



## **PERFORMANCE EVALUATION PROCESSES**

### **1. REVIEW OF BOARD AND INDIVIDUAL DIRECTOR PERFORMANCE**

- 1.1 The PPK Group Limited (“PPK”) Board of Directors are responsible for establishing criteria for Board membership, reviewing Board performance and identifying and nominating directors with the appropriate expertise and experience.
- 1.2 The Board has an established process of self-review and evaluation which involves regular and on-going consideration of all of the Board’s key areas of responsibility and accountability.
- 1.3 Relevant matters considered in the assessment of Board and individual director performance by PPK include:
  - 1.3.1 the role of the Board – the degree to which the Board has an understanding of the expectations of shareholders and other stakeholders, setting objectives and communicating these to management, and generally understanding its key responsibilities;
  - 1.3.2 the adequacy of systems in place for the Board’s monitoring of management’s efforts in the area of risk management and compliance with legal obligations including reviewing the main areas of risk for the company;
  - 1.3.3 Board composition and involvement – whether the Board has the appropriate mix of skills and experience needed to perform its functions;
  - 1.3.4 Board meetings and operations – reviewing the procedural aspects of meetings, the timeliness and quality of information provided by management and assessing the level and effectiveness of communication between the Board, individual directors and management;
  - 1.3.5 Board performance – involving a qualitative and quantitative assessment of the overall performance of the Board by each director and senior management including individual directors attendance and participation at Board meetings and sub-committees;
  - 1.3.6 the quality and continuity of management – reviewing the degree to which there are adequate delegations of authority in place for the Managing Director and Senior Management to aid the effective and efficient management of the business, as well as, ensuring that there are adequate individual development and succession plans for the entity;
  - 1.3.7 the appropriateness of the strategic direction set by the Board including the processes used in business planning and budgeting and the adequacy of communication of these items with management; and

- 1.3.8 the level and quality of communication with external stakeholders of the company.
- 1.4 The outcomes of this on-going self-assessment program are used to enhance the effectiveness of the Board.
- 1.5 The Chairman meets periodically with individual directors to discuss the performance of the Board and the director.
- 1.6 The process for re-election of a director is in accordance with the Company's constitution which requires that each year, at least one-third of the non-executive directors retire from office at the annual general meeting. The retiring directors may be eligible for re-election.
- 1.7 An evaluation of the contribution of the directors retiring by rotation is conducted by the Chairman prior to the Board endorsing their candidature. The Chairman discusses each director's review with the relevant director.
- 1.8 The PPK Board has been structured with the objective that effective management of the Company may be achieved through the appointment of directors with a broad range of relevant expertise. The present Board consists of two (2) directors with extensive property, investment and manufacturing experience, a practising Chartered Accountant, a practising Solicitor and a director who consults in financial and general management and who has diverse experience as a member of other listed company boards.
- 1.9 There is no tenure restriction imposed upon individual directors.
- 1.10 PPK conducts its evaluation of directors based on an amalgamation of factors including capability, skill levels, understanding of industry complexities, risks and challenges and value adding contribution to the overall management of the business.

## **2. REVIEW OF PERFORMANCE OF BOARD COMMITTEES**

- 2.1 PPK currently has one established committee, namely, the Audit Committee.
- 2.2 The authority and responsibility of the Audit Committee is governed by its Terms of Reference approved by the Board.
- 2.3 Other committees may be established from time to time to consider matters of special importance. Committee performance is reviewed as part of the Board's performance review and includes a consideration of the adequacy of the committee's Terms of Reference.

## **3. REVIEW OF PERFORMANCE OF KEY EXECUTIVES.**

- 3.1 Each year the Board reviews and establishes the company's performance objectives based on qualitative and quantitative factors. The objectives established become the performance targets for the Managing Director for that year. The performance of the Managing Director is assessed annually by the full Board at a duly constituted Director's Meeting against these pre-determined performance objectives.
- 3.2 The Managing Director, in consultation with the Board, establishes the performance objectives of senior executives within the group based on the desired business outcomes.

3.3 Annual performance reviews of PPK senior executives are undertaken by the Managing Director based on individual performance measures. The Managing Director makes recommendations to the full Board on the remuneration of these executives which are reviewed by the Board.

#### **4. FACILITATING PERFORMANCE BY EDUCATION.**

4.1 PPK has in place induction procedures for newly appointed directors which include the provision of information regarding the PPK business, company strategy, current issues before the Board and the rights, duties and responsibilities of the director. Similar induction procedures exist for key executives.

4.2 Directors are kept up to date with key developments in the company, the market and industry within which PPK operates. PPK encourages its directors to attend continuing education programmes to keep abreast of their duties and responsibilities as directors, and to become involved wherever possible in the activities of professional membership organisations.

#### **5. BOARD ACCESS TO INFORMATION**

5.1 Board papers and agendas are circulated in advance of meetings. The agenda is established to ensure adequate coverage of financial, strategic and major risk areas throughout the year.

5.2 In addition to its formal meetings, the Board undertakes strategic reviews on a regular basis and conduct site visits.

5.3 All directors have access to company records and information, and receive regular detailed financial and operational reports from senior management.

5.4 The Company Secretary is available to all directors and may be consulted on on-going issues of corporate governance, the PPK Constitution and the law. In addition, the Chairman and other independent non-executive directors regularly consult with the Managing Director and Financial Controller and may confer, and request additional information from, any PPK employee. Management are available to discuss reports, and any issue arising, with the Board as required.

5.5 The Board collectively, each Board Committee and each individual Director, following appropriate consultation, has the right to seek independent professional advice at PPK's expense to help them carry out their responsibilities.