

talga

Performance Evaluation Practices

1. Performance Evaluation Practices

The Company has established processes to review the Board's performance and the performance of individual Directors (including the Managing Director) and any committees of the Board, annually.

1.1. Board

The Board is required to meet annually with the specific purpose of reviewing the role of the Board, assessing its performance over the previous 12 months, including comparison with others, and examining ways in which the Board can better perform its duties.

- The annual review includes consideration of the following measures:
- assessing the skills, performance and contribution of individual members to the Board and corporate management personnel;
- comparison of the performance of the Board against the requirements of the Board Charter;
- the awareness of the Board members' responsibilities, duties and corporate governance and compliance requirements;
- assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budgets;
- the understanding of Board members of the business(es) the Company is operating and the trends and issues affecting the market(s) in which it competes;
- review the Board's interaction with management;
- identification of any particular goals and objectives of the Board for the next year;
- review the type and timing of information provided to the Directors; and
- identification of any necessary or desirable improvements to Board or committee charters.

The method and scope of the performance evaluation will be set by the Board by various means including, but not limited to:

- meeting with and interviewing each Board member;
- circulation of internal tools of review such as self assessment checklists, formal questionnaires and reports;
- outsourcing to independent specialist consultants.

1.2. Non-executive Directors

The Chairman will have primary responsibility for conducting performance appraisals of non-executive Directors. The Chairman meets with each individual non-executive Director and conducts a process for performance evaluation similar to the process used for evaluating the performance of the Board (as set out above). The Chairman's evaluation of the performance of the non-executive Directors may include consideration of:

- their skills, performance and contribution to the Board, the Company and Company strategy;
- degree of independence including relevance of any conflicts of interest;
- availability for, and attendance at, Board meetings and other relevant events; and
- suitability to Board structure and composition.

Where the Chairman, following a performance appraisal, considers that action must be taken in relation to a Director's performance, the Chairman must consult with the remainder of the Board regarding whether a Director should be counselled to resign, not seek re-election, or in exceptional circumstances, whether a resolution for the removal of a Director be put to shareholders.

1.3. Managing Director

The Board will annually review the performance of the Managing Director. At the commencement of each financial year, the Board and the Managing Director will agree a set of general Company specific performance measures to be used in the review of the forthcoming year.

These will include:

- financial measures of the Company's performance;
- the extent to which key operational goals and strategic objectives are achieved;
- development of management and staff;
- compliance with legal and Company policy requirements; and
- achievement of key performance indicators.

Given the current size and structure of the Company, in addition to the process for evaluation of the Board as described above, specific evaluation of the Managing Director may be carried out on an ongoing basis through open and regular communication between the Board members and the Managing Director to identify and monitor the achievement of key performance indicators, to provide feedback and to provide guidance and support where any issues may become evident.

1.4. Senior executives

The Managing Director is responsible for assessing the performance of the senior executives and management within the Company and reporting to the Board at least annually. This is to be performed through a formal process involving an annual formal meeting with each senior executive and ongoing informal monitoring throughout each financial year.

The basis of evaluation of senior executives will be on agreed performance measures.

This policy is reviewed annually.