



INDEPENDENT DIRECTOR ASSESSMENT

1 INTRODUCTION

This Independent Director Assessment Policy has been adopted by PPK Group Limited (the '**Company**') to describe how the Board will assess the independence of each Director.

This Policy describes:

- why considerations of independence are important;
- the factors that the Board will consider when assessing the independence of a Director;
- the frequency with which the Board expects to make those assessments; and
- the disclosures the Board expects to make in relation to the independence of each Director.

2 POLICY OBJECTIVE

The independence or otherwise of Directors is a critical part of good corporate governance. As such assessments are made by the Board, it is important that stakeholders are aware of the factors considered by the Board in reaching those conclusions. Independence is not a designation that should be given lightly.

In developing this Policy, the Company has had reference to the commentary on independence in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles**).

3 ASSESSMENT OF INDEPENDENCE

Assessments of independence are made by the Board. How the Director in question characterises his or her position, or how that Director is regarded or treated by management, is not relevant to this analysis. The Board will make such assessments on a reasonably frequent basis, ordinarily annually unless there are changes in the particular circumstances of a Director.

A Director will be considered independent by the Board where the Director is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual shareholder or other party. An executive Director cannot be an independent Director.

4 RELATIONSHIPS TO BE CONSIDERED BY THE BOARD WHEN ASSESSING INDEPENDENCE

The Board will take into consideration all of the surrounding facts and circumstances when undertaking its assessment of the independence of its Directors. The Board will ordinarily have particular regard to those relationships that the ASX Principles consider are of a kind that may affect the independent status of a Director.

These include circumstances where the Director:

- is, or has been, employed in an executive capacity by the Company or any of its subsidiaries and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company. The Board does not consider service rights or grants to Directors to recognise exceptional past efforts as constituting performance-based remuneration;
- is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser (such as auditor), consultant or customer) with the Company or its subsidiaries, or is an officer of, or otherwise associated with, someone with such a relationship. The test of whether a relationship or business is “material” will be based on the nature, circumstances and activities of the Director;
- is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a shareholder who has a relevant interest in 5% or more of the voting shares in the Company;
- has close personal ties with any person who falls within any of the categories described above; or
- has been a Director of the Company for such a period that their independence from management and substantial holders may have been compromised. The mere fact that a Director has served on the Board for a substantial period of time does not mean that he or she has become too close to management to be considered independent. However, the Board will regularly assess the independence of any Director who has served for more than 10 years.

A Director may be assessed by the Board to be independent even though one or more of the relationships referred to above exists.

5 DISCLOSURE

The Company will:

- identify any independent Director in the Annual Report, following an appropriate consideration and resolution by the Board;
- identify the length of service of each Director in the Annual Report; and
- make immediate disclosure to the market if it considers that the independent status of a Director is lost for any reason.

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