



Australian Agricultural Company Limited

ABN 15 010 892 270

Board Evaluation Policy

Approved by the Australian Agricultural Company Limited Board on 28 July 2004

Formatted for consistency on 9 January 2019

Updated by the Board of Australian Agricultural Limited on 18 May 2022

1. Purpose and Scope

Each year the AACo Board will carry out an evaluation of its own performance and the performance of each individual Director, the Chairman and each Board Committee. Board performance evaluation is designed to:

- review the pre-determined role of the Board, the Board Committees and individual Directors as set out in the AACo Board Charter;
- annually assess how well Directors are discharging their responsibilities; collectively by assessing the Board's contribution to strategy and its effectiveness and performance against its objectives; and individually by assessing the quality of a Director's contribution to general discussions, business proposals, risk management, compliance and governance responsibilities, as well as the currency of the Director's knowledge and skills and the impact of their other commitments on their performance;
- regularly evaluate the Directors' confidence in the integrity of the Company, the quality of the discussions at Board meetings, the efficiency and operation of Board and Committee meetings, the credibility of the reports and information they receive, the level of interpersonal cohesion between Board members and the mix of skills, knowledge and experience of the Board;
- encourage and support Board members, individually and collectively, to develop any further key skills required to meet foreseeable future requirements with timely preparation, agreed strategies and appropriate development goals; and
- provide a visible accountability structure for shareholders through publication of the evaluation process in the annual report and Company website.

2. Responsibilities

Chairman

- Initiate the performance evaluation process.
- Guide and lead the individual Directors with self-assessments and evaluations.
- Lead the Board in the Board evaluation of its own performance (collectively).
- Lead the Board in the Board evaluation of Committee performance.
- Participate in the evaluation of own performance.
- Initiate Board evaluation of the Managing Director/Chief Executive Officer ("MD/CEO") against pre-determined criteria.
- Have a thorough knowledge of the Company's strategic direction with an emphasis on financial objectives, and use that knowledge to guide the evaluation process.
- Ensure that the reviews are forward focused and productive, and aim to ensure the Directors and the Board are, or will be, properly equipped with appropriate skills to meet future requirements.
- Assist the Board in completing a skills matrix, objectively assess areas where key skills will not meet forthcoming Board and Company strategic requirements and guide the development of strategies and recommendations to rectify any areas of deficiency or weakness.
- Follow up on any recommendations made as part of the evaluation process to ensure they were effectively implemented.

Directors

- Assess all performance objectively and critically.
- Participate in the Board evaluation of their own performance.
- Participate in the Board evaluation of Board Committee performance.
- Participate in the Board evaluation of the MD/CEO's performance.
- Lead and participate in the evaluation of the Chairman's performance.
- Participate in the evaluation of own performance.
- Have a thorough knowledge of the Company's strategic direction with an emphasis on financial objectives and use that knowledge to assist in the evaluation process.
- Ensure that the reviews are forward focused, productive and aim to ensure that the Directors and the Board are, or will be, equipped with the appropriate skills to meet future requirements.
- Contribute to completing a skills matrix, objectively assess areas where key skills will not meet forthcoming Board and Company strategic requirements and assist in the development of strategies and recommendations to rectify any areas of deficiency or weakness.
- Actively engage with any recommendations made as part of the evaluation process.

MD/CEO

- Assess all performance objectively and critically.
- Participate in the Board evaluation of their own performance.
- Participate in the Board evaluation of Committee performance.
- Participate in the evaluation of the Chairman's performance.
- Participate in the evaluation of own performance.
- Contribute to completing a skills matrix and objectively assess areas where key skills are not meeting forthcoming Board and Company strategic requirements and assist in the development of strategies and recommendations to rectify any areas of deficiency or weakness.

Nomination Committee

- Work with the Chairman in evaluating the Board's performance.

3. Procedure for Evaluation

Board performance

The Chairman will initiate the review process by asking each Director to complete a confidential Board Performance Evaluation Questionnaire.

The Chairman will then conduct a one-on-one interview with each Director, seeking his or her input in relation to

- the performance of the Board;
- the performance of each Board Committee;
- the performance of the MD/CEO; and
- their own performance.

Performance will be assessed quantitatively (i.e. against the criteria contained in the Board Charter, Strategic Plans and role/position descriptions, and having regard to the purpose and scope of the evaluation as set out in Section 1 of this Policy) and qualitatively, as appropriate.

The Chairman will collate the responses to the questionnaire, incorporating any verbal input from the one-on-one interviews, into a generic document for review and discussion by the Board. The Chairman will also discuss face-to-face with each individual Director his or her contribution to the Board, as appropriate.

Following the evaluations, the Board, with the assistance of the Board Nomination Committee, will determine any shortfalls in Board performance and prepare recommendations, where necessary, for further skills, education and/or development required over the forthcoming year. The Chairman will follow-up on the actions being taken to address issues identified in or arising from each assessment.

In addition to the annual review, Directors may at any time request to discuss any Board performance concerns with the Chairman.

Chairman performance

A review of the performance of the Chairman will be undertaken on an annual basis, based on feedback obtained from each Director. The Board (excluding the Chairman) will nominate a suitable non-executive Director to organise the review, who will collect feedback on the Chairman from the Directors and discuss the Chairman's performance with the Board as a whole.

Board Committee performance

Each Board Committee is required to undertake an annual performance evaluation. Board Committees may use a questionnaire as part of the review process. The results of the review, as well as feedback on the performance of the Committee collected from the Directors, will be discussed at a meeting of the Committee.

External facilitation

The Board may periodically engage an external consultant to conduct an evaluation of the Board. The external consultant will lead the review and provide feedback to individual Directors on individual Director performance, to the Chairman on individual Director and Chairman performance, and to the Board on Board performance and Chairman performance. This review will include a written report summarising the findings, observations for discussion and recommendations for the Board to action.

4. Description of Performance Evaluation Process of Key Executives

It is primarily the responsibility of the Chairman and the Staff and Remuneration Committee to formally review the performance of the MD/CEO, and the Chairman will lead a formal AACo Board review to assess the performance of the MD/CEO on an annual basis. Key Result Areas are set for the MD/CEO and senior executive team each year based on the Company's strategy and these are approved by the Staff and Remuneration Committee and reported to and discussed by the Board.

The Staff and Remuneration Committee also reviews AACo's remuneration policies (including performance appraisal policies). The MD/CEO assesses the performance of the senior executive team in accordance with these policies.