

MD/CEO Performance Evaluation

Issue Number	Date
1	November 2010
2	March 2014

Next Review Date - June 2016

1. Policy Objectives

- 1.1 The Board of the Company has adopted a Board Charter by which it undertakes to regularly review, amongst other things, the performance of the MD/CEO. This policy expresses the Board's policy for review of the MD/CEO's performance. It has been developed and agreed by the Board and the MD/CEO.

2. Policy

- 2.1 It is the aim of this policy to:

- (a) Ensure greater certainty for the MD/CEO of the expectations which the Board places on the MD/CEO, with a view to better supporting the MD/CEO in his/her role, ultimately in the interests of the better performance of the Company; and
- (b) Assist the Board in its role of monitoring performance of the Company and associated accountability to shareholders and other relevant stakeholders.

- 2.2 There will be:

- (a) **Monthly reports** from the MD/CEO to the Board in the regular monthly reporting cycle, in such form and covering such content as the Board and the MD/CEO from time to time decide together to be appropriate.
- (b) **Annual reviews** of the MD/CEO's performance, conducted in, or as close as possible to, the July; and
- (c) If the Board so decides, interim 6-monthly reviews of the MD/CEO's performance.

- 2.3 The **annual review** will include the following steps:

- (a) The Chairperson will commence the annual process in the month before the annual review date, by requesting feedback from the Board as to which members of the executive management team if any that should be included in the review process and in what manner;
- (b) The MD/CEO will be requested to provide a written self appraisal report to the Chairperson setting out how the MD/CEO believes he/she has worked to achieve against the MD/CEO's then current Role Description and the then current agreed KPIs for the MD/CEO (which were agreed out of the previous annual performance review);
- (c) Each Director will be invited to provide written or verbal comments to the Chairperson as to the performance of the MD/CEO against the MD/CEO's then current Role Description and the then current agreed KPIs for the MD/CEO (which were agreed out of the previous annual performance review);
- (d) The Chairperson and/or any other Director involved in the review process will interview those members of the executive management team (if any)

- which the Board has directed be included in the performance review process for the MD/CEO;
- (e) The Chairperson and/or any other Director involved in the review process will meet with the MD/CEO, once all comments and the MD/CEO's self-appraisal report have been received to:
 - (f) Discuss any matters (positive or negative) raised by the feedback received and the MD/CEO's report;
 - (i) Give useful feedback to the MD/CEO as to the Board's expectations of the MD/CEO and the ways in which those expectations have been met, exceeded or not met and how the MD/CEO's performance can be improved in the view of the Board;
 - (ii) Discuss and agree with the KPI's for the MD/CEO for the following year, for submission to the Board for approval at the next Board meeting. KPIs for the MD/CEO will always be prepared having regard to the then strategic priorities and objects of the Company; and
 - (iii) Discuss and agree with the MD/CEO any amendments which may appear to be required to be made to the MD/CEO's then current Role Description, for submission to the Board for approval at the next Board meeting.
- 2.4 The Chairperson shall report to the Board (orally or in writing) at its next meeting as to matters discussed with the MD/CEO and the KPIs for the MD/CEO which are recommended to the Board for approval (or modification if required) for the following year.
- 2.5 Each time it is conducted, a brief summary and the results of this process shall be recorded in the minutes of the Board.
- 2.6 This process shall be conducted separately from the MD/CEO's annual salary review, but the results of the process will be appropriately taken into account in the MD/CEO's annual salary review.
- 2.7 If conducted, the **interim 6-monthly reviews** of the MD/CEO's performance shall be conducted by the Chairperson and/or any other Director involved in the review process in such a way as they and the MD/CEO agree, in order to:
- (a) Give the MD/CEO regular and useful feedback of relevance to preparing for the annual review;
 - (b) Inform the MD/CEO of issues of concern which the Board may wish the MD/CEO to address in preparation for the annual review; and
 - (c) Give the MD/CEO an opportunity to give feedback to the Board of issues of concern which the MD/CEO may have, such as any resourcing or other factors which are inhibiting performance and which are beyond the power of the MD/CEO to influence.

BLUE ENERGY LIMITED

ABN 14 054 800 378

MD/CEO PERFORMANCE EVALUATION



2.8 Future MD/CEO's must, prior to appointment, be given a copy of this policy and required to confirm agreement with it prior to commencement with the Company.

3. Policy Reviews

3.1 This policy will be reviewed by the Board, in consultation with the MD/CEO, at least every 3 years and updated if appropriate.