

CARNEGIE WAVE ENERGY LIMITED
BOARD AND SENIOR EXECUTIVES EVALUATION POLICY

EVALUATION PROCESS

The Board of Carnegie Wave Energy Limited considers the evaluation of its own and senior executive performance as fundamental to establishing a culture of performance and accountability.

BOARD EVALUATION

The Board considers the ongoing development and improvement of its own performance as critical input to effective governance. The Board undertakes an annual evaluation of its effectiveness as a whole. The Chairman reviews the individual performance of each Board member annually.

The Chairman's performance is evaluated by the Board annually with facilitation by an external party.

The basis of the review is on goals that have been set for Carnegie Wave Energy based on corporate requirements and any areas for improvement identified in previous reviews. The Board does not endorse the reappointment of a director who is not satisfactorily performing the role.

SENIOR EXECUTIVES EVALUATIONS

All senior executives of Carnegie Wave Energy are subject to an annual performance evaluation. Each year, senior executives establish a set of performance targets with her or his superior. These targets are aligned to overall business goals and requirements of the position. In the case of the Managing Director, these targets are established between the Managing Director, the Board and the Remuneration Committee.

An informal assessment of progress is carried out each half year. A full evaluation of the executive's performance against the agreed targets takes place once a year. This will normally occur in conjunction with goal setting for the coming year. Since Carnegie Wave Energy is committed to continuous improvement and the development of its people, the results of the evaluation form the basis of the executive's development plan. Performance pay components of executives' packages are dependent on the outcome of the evaluation.

The Remuneration Committee make recommendations to the Board in respect of remuneration levels in accordance with the Remuneration Committee Charter.

Carnegie Wave Energy is committed to continuing development of its directors and executives. Any director wishing to undertake either specific directional training or personal development courses is expected to approach the Chairman for approval of the proposed course.