

RENEWABLE ENERGY BENCHMARK REPORT 2023

How to Attract and Retain the Best Senior People

GEOFF NUNN & ASSOCIATES
Independent Board and Remuneration Advisors

In the exploding renewables sector, it's vital to get your remuneration strategy right.

Renewables now occupy centre stage in the energy space. Governments and industry are investing heavily, and major projects are underway across Australasia.

Now more than ever, renewable companies need to attract the best directors, CEOs, and executives to deliver a greener future for Australia and New Zealand.

To get a better fix on this market sector we're expanding our Utilities Benchmark into Renewables. We will produce a special Analysis covering these roles:

Board	Executive
Board Chair	Managing Director/CEO
Deputy Chair	Chief Operating Officer/GM Ops.
Non-Executive Director	Chief Customer Officer/GM Retail
Audit & Risk Committee Chair	Chief Financial Officer/GM Fin.
Audit & Risk Committee Member	GM People & Culture
Other Committee Chair	Chief Information Officer
Other Committee Member	General Counsel/Co. Secretary
	GM Strategy/Dev./Commercial
	GM Assets/Engineering/Projects

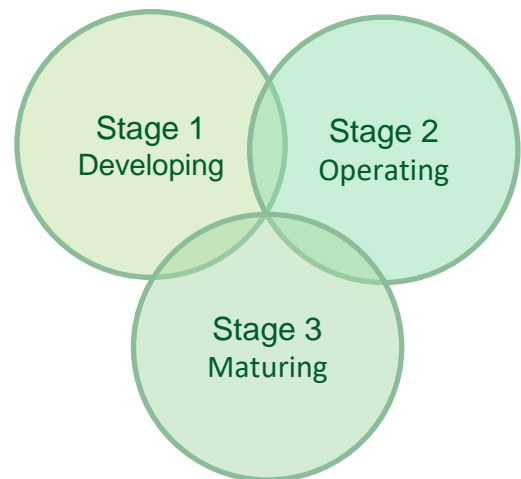
Remuneration data for executive positions covers:

- Fixed Annual Remuneration (FAR)
- Total Reward Opportunity (TRO) at Target
- Total Reward Opportunity (TRO) at Maximum

We analyse the "At Risk" percentages and the performance drivers for STI and LTI Plans. We also forecast market movement for 2023 and look at those economic factors driving the market.

The Strategy ATTRACT. RETAIN. REWARD.

Good remuneration strategy reflects the company's life-stage, balancing its profile with affordability and market competitiveness to attract and keep the best people.



How to be part of this program

Data entry is via a simple 10-minute password-protected spreadsheet, which should take no more than 10 minutes to complete.

In return, you will receive the inaugural Renewable Benchmark 2023, plus our quarterly newsletter. Confidentiality guaranteed. Companies unable to contribute their data can purchase the Benchmark Report for \$850.

**Renewable Energy Benchmark
2023 Report
No charge to contributors
for 2023**



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UTILITIES

BENCHMARK 2023

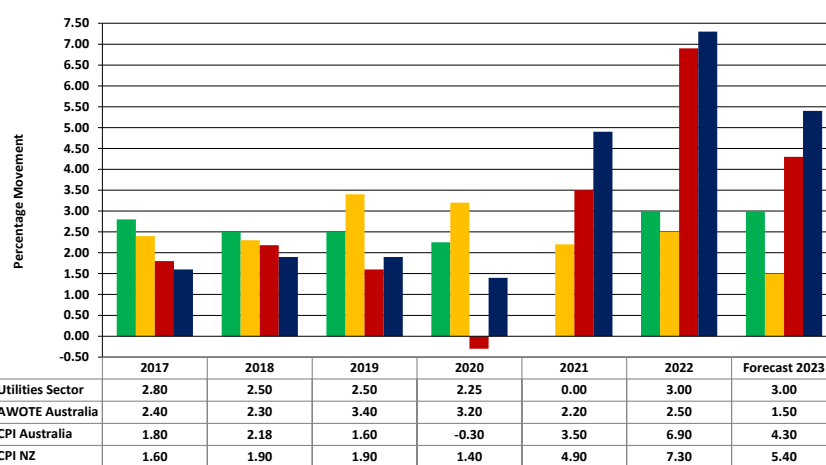
STATE OF THE MARKET

Our Forecast for 2023 CEO and Executive Team

The market faces a number of uncertainties in 2023. The CPI in Australia hit 6.9% in the fourth quarter and New Zealand experienced a similarly high figure. Forecasts for 2023 range for Australia from 4.0% to 5.0% with 5.4% for New Zealand.

Governments are sometimes slow to respond to shocks in the global economy whereas markets react quite quickly. The spike in commodity prices in 2022 and its flow on to retail goods is a case in point. But inflation looks certain to level off in 2023 after a roller coaster ride this year. We track FAR movements in the Utilities Sector and our forecast for the CEO and executive team for the 2023 review is 3.0%.

Utilities Sector Market Movements vs CPI
CEO & Executive Team 2017-2022 with Forecast 2023



Market Hot Spots

Demand for key executive roles, driven largely by renewable projects and upgrading of existing infrastructure, will continue throughout 2023 and beyond. The following roles are attracting a premium:

Chief Executive Officer: finding the right CEO has always been a key challenge for the board. We seen some real success stories from locally grown CEOs and some spectacular failures of much touted imports. Who can forget the Sol Trujillo and the three amigos saga with Telstra. The right mix of strategic leadership and industry knowledge is essential in the Utilities Sector, and we have some very strong contenders for the top spots in Australia and New Zealand. Expect to pay a 10.0% to 15.0% premium to entice a good CEO to move plus a payout of a percentage of any undelivered STI and LTI awards.

Chief Operating Officer: the COO is often the second most senior role (along with the CFO) in an operating utility company hierarchy. The operations are the engine room of the company and the skills required to keep the engine ticking over are much sought after.

Particularly when there is the need to renew and maintain aging infrastructure. The COO may be paid up to 70.0% of the CEO with a similarly structured package. Typically the COO will come from an engineering base.

Chief Financial Officer: the CFO has always been a key role in any organisation. The challenge is to find a CFO who can simultaneously maintain a strategic perspective and be across the detail. A top CFO in a medium to large energy-based utility can command a package of \$1.0m+. There are some good ones around and they know what they're worth.

Chief Information Officer: it can be tricky to find the right CIO. We've been involved with a couple of utilities recently where it's taken 6-9 months to make an appointment. For the most part CIO skills are transferable across industry sectors and it's hard to compete with financial services and resources. So be prepared to dig deep for the right CIO.

General Manager Strategy: right now we're in the middle of an energy and renewable revolution. It's not BAU and companies need the right GM Strategy who can be across global developments. We're doing some great work in Australia. But for some it's catch up as successive governments have failed to provide the right policy frameworks. The States and private sector are now stepping into the fold. Getting strategy right is an imperative for all utility companies and you need to be prepared to pay a premium to get the right person.

Forecasts for the Chair and NED's are included in our latest newsletter:

<https://www.gna.net.au/articles>

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