

## **BOARD AND MANAGEMENT PERFORMANCE ENHANCEMENT POLICY**

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### **1. GENERAL PURPOSE AND PRINCIPLE**

- (a) The Company is committed to the ongoing professional development of its Directors, officers, executives and management personnel through a process of ongoing evaluation, education and improvement, with a view to enhancing Board and management performance and effectiveness for the benefit of the Group and its stakeholders.
- (b) This means that Directors and key executives should be equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed.

### **2. EVALUATION/REVIEW**

- (a) The performance of the Board, its Committees, individual Directors and key executives are to be evaluated and reviewed regularly against quantitative and/or qualitative indicators and otherwise as recommended by the Recommendations.
- (b) The Company should disclose on its website or in its annual report each year whether the relevant process was undertaken in the reporting period for the relevant annual report.

### **3. INDUCTION**

- (a) The Company will implement induction procedures designed to allow new Board appointees to gain knowledge about the Group and the industry in which it operates so they may participate fully and actively in Board decision making at the earliest opportunity.
- (b) Such induction procedures may relate to and assist Directors to gain a better understanding of:
  - the Company's financial, strategic, operational and risk management position;
  - their rights, duties and responsibilities;
  - the role of the Board committees;
  - the Company's culture and values;
  - Board and Board Committee meeting arrangements; and
  - interaction with other Directors as well as senior executives and stakeholders.
- (c) Similar induction processes may also be desirable for key executives.

#### **4. PROFESSIONAL DEVELOPMENT**

- (a) Directors and key executives should have access to continuing professional development opportunities to update and enhance their skills and knowledge.
- (b) This should include education and training concerning key developments in the Group and in the industry and environment within which it operates, as well as developments in the regulatory environment and in governance practices.
- (c) The Company commits to developing a regime by which opportunities for the professional development of its Directors and key executives can be identified and made available.
- (d) The Company should provide allowance in its annual budget for this purpose.

#### **5. OUTLINE OF INDUCTION AND EVALUATION PROCEDURES**

- (a) Attachment 1 to this policy sets out the Company's standard induction procedure for new Directors (with adaptation as appropriate for new key executives having regard to the executive's role and responsibilities).
- (b) Attachment 2 to this policy sets out the Company's standard process for Board, Committee and director evaluation.
- (c) Attachment 3 to this policy sets out the Company's standard process for senior executive evaluation.
- (d) These standard procedures are indicative only and may be adapted as appropriate to meet the circumstances of each case.

#### **6. ROLE OF THE NOMINATIONS COMMITTEE**

The Board's Nominations Committee, in consultation with the Chair and the Company Secretary, is assigned primary responsibility for strategies and processes to be developed and implemented to achieve the general purpose and principle in this policy.

#### **7. DISCLOSURE OF OUTCOMES OF EVALUATION AND REVIEWS**

Subject to prudential discretions vested in the Board on account of confidentiality and commercially sensitive information, the Company should disclose on its website any insights gained from its evaluation and reviews of the Board, Committee and individual Directors and any governance changes made as a result of such evaluation and reviews.

## ATTACHMENT 1 - NEW DIRECTORS STANDARD INDUCTION PROCEDURES

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This document sets out a procedure which can be used for the induction of new directors. Similar steps (with such prudential adaptations as are appropriate having regard to confidentiality constraints and the role of the executive) should apply to key executives.

**Step 1: Assessment of skill and expertise of new Director**

Make a preliminary assessment of the knowledge, skill and experience of the person to ensure that the induction can be tailored appropriately to the circumstances of the person.

Ensure full CV, contact particulars and photo ID of the person is within Company records.

**Step 2: Induction pack**

Provide the person with an induction pack including the following:

**Corporate**

- Company Constitution;
- corporate and management reporting organisational structurediagrams; and
- key Company policies eg. occupational health and safety, competition law/trade practices, environment etc

**Board**

- Corporate Governance Charter including:
  - Board and Board Committee charters;
  - all relevant Board policies, codes, and protocols;
- annual reports for the last three years;
- management accounts and management reports over last 3 months;
- current business plan, budget and strategic plan;
- copies of Board minutes and relevant Board Committee minutes over last 6 months (or thereabouts);
- copy of the last Board meeting package;
- copies of internal audit reports and the auditors' management letters addressing issues relating to internal controls and signing off the year end accounts, over last 12 months;
- copy of Company's risk management policy; and
- photo and brief bio of each of Board member and key executives.

**Business**

- information about the industry and an analysis of the markets in which the Company operates;
- details of main customers, suppliers and competitors;
- details of major shareholders, bankers and analyst/broker relationships;
- details about the regulatory regime in which Company operates; and
- details of main businesses, assets and liabilities.

**Step 3:****Management presentations**

Senior management will give presentations to the person and include opportunities for questions to be asked.

**Step 4:****Site visit**

The person may undertake tours of the Company's main sites and facilities.

**Step 5:****Ongoing access to information**

The person is to be made aware of whom he or she can contact for further information and what information is available.

Ensure person has addressed all HR and security requirements and is on the e-mail address list for any Board related information, Company announcements and media releases.

**Step 6:****Further training**

Identify need for and arrange any specific further training which may be required.

Follow up with person after 1 month and after (say) 6 months as to any other information/training or educational requirements desired.

## **ATTACHMENT 2 - THE BOARD, COMMITTEE AND DIRECTORS - EVALUATION PROTOCOLS**

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### **1. PRINCIPLES**

The principles of the evaluation process are:

- integrity of process – actual and perceived;
- assessment to be independent of management;
- process designed to encourage open and constructive discussion;
- agreed and clear goals accepted by all participants;
- confidentiality of identity of each individual director assessment;
- transparency of the evaluation process to assure accountability;
- post evaluation debriefing assessment and follow up;
- evaluation to focus on demonstrable performance, in context of overall Company goals;
- voluntary submission to evaluation by all relevant participants.

### **2. PARTICIPANTS EVALUATION PROCESS**

#### **2.1. Selecting an evaluation process and criteria**

- (a) The Nominations Committee, in consultation with the Chair, assumes responsibility for recommending to the Board the appropriate evaluation objectives and processes, including the methodology, who will facilitate it, and who will oversee it.
- (b) The Board decides if it accepts the recommendation or if it requires changes.
- (c) Utilisation of external facilitation, from time to time, under the oversight of the Chair can help bring professionalism, objectivity and confidentiality to the process.
- (d) Evaluation criteria should:
  - allow comparison with identifiable objective benchmarks where possible;
  - be relevant to the Company, the Board, the Committees, the Directors and their respective circumstances;
  - be relatively standardised to allow longitudinal analysis, unless circumstances otherwise require;
  - should be capable of reflecting the full scope of relevant endeavour and performance which is consistent with the Company's strategies and goals.

## 2.2. Generally available types of evaluation processes

- (a) Self-assessment is a common approach. Self-assessment allows ownership of and personal input into the evaluation process.
- (b) Peer review (360° feedback) can be a desirable addition, from time to time, to self-assessment, especially for the role of the Chair. Peer review gives objectivity.
- (c) Other models of evaluation (e.g. external consultant interviews) may be suitable depending on the circumstances and needs.

## 2.3. Evaluation program

- (a) The cycle for the Company's evaluation and review process or program for its Board, Committees and individual Directors is 3 yearly.
- (b) As an indicative example, discrete elements of the evaluation program may be undertaken each year in accordance with the following process:
  - (i) Year 1 – overall governance review and evaluation PLUS individual Director discussions with Chair (as appropriate);
  - (ii) Year 2 – governance review and evaluation of Board Committees PLUS individual Director interviews with Chair;
  - (iii) Year 3 – Board dynamics review and evaluation PLUS individual Director interviews with external facilitator.

## 3. INDICATIVE PROCESS FOR INDIVIDUAL DIRECTORS

### 3.1. Process for review process

- Step 1** Each Director completes an agreed self-evaluation form using agreed ratings and evaluation criteria and passes same to Chair or external facilitator (as applicable).
- [Step 1A** (in case of peer review only) Other directors provide feedback on the performance of the Director using the same agreed ratings and evaluation criteria and passes same to Chair or external facilitator (as applicable).]
- Step 2** A meeting is held between the Director and the Chair or external facilitator (as applicable) to discuss issues raised (including any material discrepancies between self-assessment rating and the peer review as applicable).
- Step 3** Chair or external facilitator reports back to Board on outcomes of the process (but having respect for the principle of confidentiality – refer paragraph 1 above)

### 3.2. Evaluation criteria for each Director

Includes:

- **Governance:** ability of Director to contribute to Board and Company’s performance whilst adhering to principles of good governance.
- **Leadership:** ability of Director to inspire commitment to Company’s vision and values.
- **Strategy:** ability of Director to analyse, evaluate and contribute to the Company’s strategic plan and positioning.
- **Industry knowledge:** Director’s experience in the industry in which the Company operates so as to give valuable insights as to the environment in which the Company operates.
- **Commercial/business acumen:** Director’s ability to contribute to the increase in the prosperity of the Company and its stakeholders.
- **Social Capital:** Director’s ability to contribute to and enhance the Company’s social capital and corporate standing.
- **Special attributes:** identification of any special skills or attributes.
- **Teamwork/dynamics:** ability of Director to interact constructively with fellow Board members and the senior executives in a manner that is consistent with achieving common business goals.

### 3.3. Chair evaluation

To the extent to which the role of the Chair is not evaluated in any overall governance review and evaluation tool being deployed, the Deputy Chair (if any) or senior/lead independent Director should take responsibility for evaluation and review of the Chair and the views of the other Directors should be canvassed.

## 4. INDICATIVE PROCESS FOR BOARD COMMITTEES

### 4.1. Review process

- Step 1** The members of each relevant Committee complete self-evaluation forms using agreed ratings and evaluation criteria and pass same to Chair or external facilitator (as appropriate).
- Step 2** The Chair or external facilitator (as appropriate) meets with the relevant Committee to constructively discuss the outcomes of the review and any agreed action arising.
- Step 3** A summary of outcomes for all Committees is reported to the Board by the Chair or external facilitator (as appropriate) for discussion and any action arising.

### 4.2. Evaluation criteria for Committees

Includes:

- Committee Charter: appropriateness of scope and content of Committee’s remit.

- Committee Membership: appropriateness of balance and skill blend of Committee members.
- Procedure and practice: use of Committee time, adequacy of Committee papers, frequency of meetings, ability to access resources, ability to keep informed in relevant area, provision for continuing development, opportunity for Committee members to contribute constructively to committee to work in a conducive and open manner, and Committee member dynamics.
- Committee substantive output: objective criteria (based on the Committee’s remit and terms of reference) to measure the performance output of the Committee.

## 5. INDICATIVE PROCESS FOR OVERALL COMPANY GOVERNANCE REVIEW

### 5.1. Review process

- Step 1** Each Director completes evaluation form using agreed ratings and evaluation criteria or external facilitator (as appropriate).
- Step 2** The results of the evaluation forms are analysed in accordance with the agreed methodology.
- Step 3** The outcome of the review is communicated to the Board by the Chair or external facilitator (as appropriate) for discussion and any action arising.

### 5.2. Evaluation criteria for overall governance review

Includes:

- **Individual Director:** The appropriateness of the competencies, skills, attributes and behaviours of each Director (and of the Chair).
- **Board:** How the individual Directors come together as a team, including Board and Committee structure and meetings, as well as Board deliberations and dynamics.
- **Organisation:** How governance is driven from the board to management and the organisation including attributes of the CEO, and the organisation’s strategy, risk and performance outcomes.
- **Stakeholder:** How the organisation engages with, reports to and holds itself accountable to its shareholders, regulators and broader stakeholders, and the community of which it is apart.

The aim is to take an holistic view of the Company’s governance across all areas of the organisation.

## 6. INDICATIVE PROCESS FOR BOARD GOVERNANCE REVIEW

### 6.1. Review process

- Step 1** Each Director completes evaluation form using agreed ratings and evaluation criteria and passes same to Chair or external facilitator (as appropriate).



- Step 2** The results of the evaluation forms are analysed in accordance with the agreed methodology.
- Step 3** The outcome of the review is communicated to the Board by the Chair or external facilitator (as appropriate) for discussion and any action arising.

## **6.2. Evaluation criteria for Board dynamics review**

Academic research has identified good board dynamics as one of the most influential and important areas of governance leading to enhanced corporate performance outcomes.

Criteria for evaluation include:

- the structure and means of the Board's deliberations and Board member interactions including:
  - team attributes
  - mutual trust
  - co-operation
  - challenge
- getting the task done
  - clarity of goals/purpose
  - skill mix
  - competence
  - reliance on others to perform
  - deliberations and decision making
- shared leadership
- team building
  - competencies
  - shared learnings
  - creativity and support

## **7. EXTERNAL FACILITATION**

The Board should consider engaging an external facilitator from time to time to assist and co-ordinate the review and evaluation process.

## **8. COMBINATION OF EVALUATION PROCESSES**

The Company may make use of governance analysis tools that combine individual Director, Board, Board Committee and overall governance evaluations into a combined holistic evaluation and review.

## ATTACHMENT 3 - SENIOR EXECUTIVE PERFORMANCE REVIEW AND EVALUATION PROTOCOLS

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### 1. PRINCIPLES

The principles of the performance review and evaluation process include:

- continuous improvement;
- review and assessment of historical performance against:
  - job description and expectation;
  - key performance indicators set;
  - code of conduct and ethical value base;
  - organisational objectives and strategic goals;
- identification of:
  - any impediments to enhanced performance;
  - professional development and training opportunities to improve future performance;
- agreed initiatives arising from the review;
- setting of key performance indicators for the future to align expectations with the Group's strategic objections;
- review of remuneration arrangements and adjustments as appropriate.

### 2. PARTICIPANTS REVIEW AND EVALUATION PROCESS

(a) **(Timing)** Reviews and evaluations should take place:

- (i) consistent with the executive's employment contract;
- (ii) whenever considered appropriate by the Company in case of special need or concern;
- (iii) at least annually (or thereabouts).

(b) **(Process)** Reviews and evaluation should include:

- (i) accepted HR industry standards for such reviews including the prospect of 360o feedback review processes as may be appropriate;
- (ii) for the CEO, facilitated by the Board Chair (or Chair of Nomination Committees) or an external facilitator;

- (iii) for other senior executives, facilitated by the CEO (perhaps in conjunction with the HR manager) or an external facilitator;
  - (iv) provision of sufficient and appropriate information to both the reviewer and the reviewee to assist the integrity of the review and any performance benchmarking to be considered as part of the review;
  - (v) an agenda for the review including key issues to be discussed as part of the review;
  - (vi) sufficient advance notice of the review to be given to reviewer and reviewee to allow time for proper reflection and preparation;
  - (vii) the review itself being conducted in an open and transparent manner with a view to constructive criticism on areas for improvement and acknowledgement of areas of past achievement.
- (c) **(Recording)**
- (i) Notes prepared by the facilitator arising from the review, including agreed initiatives arising, key performance indicators for the future, and any variation to job description/scope or remuneration;
  - (ii) The notes also being given to the reviewee for acceptance as a fair record of the review.
  - (iii) Details of the review process and outcome being recorded in the Company's corporate HR records.