

CARNEGIE WAVE ENERGY LIMITED
REMUNERATION COMMITTEE CHARTER

CHARTER

The Remuneration Committee shall review and make recommendations to the main Board on remuneration packages and policies applicable to senior executives and directors themselves. The design of incentives is one of the most difficult tasks facing a Board and senior management.

It may be appropriate in the circumstances for the Remuneration Committee to consist of non-executive directors so as to be seen to be independent.

FUNCTIONS

The functions of a Remuneration Committee would generally include review of:

- policies for salaried personnel and directors remuneration annually;
- the basis of the calculation for senior executives' and directors' remuneration annually to ensure that it appears reasonable;
- current industry practice and the professional executive recruitment organisations' publications;
- different methods for remunerating senior executive and directors;
- existing or proposed share option schemes;
- superannuation payments;
- retirement and termination payments;
- fringe benefits;
- professional indemnity and liability insurance policies;
- related party transaction disclosure in the financial statements;
- communication with major shareholders and institutional investors to gauge their views on remuneration packages;
- and
- annual leave policies (and long service leave).

MEMBERSHIP

The members of the Remuneration Committee shall be appointed by the company's Board of Directors and include a balance of executive and non-executive directors to ensure adequate independence is maintained.

Committee members' term in office shall be for a period of not more than three (3) years whereby normal re-election process as per the company's Constitution shall take place.

The chairman, being a non-executive director shall be appointed by the Board of Directors for a period of three (3) years.

Due consideration will be given by the Board of Directors from time to time, with a view to rotating members without, however, losing the continuity of experience and knowledge gained by the members of the Committee.

SECRETARIAL AND MEETINGS

The company secretary or one of the directors shall be appointed secretary of the Committee. The secretary, in conjunction with the chairman, shall draw up an agenda which shall be circulated prior to each meeting to the members of the Committee.

The chairman will call a meeting of the Remuneration Committee if so requested by any committee members.

Meetings shall be held at least two times a year. Meetings are to be held at the end of the calendar year and financial year.

A Quorum for a meeting shall be a minimum of two which shall include the chairman.

REPORTING

The Remuneration Committee shall report a summary of the findings of each Committee Meeting to the Board of Directors. All directors shall receive a copy of the Minutes of the Remuneration Committee meetings.

ACCESS TO PERSONNEL

The Remuneration Committee shall have direct access to the Company's Auditors and senior managers, and the ability to consult independent experts when necessary.