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1 Applicability

A reference to **Black Cat in** this policy is a reference to:

- (a) Black Cat Syndicate Limited ABN 620 896 282 (**Company**)
- (b) and each of its subsidiaries (together the **Group**); and
- (c) any joint ventures under a Group company's operational control.

The Board of the Company considers the ongoing development, improvement and evaluation of its own and executive performance as fundamental to establishing a culture of performance and accountability and critical to effective governance.

As a result, the Board through the Nomination Committee will undertake an evaluation of Board, individual Directors and Executive performance on an annual basis as appropriate.

This is an important element of the Board's monitoring role, especially regarding the long-term growth of Black Cat and of Shareholder value.

To assist in this process an independent advisor may be used.

2 Purpose

The purpose of this Performance Evaluation Policy ("Policy") is to ensure there is a process to support individual directors and the Board as a whole, to work efficiently and effectively in achieving their functions and that the Managing Director and executives execute Black Cat's strategy through the efficient and effective implementation of the business objectives.

3 Evaluation Strategy

3.1 Board and Director Evaluations

The Nomination Committee will conduct an annual review of the role of the Board, assess the performance of the Board over the previous 12 months and examine ways of assisting the Board in performing its duties more effectively.

The evaluation of the performance of the Board may include consideration of:

- comparing the performance of the Board with the requirements of its Charter as a whole and of its various committees;
- assessing the skills, performance and contribution of individual members to the Board and corporate management personnel including the following;
 - examination of the Board's interaction with management;
 - the nature of information provided to the Board by management; and



- management's performance in assisting the Board to meet its objectives.
- awareness of Board members of their responsibilities and duties and of corporate governance and compliance requirements;
- awareness of Board members of Black Cat's goals and strategies;
- understanding of Board members of the business(es) Black Cat is operating and the critical issues affecting the market(s) in which it competes; and
- avenues for continuing improvement of Board functions and further development of skill base.

The performance evaluation of the Board may be carried out by various means including, but not limited to:

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

Black Cat must disclose, in relation to each financial year, whether the relevant annual performance evaluations have been conducted.

3.2 Executive Evaluations

All executives at Black Cat will be subject to an annual performance evaluation. Each year, executives (including the MD) will establish a set of performance targets. These targets are aligned to overall business goals and Black Cat's requirements of the position. In the case of the MD, these targets are negotiated between the MD and the Board and signed off by the whole Board. An informal assessment of progress is carried out throughout the year.

A full evaluation of the executive's performance against the agreed targets takes place annually. This will normally occur in conjunction with goal setting for the coming year. Performance pay components of executives' packages are dependent on the outcome of the evaluation.

In order to accomplish this:

- Each year the Board reviews Black Cat's strategy.
- Following such a review, the Board sets the organisational performance objectives based on qualitative and quantitative measures.
- These objectives are reviewed periodically to ensure they remain consistent with Black Cat's priorities and the changing nature of the business.
- These objectives are the performance targets for the Managing Director and the executive management team.
- Performance against these objectives is reviewed annually by the Board.

The Remuneration Committee will oversee the evaluation of the remuneration of Black Cat's executives. This evaluation must be based on specific criteria, including the business performance of Black Cat and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel. Refer Remuneration Committee Charter.

3.3 Facilitating Performance by Education

In order to provide Directors with the best possible chance of adding value to Black Cat and contributing to an accepted level, Black Cat has a Director Induction Program which is designed to



allow new Board appointees to participate fully and actively in Board decision making at the earliest opportunity.

It is noted that new Directors cannot be effective until they have a good deal of knowledge about Black Cat and the industry within which it operates. The Company Secretary is responsible for ensuring that any new Director gains an understanding of all the necessary information relating to Black Cat.

Such items include:

- Black Cat's financial, strategic, operational and risk management position;
- Their rights, duties and responsibilities;
- The role of the Board Committees; and
- The orientation and continuing education programs for Directors.

Refer to the Director Induction Program.

3.4 Facilitating Performance by Access to Education

In order to enhance performance, the Board is provided with information it needs to efficiently discharge their responsibilities. The following is noted:

- Black Cat has an agreed procedure that Directors are permitted to take independent professional advice if necessary, at Black Cat's expense;
- All Directors have access to the Company Secretary;
- The appointment and removal of the Company Secretary is a matter for the Board; and
- Directors are entitled to request additional information where they consider that the information supplied by management is insufficient to support informed decision making.

4 Review

This Policy will be reviewed annually and updated as required.