



**Performance Evaluation Policy**  
**CG 1.6, 1.7**

**Approved by the Board on 26 May 2021**

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Michael Utsler  
Executive Chairman



## **Otto Energy Limited**

### **Performance Evaluation Practices**

#### **CG 1.6, 1.7**

The Board shall be responsible for the examination of the selection and appointment practices of the Company. The Board will review its own performance and the performance of individual directors, the Chief Executive Officer, committees of the Board and key executives, at least annually.

As part of the annual review of the performance of the Board, the appropriate size, composition and terms and conditions of appointment to and retirement from the Board are considered. The level of remuneration for non-executive directors is considered with regard to practices of other public companies, external professional advice (if considered necessary) and the aggregate amount of fees approved by shareholders and otherwise in accordance with the remuneration policies established by the Board and the Nomination and Remuneration Committee. The Board also reviews the appropriate criteria for Board membership collectively.

#### **1. Board Review**

The Board is required to meet annually for the specific purpose of reviewing the roles of the Board, assessing its performance over the last 12 months, including comparison with others, and examining ways of assisting the Board in performing its duties more effectively.

The annual review includes consideration of the following measures:

- Comparison of performance of the Board against the requirements of the Board Charter.
- Assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget.
- Identification of any particular goals and objectives of the Board for the next year.
- Review of the Board's interaction with management.
- Identification of clear processes, goals and objectives established by the Board for the next year, ensuring that all directors have had input into what these goals should be.
- The Board's processes to monitor business performance and compliance, control risks and evaluate management.
- Board composition and structure.
- The operation of the Board, including the conduct of Board meetings and group behaviours.
- Review the type and timing of information provided to the Directors.
- Identification of any necessary or desirable improvements to the Board or any committee charters.

The method and scope of the performance evaluation will be set by the Board and which may include a Board self-assessment checklist to be completed by each director and key management. A sample self assessment checklist has been established which may be used for the performance review. This checklist will be reviewed and adapted as required. The Board may also use an independent advisor to assist in the Board performance review process.

#### **2. Board Committees**

Similar procedures to those for the Board review are applied to evaluate the performance of any the Board committees. An assessment will be made of the performance of each committee against each charter and areas identified where improvements can be made.

### 3. Non-executive Directors

The Chairperson will have primary responsibility for conducting performance appraisals of non-executive Directors in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

Where the Chairperson, following a performance appraisal, considers that action should be taken in relation to a director's performance, the Chairperson 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 should be put to shareholders.

### 4. Chief Executive Officer

The Board formally reviews the performance of the Chief Executive Officer at least annually. At the commencement of each financial year, the Board and the Chief Executive Officer will agree a set of Company specific performance measures to be used in the review of the forthcoming year.

These will include:

- 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.

### 5. Senior executives

The Chief Executive Officer is responsible for assessing the performance of the key executives within the Company. This is to be performed through a formal process involving a meeting with each senior executive.

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

The Company Secretary is accountable to the Board, through the Chairperson, on all governance matters. A review by the Board will take into account the Company Secretary's effectiveness in monitoring board policy and procedures in order to ensure continued compliance and coordinating the completion and dispatch of board agenda and briefing materials.

### Policy history

Last review: May 2021  
Review frequency: As required



### Procedure for Board Self Assessment- Sample

To assist the Board in assessing its performance, the following check list is to be completed by each director as part of an annual review of Board performance.

#### Board Self Assessment Check List

		1 Strongly disagree	2 Disagree	3 Unsure	4 Agree	5 Strongly Agree
<b>The role of the Board</b>						
1.	Directors have a clear understanding of their governance role.					
2.	Directors avoid intruding on management matters.					
3.	The Board's level of involvement in developing business strategy is appropriate.					
4.	The significant business risks facing the Company have been identified and are being appropriately managed.					
5.	The process for evaluation of the performance of the Chief Executive Officer is appropriate.					
6.	Directors have sufficient knowledge of the Company's business to ask probing questions and provide useful advice to management.					
7.	The Board acting as the audit committee provides appropriate oversight over financial reporting.					
8.	The Board acting as the remuneration committee provides appropriate oversight over remuneration policies and practices.					
9.	Taken as a whole, the Company's Board adds value.					
<b>Membership and group dynamics of the Board</b>						
1.	The experience and mix of the Board membership is appropriate.					
2.	Board membership is at the right size.					
3.	Procedures for selecting new directors are appropriate.					
4.	Directors put in sufficient effort and are well prepared for Board meetings.					
5.	The leadership of the Board is appropriate.					

		1 Strongly disagree	2 Disagree	3 Unsure	4 Agree	5 Strongly Agree
6.	The leadership of the Company is appropriate.					
7.	The relationship and interaction between non-executive directors and the Managing Director is appropriate.					
8.	The relationship and interaction between non-executive directors and senior management is appropriate.					
9.	Directors express their views to each other and to management in ways that are constructive.					
10.	Board discussions reach conclusions that give clear guidance to management.					
11.	Once decisions are made directors support them.					
12.	Director succession is being adequately dealt with.					
13.	Taken as a whole, the Board works effectively.					
<b>Procedures and practices</b>						
1.	The current Board meeting arrangements are appropriate and enable directors to fulfil their oversight role.					
2.	The Board's use of time is effective and focussed on important issues.					
3.	The Board receives sufficient, appropriate and timely written information for it to perform its role.					
4.	Presentations to the Board are focussed on the correct issues and are helpful.					
5.	Directors have sufficient time to interact with each other and share views about the Company.					
6.	The Board applies appropriate oversight to governance matters.					
7.	The Board confronts real issues.					
8.	Dissent at the Board is tolerated and handled appropriately.					
9.	The Company's shareholder communications are appropriate.					
Comments						