comparator group and outside the recommended range of 95% to 100%.

3 COMPARATOR GROUP

The following two comparator groups were elected by Genesis Energy:

- NZX listed comparator group.
- Energy sector comparator group.

We note that that the choice of comparators is unique to each organisation and reflects an assessment of business strategy, direction and challenges as determined the Board. For this reason, Korn Ferry does not typically recommend specific comparator organisations.

The following comparator group has been specifically chosen by Genesis Energy based on a detailed assessment of the following factors:

- Similarity to Genesis Energy's business.
- Complexity of business operations compared to Genesis Energy.
- Difficulty of challenges faced by organisations compared to Genesis Energy.

Company Name	Average 5-year Performance (\$M)		
	Total Assets	Revenue	Market Capitalisation
Air New Zealand	7,472	5,293	2,789
Auckland International Airport	7,723	617	9,050
Chorus	4,931	991	2,332
Contact Energy*	5,274	2,161	4,460
Freightways	640	573	1,238
Infratil	7,054	1,389	2,576
Mainfreight	336	300	1,157
Mercury NZ*	6,353	1,742	5,679
Meridian Energy*	8,994	2,854	10,044
Sky Network Television	1,405	846	857
Spark New Zealand	3,752	3,516	7,379
Synlait Milk	926	873	1,216
Trustpower*	2,346	936	2,057
Vector	5,883	1,257	3,543
Z Energy	2,563	4,310	2,400

25 th percentile (Lower Quartile)	1,876	860	1,647
50 th percentile (Median)	4,931	1,257	2,576
75 th percentile (Upper Quartile)	6,703	2,507	5,069
Average	4,377	1,844	3,785
Genesis Energy	4,282	2,287	2,769
Alignment	Median	Upper Quartile	Median

About Korn Ferry

Korn Ferry is a global organisational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organisations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.

