

BLUE ENERGY LIMITED

ABN 14 054 800 378

BOARD PERFORMANCE EVALUATION



Board Performance Evaluation

Issue Number	Date
1	November 2010
2	March 2014

Next Review Date - June 2016

1. Policy Objectives

- 1.1 To assist the Board on its role of monitoring performance of the Company, the Board has undertaken to regularly evaluate the performance of the Board (including individual Directors) and of the Committees of the Board. This Policy expresses the Board's policy for those evaluations.

2. Policy

Annual reviews

- 2.1 There will be an annual evaluation of the performance of the Board (including Directors and Committees), conducted in, or as close as possible to, July in each year. The purpose of the evaluation is to evaluate how effectively the Board, the Directors and the Committees are fulfilling their role and duties.
- 2.2 The annual review will commence each year in July, with the Chair requesting feedback at a meeting of the Board as to the members of the senior management team (if any), (and anyone else) whose views should be included in the Board/Committee evaluation process and, subject to the following paragraphs, to agree the manner in which the evaluation is to be conducted (eg whether an external consultant is to be engaged, which would be expected to be the case at least every 3 years, or whether it will be conducted by more informal discussion within the Board).

Process for reviews

- 2.3 The process at each annual evaluation is to include written questions given to each Director for completion before the evaluation, in respect of:
- (a) The performance and functioning of the Board as a whole;
 - (b) The performance and functioning of the Board's Committees;
 - (c) Evaluation of the effectiveness of the Chair of the Board;
 - (d) Peer evaluation of each Director's performance; and
 - (e) Self-evaluation of the Directors' own performance.
- 2.4 At each evaluation corresponding questions will also be given to the MD/CEO, and such other people as the Board has decided to be included in respect of each of the performance evaluations.
- 2.5 The questions to be asked, and all other aspects of the process, are to be specifically designed/tailored for the Board, and aimed at assessing the performance of the Board and its Committees against the:
- (a) The Board's Charter and Code of Conduct;
 - (b) Terms of Reference for Committees; and
 - (c) Agreed Board-specific and Committee-specific goals (KPI's).

Outcomes of reviews

- 2.6 All reviews are to include open discussion by the Board of the results of the evaluations and to decide any changes which are required to be made by the Board to address any lack of performance and to agree the goals (KPI's) for the Board and, separately, for its Committees for the ensuing year. Board and Committee KPI's will always be set having regard to the approved strategy of the Company.
- 2.7 The Chairperson will make available to individual Directors a summary of the evaluation performance by their peers. If particular concerns arise from the evaluation in relation to any individual Director, or Committee, the Chairperson shall meet with that Director, or Chairperson of that Committee, to discuss the concerns and any actions to be taken as a result. If the concerns relate to the Chairperson, then the Chairperson shall discuss the matter as appropriate with the Board.

Regular feedback

- 2.8 Directors will also be encouraged to provide feedback on a regular basis on the conduct of Board meetings and other business, and the preparation for them, in order to assist in the continual improvement of the way the Board carries out its role at a 'micro' level. For this purpose, it will be a standing item on the agenda at the end of each meeting, that one Board member at each meeting (rotated amongst the Board members) ask for feedback or concerns of Directors against a short list of prompt questions. Those prompt questions might be or include the following:
- (a) In today's meeting, was there sufficient time and focus on strategic issues?
 - (b) Was there too much time or focus on operational matters?
 - (c) What was handled well in the meeting?
 - (d) What was handled poorly and why?
 - (e) Were the papers and information for today's meeting adequate?
 - (f) Any feedback for the Chair around management of the Board's discussion

Future Directors

- 2.9 Future Directors must, prior to appointment, be given a copy of this policy and be required to confirm agreement with it prior to commencement with the Company.

3. Policy Review

- 3.1 This policy will be reviewed and, if appropriate, updated by the Board every 3 years.