



GENESIS ENERGY

Governance Roadshow

July 2017

Dame Jenny Shipley, Chair
Doug McKay, Director



Genesis Energy



Uniquely placed as the only fully integrated energy management company in New Zealand



**Delivering a
cohesive
customer
experience
with 3 fuels
on one
platform**



**Enabling New Zealand's high
level of renewable energy**



**Creating value through an
integrated fuel platform**



Agile culture embracing and leading change

Genesis integrated approach to strategy

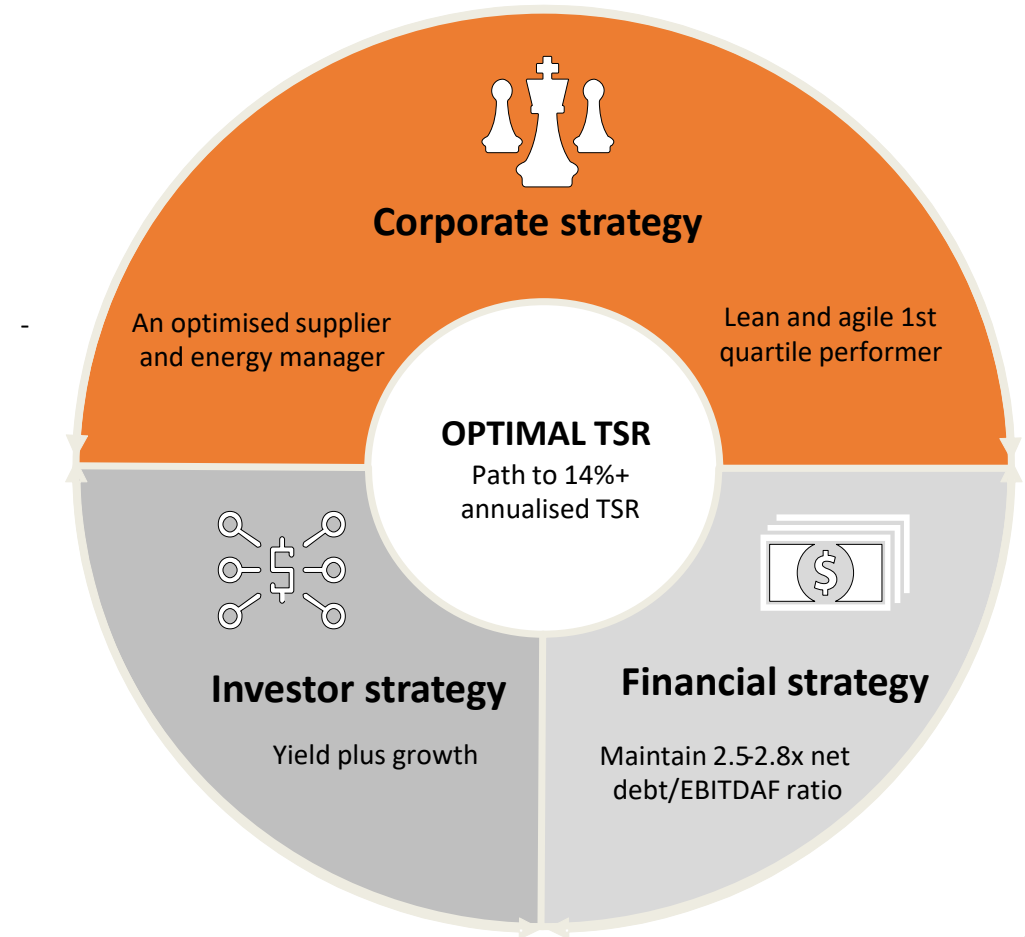


Making decisions with a holistic approach to value

OUR VISION

Reimagining energy to be customers' first choice for energy management.

- Board actively engaged in development of new strategy announced to market in FY17
- This included appointment of Chief Executive with skill set aligned with industry trends, interviews as part of strategy review and collaboration around outcomes
- Execution now being actively monitored against key strategic initiatives of optimise, invest and innovate



Board of Directors



Focused on creating long-term value for shareholders

- Key decisions in past year included appointment of new CEO, collaborating and endorsing new strategy, progressing two significant acquisitions, updating risk appetite across multiple categories and evolution of LTI
- Significant board time expended in addition to regular meetings in FY17 to ensure both acquisitions and the associated financing were underpinned by a robust governance process
- Focus areas for FY18 include board succession planning and monitoring strategy execution



DAME JENNY
SHIPLEY



PAUL ZEALAND



MARK CROSS



MAURY LEYLAND



JOANNA PERRY



DOUG MCKAY



JOHN LEUCHARS



TIMOTHY MILES

Board of Directors

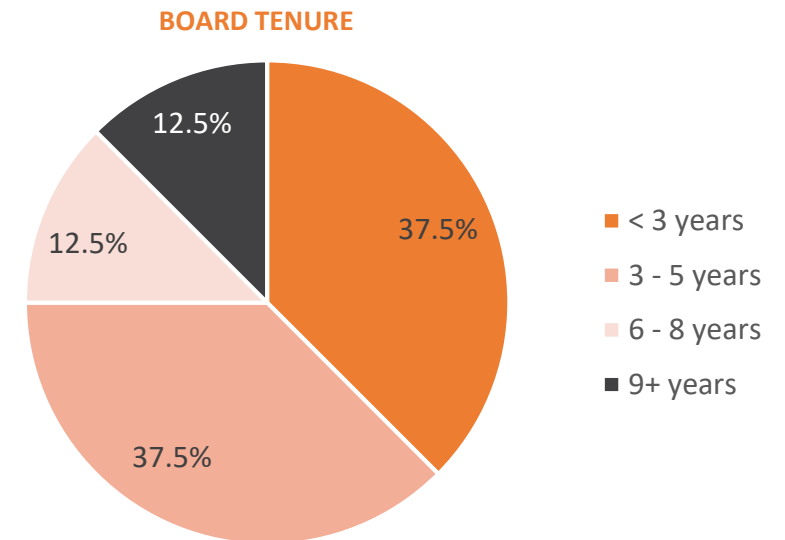


Refresh of Board in 2016 bought in skill sets aligned with new strategic direction

- Board composition determined by right combination of skills, knowledge and diversity and mix of tenure
- All Directors are independent with no Crown representation

BOARD SKILLS AND EXPERIENCE

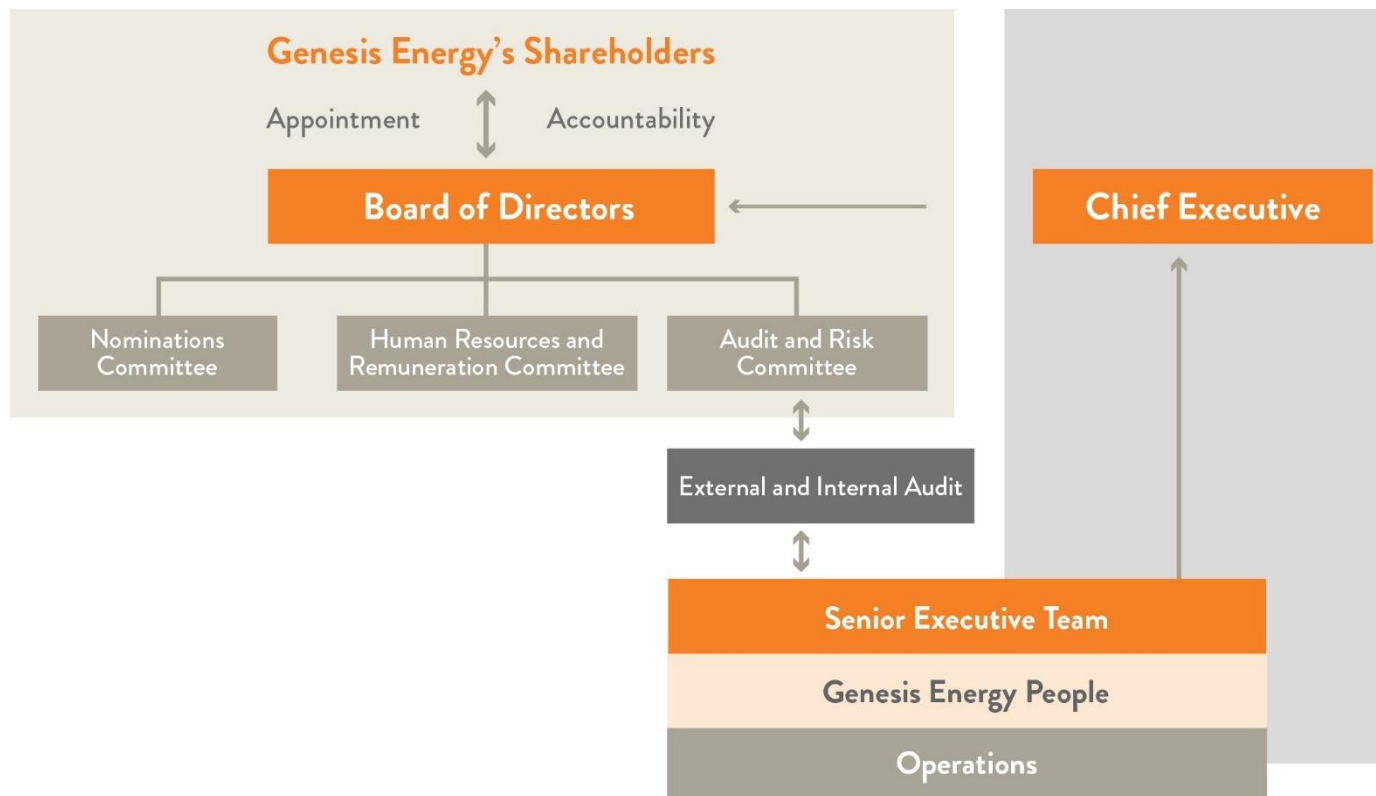
Experience	Electricity sector	Sales and marketing
	Oil and gas sector	Crisis management
	Banking and financial markets	Engineering
	Public sector leadership	International business
	Compliance and regulatory	Generation assets
	Accounting and audit	Consumer behaviour and customer insights
	Corporate finance	
	Telco and digital	
Skills	Executive leadership and strategy	
	Financial acumen	
	Risk management	
	Health, safety and environmental management	
	Public policy	
	Governance	
	People and culture	
	Digital, technology and innovation	
	Management of complex infrastructure	



Corporate Governance Structure



Consistent with best practice as per New Zealand and international standards



- An annual review and evaluation of the Board performance and charters is performed
 - Biannual process of self-review against Institute of Directors guidelines alternating with review conducted externally
- Genesis Energy also participates in the Corporate Confidence Index for benchmarking purposes

Chief Executive



A strategic change oriented leader

- Marc England joined in May 2016 after an extensive global search
- Track record includes driving growth, innovation and a focus on the customer
- Strong international experience in large business leadership roles in the energy sector
- Level of delivery evident in short time frame:
 - “Reimagining Energy” strategy developed and communicated
 - Refreshed Executive Management team put in place to support strategy execution
 - Two major acquisitions completed totaling \$360 million
 - Agile way of working embedded in business to accelerate change
 - Progress underway on all strategic initiatives



MARC ENGLAND

Chief Executive

Management Team



Driving Genesis Energy towards being a leading integrated energy management business

- Three new appointments and two internal promotions delivering a diverse capability set and mix of tenure to support strategy execution
- Experience across 8 countries and 16 industries, with a collective 80+ years experience in the Energy sector
- Focus is on reshaping Genesis Energy into an agile and adaptive organisation with the right structure and capabilities in place to develop deep and enduring relationships with its customers



DEAN SCHMIDT

Executive General
Manager Corporate
Affairs and
Transformation



**JENNIFER
CHERRINGTON-MOWAT**

Executive General
Manager Technology
and Digital



JAMES MAGILL

Executive General
Manager Product
Marketing



TRACEY HICKMAN

Executive General
Manager Generation
and Wholesale



NIGEL CLARK

Executive General
Manager Customer
Operations



NICOLA RICHARDSON

Executive General
Manager People and
Culture



CHRIS JEWELL

Chief Financial
Officer

Genesis Executive Remuneration



Realigning remuneration to support new strategy

- A period of strategic change for Genesis Energy makes it critical to engage, motivate and retain key employees in the short to medium term to implement the change successfully
- The Human Resources and Remuneration Committee has taken the opportunity to review Executive remuneration in line with the refreshed strategic direction and taking account of best practice globally
- A decision was made to evolve both the short term and long term incentives schemes
 - STI performance measures now focused on key areas of financial performance , health & safety and the customer
 - LTI scheme to include both absolute and relative TSR measures to be more closely aligned with strategic objective of delivering an upper quartile TSR
- A talent retention plan will also be introduced for selected high performing employees

Executive LTI Design Changes



LTI evolved to include an absolute TSR measure

Current Structure

- 100% of performance measured against relative TSR
- Benchmark is the NZX50
- Threshold of 50th percentile performance and overall positive TSR
- 100% vesting with 75th percentile performance with straight line adjustment in between



Proposed Structure

- 50% performance measured against relative TSR and 50% against absolute TSR
- Relative TSR Benchmark to change to a indexed comparator group of Meridian, Mercury, Contact, and Trustpower
- Modified approach to vesting
 - Threshold of 50th percentile performance
 - Pro rata vesting between 50th and 75th percentile based on relative TSR position
- Absolute TSR based on company target to deliver an upper quartile performance

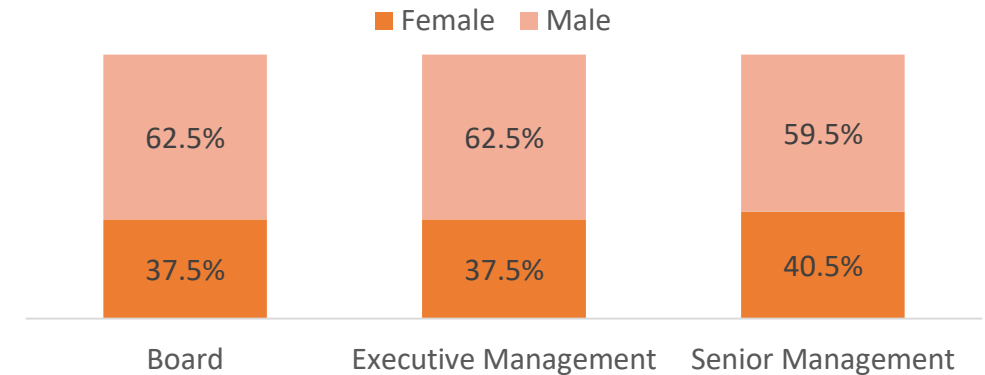
Diversity & Inclusion



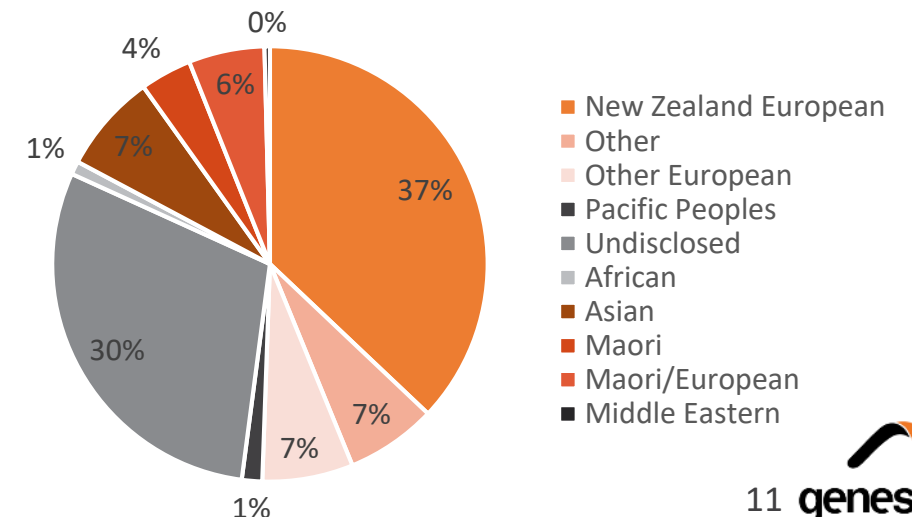
Taking a lead in an equal and inclusive workforce

- Genesis Energy places significant value on diversity in the workforce in delivering better outcomes for the business
- As a leading Champion for Change in New Zealand we are committed to raising the value of diversity and inclusiveness throughout the wider business community
- As an example, for the 2017 Annual Report we will be providing ethnicity information for the first time as well as our gender and age profiles
- There is a balance of capable females and males on our Board and in our senior leadership team
- This year we have also introduced a 'Minding the Gap' policy which governs our approach for fairness between the remuneration of males and females

GENDER DIVERSITY – BOARD, EXECUTIVE & SENIOR MANAGEMENT



ETHNICITY PROFILE OF WORKFORCE



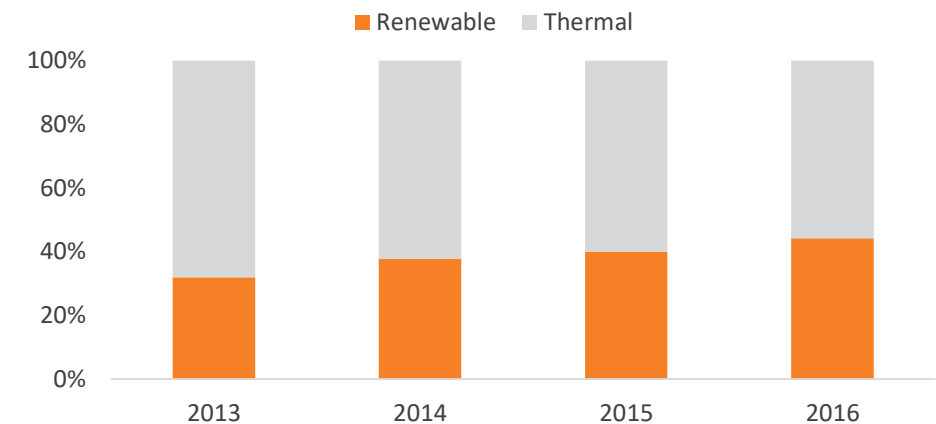
Genesis and the Environment



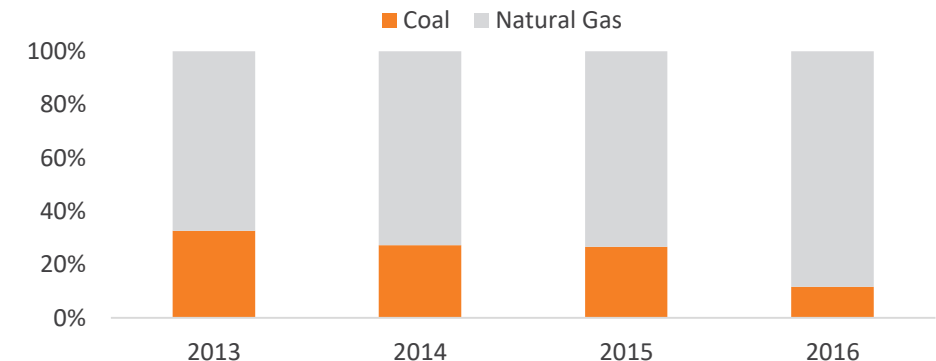
Committed to supporting our generation environments

- Genesis Energy has a diverse generation portfolio combining renewable with thermal
- Proportion of renewable has been increasing and use of thermal fuels has been declining
- Environmental activities ensure we maintain our license to operate of which examples in FY17 included:
 - Resource consents granted to replace the coal-fired Rankine units at Huntly any time during next 20 years
 - Negotiated an agreed flow with Ngāti Rangi to achieve a range of cultural and ecological outcomes from the Tongariro Power Scheme
 - Ongoing partnership with the Department of Conservation to save the native Whio (Blue Duck)
 - 32,000 elvers transferred upstream at Waikaremoana as we continue to work towards regaining a sustainable eel fishery

PROPORTION OF RENEWABLE GENERATION



THERMAL FUEL TYPE



Genesis and the Community



Caring for and investing in our communities

- The aim of community investment is to make a tangible difference in our communities and provide a social licence to operate by giving back to the communities in which we work and where our customers live
- For the last 5 years Genesis has supported initiatives that fall into three key areas: environment, social need, and youth education
- Our annual spend is around \$1.3 million
- The reimagining energy' strategy has led to a rethink of how community engagement intersects with our Brand
 - Community investment has been redefined with a new focus on “cultivating New Zealand’s curious minds” to better reflect the aspirations Genesis has for the future of the energy sector
 - This new focus will be developed by reinvigorating SchoolGen, and using this as a springboard for some exciting new partnerships and initiatives that will highlight the connections between Genesis and the worlds of science and technology

SCHOOLGEN

- Running for 11 years, SchoolGen gives children the opportunity to learn about energy and how to be energy efficient
- During that time we have also donated solar panels to 92 schools which in the past year generated 489MWh of power



Risk Management & Governance



Effective risk management protects and enhances value

- Risk management helps us better assess opportunities, execute quickly where appropriate, and improves our resilience if risks occur
- In FY17 we:
 - Reviewed and approved the company risk appetite level across the categories of people & safety, financial, reputation, compliance, operational and environmental
 - Integrated risk “bow ties” into Asset Management planning and decision making helping to drive lower insurance premium costs

“Genesis Energy has demonstrated to us over the long term a willingness to collaborate, invest and drive continuous risk improvement. We consider them in the top tier of clients in terms of asset risk management”

Key Insurance Partner

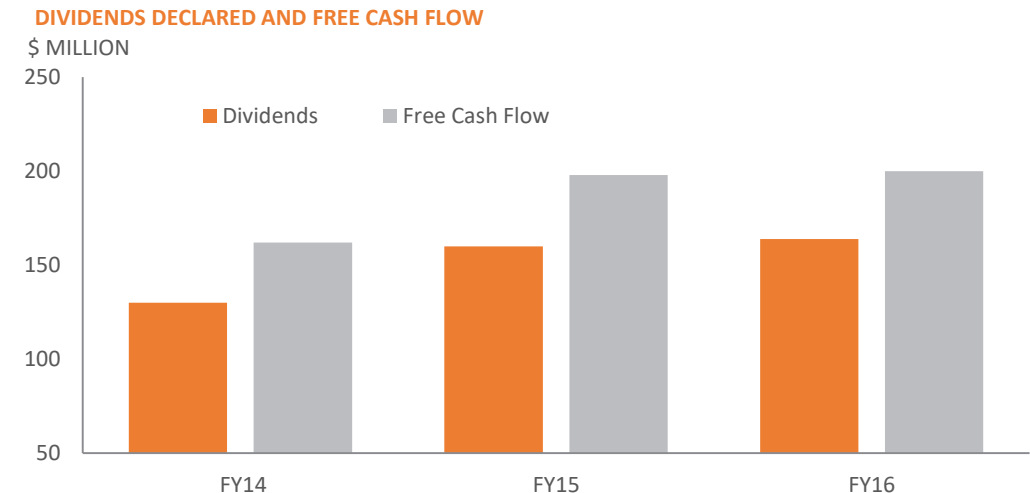
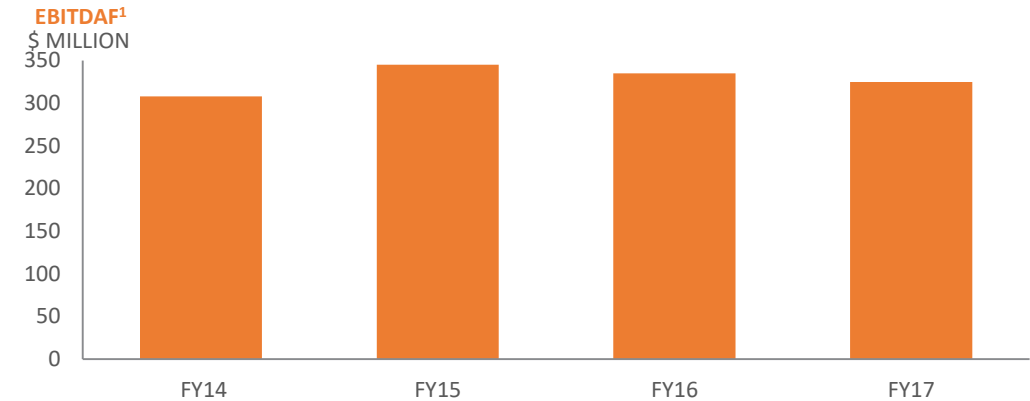


Financial Summary



A growing dividend stream over time with a BBB+ credit rating

- Genesis Energy has been growing dividends consistent with its dividend policy to grow over time in real terms
- We remain committed to BBB+ credit rating
 - Genesis Energy continues to target a net debt to EBITDAF ratio of 2.5x to 2.8x over time
 - Recently completed successful \$225 million hybrid bond raising resulting in pro forma gearing of 33%

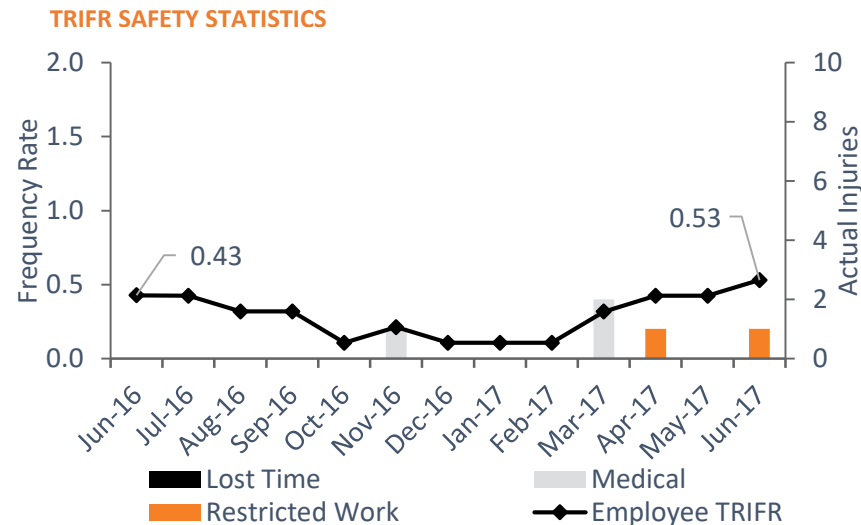


Health & Safety



Zero harm is our commitment

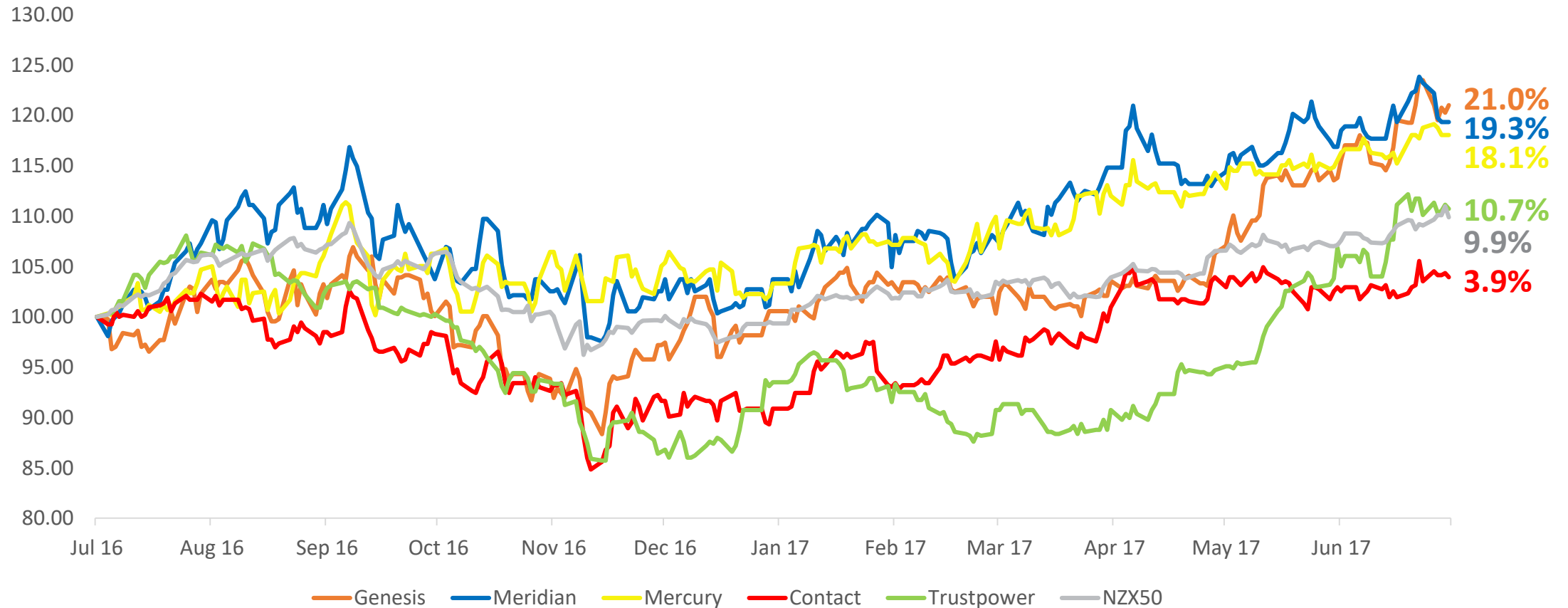
- Our rigorous focus on health and safety has translated into tangible outcomes with our TRIFR remaining at sector leading levels
- No serious or lost time incidents in past 12 months
- Staylive, an important forum for industry collaboration and learnings, was recently recognised with the EEA 2017 Workplace Safety Award



Genesis strategy delivering leading TSR



Sector leading TSR performance in FY17



Thank You

