



Process for Performance Evaluation

The Chair has the overall responsibility for evaluating the Board and, when deemed appropriate, Board committees and individual directors. This process is outlined below. The Nomination Committee (or its equivalent) is responsible for appointing the Managing Director and other directors.

The performance of Executives is reviewed bi-annually, in February and August, by the Managing Director and his performance is reviewed by the Remuneration Committee, with revised remuneration packages generally taking effect from the 1st of July of the new financial year. Executives are also entitled to participate in the employee option arrangement from time to time, as determined by the Board. Key performance indicators are established for each executive and relate to specific outcomes agreed between the Executive and the Company for the period involved. Furthermore, the Executive needs to be in the employment of the Consolidated group for the period to successfully meet the performance criterion for the granted options to vest.

The process for evaluating the performance of the Board, individual directors and any applicable committees is:

- Questionnaires (refer attached) are prepared by the Company Secretary and circulated to each Director for completion;
- The Company Secretary then summaries and collates the responses to the questionnaires and reports back to the Board; and
- The Chair and Directors then review and discuss the report and addresses any issues as required.



Carbon Energy Limited (CNX) BOARD EVALUATION

The purpose of this questionnaire is to define the areas in which the board excels and, of equal importance, those areas which need focused attention for improvement.

Input can be used as a means of discussing it with the Chairman, other members of the Board or Management if you so desire. It should take between 20 to 30 minutes to complete but the results will have a very positive and very long-lasting impact on the Company.

The usefulness in the questionnaire lies in setting a bench mark so as to use it as a comparison for future years and in comparison with other companies in the same sector (which may be difficult to currently identify).

*Please indicate your degree of
agreement with the statements on
the following pages*

A	THE BOARD'S ROLE AND RESPONSIBILITIES	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Don't Know
1	The Board has well-defined roles and responsibilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Directors clearly understand their fiduciary responsibilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Once a decision is made, the Board speaks as one Board	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	The Chairman represents the Board, including speaking on behalf of the Board	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Board members' first loyalty is to CNX's, not to constituents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	The Board Charter of Governance is complete and up-to-date	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	The Charter clearly identifies governance responsibilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	The Charter defines relationships between the Board and its Board committees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	The Charter defines the relationship with the CEO and the Board	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	The Charter clearly states CNX vision, mission and values	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	The Charter clearly and comprehensively covers policies and procedures of the Board	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	The Charter provides an oversight of policies & procedures of delegated authorities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	The Board has identified internal and external information required for the Board oversight function	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	The Board provides input and guidelines in the development of the Company's strategic plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	The Board has adequate processes in place to monitor performance objectives for the organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	The Board reviews and approves annual operating and, where appropriate, capital budgets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	The Board monitors operational and financial performance of CNX	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	The Board has sufficient understanding of CNX's risk profile	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	The Board monitors CNX's effectiveness in meeting stakeholder needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	The Board ensures CNX fulfils its mission	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Don't Know
21	The Board has mechanisms to identify potential performance problems before a crisis occurs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22	Board members stay abreast of funding and legislative trends and issues to provide guidance to the organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23	The workload of Board members is equally shared	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24	Board members are visible in the organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25	Board members attend functions and events to represent the Board and the organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional comments:						
B	BOARD COMPOSITION & APPOINTMENTS						
1	Is the Board size suitable for the business we are in.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Board eligibility criteria ensure a diversity of skills and experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	The Board eligibility criteria ensure a Board membership which is sufficiently independent of management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Directors' term of office is appropriate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	The Board has an effective new member orientation process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Adequate training and development opportunities exist for individual directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Director compensation is adequate (given time commitment, competitor benchmarks etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	The Board has a succession plan in place for the Chairman and directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional comments:						

C	BOARD LEADERSHIP, TEAMWORK AND MANAGEMENT RELATIONS	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Don't Know
1	Board leadership is provided at the Board and committee levels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	The Board's goals, expectations and concerns are clearly and honestly communicated with the CEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Board decision making is effective and timely	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Board environment is supportive of a diversity of views	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	"Material negative news" is communicated by management to the Board quickly and openly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Directors contribute to the advancement of CNX's image and stature at community, state, national and international levels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	The relationship between Board members and Management is constructive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	The Board acknowledges that only the CEO reports to the Board (all employees report to the CEO)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Additional comments:						
D	BOARD MEETINGS & COMMITTEES						
1	Directors are encouraged to suggest appropriate items for inclusion on the Board and/or Committee agenda	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	The agenda allows sufficient time to discuss the most complex and critical issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Directors receive appropriate quantity, quality of information (agenda, minutes, performance, background materials) in advance of meetings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Directors are prepared for the meetings (pre-reading, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Conduct of the meetings ensures open communication, meaningful participation and constructive dissent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	The Board makes efficient and effective decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	The Board focuses on strategic and policy issues and reviews of key performance accountabilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	The Board avoids getting bogged down in operating detail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	There are appropriate procedures and protocols for contact between management and Board members (outside of Board meetings)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Directors have adequate opportunity to share and canvass views with each other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Don't Know
11	Board meetings are of suitable frequency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	Board meetings are of suitable duration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Board meetings are of suitable content	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Board meetings are held in a suitable location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	There is an appropriate number of Board committees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	The scope of responsibilities of Board committees is clear	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	The required outcomes of Board committees are clear	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	The Committee Chairmen are responsible and accountable for the Committees' activities to the full Board	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	Board committees avoid undue involvement in CNX's operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional comments:						
E	EVALUATION						
1	The Board ensures that directors are meeting Board objectives, standards and expectations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	The Board has benchmarked best practices of other Boards and assessed how to improve its own practices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	The Board has developed standards for evaluating its own performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	The Board has necessary resources and organisation support to function effectively	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	The Board evaluates the CEO's performance at least annually	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	The Board evaluates the CEO's performance based on mutually agreed performance objectives and the business plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional comments:						

F	ETHICS / STAKEHOLDERS / ENDOWMENTS	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Don't Know
1	The Board communicates the proper ethical and legal responsibilities to members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	The Board sets appropriate standards of ethical behaviour	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	The Board ensures compliance with these standards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Directors' behaviour sets a positive example of ethical behaviour	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Directors disclose potential conflicts of interests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Directors avoid potential conflicts of interest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	All Board dealings with the organisation are at arm's length	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	The Board ensures appropriate relationships with members and clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	The Board ensures appropriate relationships with community stakeholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	The Board ensures appropriate treatment of strategic partners and allies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	The Board ensures appropriate relationships and treatment of employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	The Board ensures that the organisation's auditors are conducting objective and independent audits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	The Board ensures ongoing fundraising to grow funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	The Board determines allocation between investment vehicles (risk profiles)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	The Board selects fund managers appropriate for asset allocation/risk profile	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	The Board closely monitors the financial performance of investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Additional comments:						

Questions in relation to Company Secretariat – (for smooth operation of the Board)?

- a) Are Board members provided with timely provision of advice?
- b) Are adequate arrangements made for Board meetings?
- c) Are Board papers issued in a timely manner?.....
- d) Are arrangements for the AGM and compliance with statutory matters conducted in a timely manner?
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How does this Board compare to other Boards on which you serve?

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Please list three major strengths of this Board.

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Please list three of the most pressing needs of the Board.

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Other comments which would help the Board refine current operations and increase its effectiveness.

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Some questions for directors to think about and self-assess, but not to give a written answer to:

- a) Do I as a Director prepare for Board meetings?
 - b) Am I prepared to admit I don't fully understand something & ask a question?
 - c) Am I a team player?
 - d) To aid quality decision making, am I prepared to be the devil's advocate and explore all other alternative options?
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THANKS FOR TAKING THE TIME TO COMPLETE THIS QUESTIONNAIRE