

Nomination and Remuneration Committee Charter

FirstWave Cloud Technology Limited ACN 144 733 595

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Nomination and Remuneration Committee Charter

the Company

1. Introduction

This is the Nomination and Remuneration Committee (NRC) charter for the FirstWave Cloud Technology Limited ACN 144 733 595 (**the Company**). The charter governs the procedures of the Nomination and Remuneration Committee (**Committee**) and outlines the procedures and guidelines of nominating a candidate to the position of director on the Company Board (**Board**)¹, as well as nominating persons to become members of the Company Key Management Personnel. This charter also outlines the procedures and guidelines in relation to the remuneration of directors and senior executives of the Company².

This charter will only apply to Key Management Personnel as set out under Sections 2, 5.3, 6 and Annexure 2 of this charter.

2. Nomination and Remuneration Committee

2.1 Nomination Issues

The Committee is a committee of the Board and is accountable to the Board for its performance. Its primary purpose is to support and advise the Board in fulfilling its responsibilities to shareholders in ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the highest standards of governance.

2.2 Nomination checks

- (a) The Committee shall undertake appropriate checks before appointing a person, or putting forward a candidate to shareholders for election, as a director, or recommending a person to be appointed as a member of the Company Key Management Personnel. These checks should include such things as checks as to a person's character, experience, education, criminal record and bankruptcy history,

¹ ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, Recommendation 2.1.

² ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, Recommendation 8.1.

- (b) When putting forward a candidate for election to shareholders, the Committee must provide all material information in its possession relevant to the decision on whether or not to elect or re-elect a director.

2.3 Remuneration Issues

The role of the Committee is to review management decisions, and where appropriate, make recommendations to the Board in respect of:

- (a) an executive remuneration and incentive policy;
- (b) the remuneration of the Managing Director (**MD**) and any other executive director, the company secretary, Chief Financial Officer (**CFO**), all senior executives reporting directly to the CEO and all staff;
- (c) an executive incentive plan;
- (d) the remuneration of non-executive directors;
- (e) superannuation arrangements;
- (f) succession of Key Management Personnel and key staff succession plans;
- (g) recruitment, retention and termination strategies;
- (h) remuneration by gender, including representation of women at all levels of the organisation;
- (i) recruitment, retention, performance measurement and termination policies and procedures for non-executive directors, the MD and any other executive director, the company secretary, the CFO and all senior executives reporting directly to the CEO;
- (j) the disclosure of remuneration in the Company's public materials including ASX filings and the annual report; and
- (k) other relevant matters identified from time to time by the Board.

2.4 Composition

The Committee will consist of at least three members, a majority of whom will be independent directors and will be chaired by an independent director.

(a) Appointment, removal or resignation

The Committee members are appointed, removed and/or replaced by the Board. The Board will appoint the members of the Committee with due regard to the provisions of the *Corporations Act 2001* (Cth). Appointments are for 12 months terms or as otherwise determined by the Board. Members of the Committee may withdraw from the Committee by notifying the Board in writing. If a member of the Committee retires, is removed or resigns from the Board, that member ceases to be a member of the Committee. The Board will appoint the successor.

(b) Committee may invite

The Committee may invite any member of the Key Management Personnel or any other individual to attend a meeting of the Committee, as they consider appropriate. The CEO will be the principal liaison between Key Management

Personnel and the Committee on remuneration matters and will be invited to attend meetings when the Committee considers appropriate.

(c) Secretary and Chairman

The company secretary will be the secretary of the committee. The Chairman of the Committee must be an independent director, and must not be the Chairman of the Board. If the Chairman is unable to attend a Committee meeting, the Committee members present at the meeting must appoint a Committee member to chair the meeting.

2.5 Meetings

(a) Frequency

The Committee will meet as frequently as required but not less than two times a year.

(b) Calling meeting and notice

Any Committee members or the secretary may call a meeting of the Committee. A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each member of the Committee (with a copy to all Board members) in the week prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.

(c) Report to the Board

The chairman of the Committee, or delegate, will report to the Board following each meeting.

(d) Minutes

Formal minutes of each Committee meeting will be taken by the company secretary. The minutes of the Committee will be entered into the Committee's minute book and the Committee's minute book may be inspected by any director, provided no conflict of interest exists.

(e) Quorum and voting

A quorum consists of the lesser of two Committee members or a majority of Committee members. In the absence of the Committee chairman or appointed delegate, the members will elect one of their number as chairman for that meeting.

Each member will have one vote and the chairman of the Committee will not have a second or casting vote. Decisions are by majority vote. The Chairman does not have a casting vote where there is a tied vote. If a tied vote occurs, the motion will lapse. No Committee member can vote on any matter relating to their position on the Committee, the Board, or any Board Committee.

3. Nomination Duties and responsibilities

3.1 The Committee

The duties and responsibilities of the Committee are set out in this section and the Board may, from time to time, delegate other responsibilities and functions to the Committee. The

Committee is responsible for (among other things) ensuring that the Board selection processes effectively implement the requirements of the Board Charter.

3.2 Size and composition of the Board

The Committee must consider and make recommendations to the Board about the size and composition of the Board to ensure that the Board's size and composition is conducive to making decisions that are appropriate at the Company, including ensuring that the Board:

- (a) is large enough to incorporate a variety of perspectives and skills
- (b) incorporates an appropriate range of skills and expertise;
- (c) represents the best interest of the Company as a whole rather than of individual shareholders or interest groups; and
- (d) is not so large that effective decision making is hindered.

3.3 New candidates

(a) Candidate identification

Having regard to the skills required and the skills represented, the Committee will implement a process for the identification of suitable candidates for appointment to the Board of non-executive directors.

The Committee will make recommendations to the Board on candidates it considers appropriate for appointment.

(b) Re-nomination of retiring non-executive directors

Non-executive Directors will usually be appointed for a two-year term, with the possibility of re-appointment by the Board. The Committee will inform the Board of the names of non-executive directors who are retiring in accordance with the provisions of the constitution and will make recommendations to the Board as to whether the Board should support the re-nomination of that retiring director.

In order to make these recommendations; the Committee will review the retiring non-executive director's performance during the period in which the non-executive director has been a member of the Board. The Committee will conduct that review by whatever means it considers appropriate.

A member of the Committee will not participate in the review of his or her own performance.

3.4 Appointment of directors

Once the Board, after reviewing the recommendations provided by the Committee, has decided to appoint a new candidate to non-executive director, the Company will provide the letter of appointment and relevant documents contained in Annexure 1 to the new non-executive director.

3.5 Appointment of Key Management Personnel

The Committee should review and ratify all Key Management Personnel appointments (typically direct reports to the MD) The Committee shall ensure that, at the time of

appointment, all members of Key Management Personnel execute a written agreement setting out the key terms of their appointment.

3.6 Independence of directors

The Committee must regularly assess and determine the independent status of each director by taking into account interests disclosed by each director and other information and whether the director:

- (a) is employed, or has previously been employed in an executive capacity by the Company or its subsidiaries, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- (b) has within the last three years been a principal of a material professional adviser or a material consultant to the Company or its subsidiaries, or an employee materially associated with the services provided;
- (c) is a material supplier or customer of the Company or its subsidiaries, or an officer or otherwise associated directly or indirectly with a material supplier or customer;
- (d) is a substantial shareholder of the Company (being a shareholder who has a relevant interest in more than 5% of the shares in the Company) or an officer of, or otherwise associated directly with, a substantial shareholder of the Company; or
- (e) has a material contractual relationship with the Company or its subsidiaries other than as a director;
- (f) has close family ties with any person who fall within any of the categories described above; or
- (g) has been a director of the entity for such period that his or her independence may have been compromised.

3.7 Director competencies

The Committee must implement a plan for identifying, assessing and enhancing director competencies to ensure that the Board comprises directors who possess an appropriate range of skills and expertise.

The Committee must develop and implement continuing education procedures to ensure that directors have continuing education to update and enhance their skills and knowledge, including education concerning key developments in the Company and the industry and environment within which it operates.

3.8 Commitment of the Board

The Committee must regularly review the time required by a director to effectively undertake his or her Board responsibilities (and Board committee responsibilities, where relevant) and determine whether each director is meeting that requirement after identifying and considering details of that director's other commitments.

3.9 Selection and appointment of directors

The Committee must develop and implement processes to identify suitable candidates for nomination or appointment to the Board, including engaging external consultants or specialists to provide advice or services where appropriate.

These considerations need to be assessed in the context of ensuring that the Board continues to have fresh ideas and viewpoints available to it.

Prior to appointment or being submitted for re-election, non-executive directors should specifically acknowledge that they have sufficient time to meet what is required of them by the Company.

The Committee must ensure that the Company complies with the requirements of its constitution, the ASX Listing Rules and the *Corporations Act 2001* (Cth) in relation to the appointment, re-election and retirement or removal of directors.

3.10 Induction Procedure

The company will provide suitable induction for new directors. To assist a new non-executive director in his or her induction, the Company will follow the principles stated in 'New directors and executives - induction procedure' - Annexure 3.

3.11 Succession planning

The Committee must develop, implement and review the Company's succession plans in place to ensure that these plans work to maintain:

- (a) an appropriate balance of skills, experiences and expertise on the Board; and
- (b) an appropriate balance of skills, experiences and expertise in the executive

4. Duties and responsibilities – Remuneration

4.1 Remuneration issues

In order to fulfil its responsibilities to the Board the Committee will:

(a) Remuneration policy

- (i) Review and make recommendations to the Board regarding an executive remuneration policy that:
 - (A) balances the Company's desire to attract and retain executives against its interest in not paying excessive remuneration;
 - (B) motivates executives to pursue long term growth and success of the Company;
 - (C) demonstrates a clear relationship between performance and remuneration; and
 - (D) does not create incentives for Key Management Personnel to pursue greater profitability by relaxing risk controls;
- (ii) Review and make recommendations to the Board regarding the Company's policy for determining executive remuneration; and
- (iii) Consider whether to seek shareholder approval of the executive remuneration policy.

(b) Executive directors and senior management

- (i) Consider and make recommendations to the Board whether remuneration packages for the company secretary, MD, senior executives reporting directly to the CEO include an appropriate balance of fixed and performance-based remuneration;
- (ii) Consider and make recommendations to the Board on the entire specific remuneration for the CEO and any other executive director, (including base pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy, and determine whether any shareholder approvals are required and that any equity-based executive remuneration is made in accordance with shareholder approvals; and
- (iii) Review and make recommendations to the Board regarding the proposed remuneration (including incentive awards, equity awards and service contracts) for the company secretary and all senior executives reporting directly to the CEO.

(c) Executive incentive plans

- (i) Review and make recommendations to the Board regarding the design of all executive incentive plans; and
- (ii) Review and make recommendations to the Board regarding the total proposed payments from each executive incentive plan.

(d) Recommendations

When making recommendations to the Board, the Committee must:

- (i) consider the ASX Corporate Governance Council's guidelines in respect of executive remuneration packages and non-executive director remuneration set out under Principle 8 of the ASX Corporate Governance Principles and Recommendations; and
- (ii) ensure that both cash and equity-based remuneration is structured in accordance with the thresholds and restrictions under the Company's constitution, the ASX Listing Rules and the *Corporations Act 2001* (Cth).

4.2 Non-executive director remuneration³

- (a) Review and establish the level of remuneration for non-executive directors. The level of director remuneration is to be set so as to attract the best candidates for the Board while maintaining a level commensurate with boards of similar size and type;
- (b) Ensure that the levels of fixed remuneration for non-executive directors reflect the time commitment and responsibilities;
- (c) Ensure that non-executive directors do not receive performance-based remuneration;

³ ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, Recommendation 8.2.

- (d) Where necessary recommend that the Board seek an increase in the amount of remuneration for non-executive directors approved by shareholders;
- (e) The Committee may request management or external consultants to provide necessary information upon which the Board may make its determination;
- (f) Review the on-going appropriateness and relevance of the remuneration policy for non-executive directors.

4.3 Termination Payments

- (a) The Committee will review termination payments, if any, for Key Management Personnel to ensure that they are compliant with the requirements of the *Corporations Act 2001* (Cth) and consistent with the rules of any incentive scheme and the remuneration policy.
- (b) The Committee will ensure that any termination payments are fair to the individual, and to the Company, and that failure and misconduct is not rewarded and the duty to mitigate loss is fully recognised.
- (c) Non-executive directors should not be provided with retirement benefits, other than superannuation.

4.4 Approvals

Before implementing any of the following proposals the Board will ask the Committee to review the proposal and make a recommendation to the Board in relation to it:

- (a) any change to the remuneration or contract terms of the CEO and any other executive director, the company secretary, the MD, the CFO and all senior executives reporting directly to the CEO;
- (b) the design of any new equity plan or executive cash-based incentive plan, or the amendment of any existing equity plan or executive cash-based incentive plan;
- (c) the total level of award proposed from equity plans or executive cash-based incentive plans; and
- (d) any termination payment to the CEO, any other executive director, the company secretary or any senior executives reporting directly to the CEO. A termination payment to any other departing executive must be reported to the Committee at its next meeting.

5. Reporting and disclosure

5.1 Annual reporting

The Committee must annually:

- (a) review and assist the preparation of the Board composition and structure disclosures made in the corporate governance section of the Company's annual report for consistency with the principles of the ASX Corporate Governance Principles and Recommendations;

- (b) review the remuneration report included in the Company's annual reports to make recommendations to the Board in relation to the remuneration report included in the Company's annual report; and
- (c) review the remuneration policy disclosures made in the corporate governance section of the Company's annual report for consistency with the remuneration principles of the ASX Corporate Governance Principles and Recommendations.

5.2 Disclosure⁴

In order to maintain transparency, the role of the Committee and both the levels and process of setting the remuneration for directors, the CEO, the chief financial officer and the MD and are to be fully and fairly reported.

5.3 Reporting to the Board

The Committee must regularly update the Board about its activities and ensure that the Board is aware of any matter relating to the Committee which may significantly impact the financial condition or other affairs of the Company. The Committee will do this by:

- (a) providing a report of the Committee's activities for inclusion in the Board papers for the next Board meeting following a Committee meeting (this report must include copies of the relevant Committee meeting agenda, papers and minutes);
- (b) if requested, the chairman providing an oral report about any material matters arising out of a Committee meetings; and
- (c) at relevant Board meetings, providing the information that has been requested by a director.

5.4 Disclosure

The Committee must disclose:

- (a) the members of the committee; and
- (b) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.

6. Evaluation process

A performance evaluation process applies to:

- (a) the Board;
- (b) Board committees;
- (c) individual Directors; and
- (d) Key Management Personnel.

⁴ ASX Corporate Governance Principles and Recommendations, includes in Principle 2 the matters that should be included in the annual report.

The objective of this process is to add value to the contribution made by each director, member of Key Management Personnel and the Board, rather than to merely implement a checklist approach. Annexure 2 sets out the key elements of the evaluation and describes process.

The Company will disclose, in relation to each reporting period, whether a performance evaluation was undertaken in a reporting period in accordance with that process.

7. Review

The Board will conduct an annual review of the Charter to ensure that the Charter continues to reflect the current processes and guidance utilised when assessing the nomination of directors to the Board. The Board will need to approve any amendments to the Charter that stem from the review.

8. Glossary

Defined Terms

In this document:

ASX means ASX Limited or, depending on the context, the financial market it operates.

ASX Corporate Governance Principles and Recommendations means the Third edition of the Corporate Governance Principles and Recommendations published by the ASX.

Board means the board of directors of Citadel.

Company means FirstWave Cloud Technology Limited ACN 144 733 595.

Key Management Personnel has the same meaning given to that term in the Accounting Standards AASB 124 which is "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity".

Subsidiary has the meaning given to that term in the Corporations Act 2001 (Cth).

Annexure 1 Sample Letter of appointment of director

[Company letterhead]

[Date]

[Full Company name] [ACN/ABN]
[Name/Address of director]

Dear [Director]

Appointment as a non-executive director of the Company

I am delighted to confirm your appointment as a non-executive director of the Company (**the Company**).

I believe that given your background and experience you will contribute significantly to the operation of the Board of the Company.

The terms of your appointment are contained in this letter and in the enclosures to this letter. **enclosed** are:

1. Consent to Act as a director;
2. [Directors' Induction Manual [including constitution, annual report, policies, Board charter, etc]];
3. [Director's Deed of Indemnity, Insurance and Access];
4. Letter of Undertaking in relation to disclosure of interests in the Company securities;
5. the Board Charter;
6. [Directors' Code of Conduct]; and
7. [any other relevant documents].

Please complete, sign and return, as soon as possible, the Consent, Letter of Undertaking, [Director's Deed of Indemnity, Insurance and Access] and a copy of this letter. If you have any queries in relation to the operation of any of these documents, please contact [the general counsel/company secretary].

The purpose of this letter is to set out the terms of your engagement as a director of the Company and to assist in your understanding of the operations of the Company and the role and responsibilities of the Board of the Company.

While important information regarding your appointment is contained in the enclosed materials, I would like to take this opportunity to set out some of the key points regarding your appointment as a director of the Company:

Constitution

Your appointment as director is governed by the Company's constitution. Under the constitution you will be [subject to election] at the next general meeting of the Company and, subject to such approval, your appointment will be for an initial term of [#] years. I encourage you to make yourself familiar with the constitution, in particular the rules relating to directors.

Role of directors and corporate governance

As a director, you will have duties and obligations in accordance with the *Corporations Act 2001* (Cth) and the constitution. The directors are responsible for the stewardship of the Company, and the position, as director is likely to require a substantial time commitment on your part. The Company regards corporate governance as a key priority, and to this end, I encourage you to become familiar with the formal policies and charters contained in the Director's Induction Manual enclosed, including the Board Charter (enclosed) which sets out the key responsibilities and the operation of the Board.

Access to independent advice⁵

If you consider you require independent advice in relation to the performance of your duties as a director of the Company, in consultation and with the prior approval of the chairman, you have the right to seek independent [legal] advice [and other professional advice] in relation to the relevant issue. The costs reasonably incurred are reimbursable by the Company. [On receipt of the advice, it may, at the discretion of the chairman, be made available to the other directors.]

Board committees⁶

The Board has the following committees:

- Audit & Risk Management Committee;
- Nomination & Remuneration Committee;
- [any other committees etc].

The Board will determine at the next Board meeting your committee appointments. [

Director's fees

As a director, you will (currently) be entitled to an annual fee of \$[#] payable in cash. The fee will be paid [monthly/quarterly - specify manner]. The annual fee payable to you will be reviewed periodically by the Company's [Nomination and/or Remuneration] Committee, subject to the provisions of the Corporations Act, the constitution and the Listing Rules. It is important to note that the amount of remuneration, including all monetary and non-monetary components and termination entitlements will be subject to disclosure obligations under the Corporations Act and the ASX Listing Rules.

⁵ Please refer to section 11 of the Board Charter. [Section to be confirmed following finalisation of Charter]

⁶ Please refer to section 9 of the Board Charter. [Section to be confirmed following finalisation of Charter]

Retirement benefits and superannuation

[Insert applicable retirement benefits and superannuation information.]

Reimbursement of expenses

In addition to the annual fee, subject to the constitution and resolutions of shareholders, the Company will reimburse you for all reasonable expenses properly incurred by you in the performance of your duties in connection with the business of the Company. This includes, without limitation, travel to meetings and meetings of the Board and committees, provided that wherever possible you provide documentary evidence (including goods and services tax receipts) reasonably required by the Company.

Deed of Indemnity, Insurance and Access

For your benefit, the Company will enter into a Deed of Indemnity, Insurance and Access in the form enclosed to this letter. If you have any queries in relation to the provisions of the Deed, please contact [general counsel/company secretary/assistant company secretary].

Disclosures and trading in the Company securities

[In addition to the obligations imposed on trading in securities by the Corporations Act and the ASX Listing Rules, you must comply with the Company's Securities Trading Policy (a copy of which is included in the Induction Manual). If you have any queries in relation to the operation of this policy, please contact [general counsel/company secretary].

It is also expected that, in accordance with the obligations imposed by the Corporations Act, the Listing Rules and the constitution, you will, from time to time, make all necessary disclosures to the Company in relation to your interests in the Company's securities. One such disclosure is in relation to relevant interests in the Company's securities. This requirement is set out in more detail in the enclosed Letter of Undertaking with the Company, which I ask you to complete and return to the Company as soon as possible.

Other directorships and commitments

As a director of the Company, you are not precluded from being appointed to other directorships, including to the boards of other listed public companies. While I encourage you to take such opportunities, I am mindful of the substantial time commitment required [and refer you to the Company's policy 'Accepting of Directorships in Public Companies'].

Director induction

In the Director's Induction Manual, you will find details of your proposed induction as a director of the Company, including documents relevant to your appointment. As part of your induction, it is proposed that you:

- meet the [chief executive officer, the chief financial officer and other relevant officers];
- be formally briefed on the financial, strategic and operational position of the Company;
- be formally briefed in relation to your duties, rights and responsibilities and in relation to the [Constitution, Director's Deed of Indemnity, Insurance and Access, and Letter of Undertaking in relation to disclosure of interests in the Company securities];
- review the minutes of Board meetings for the last [insert period], and the annual reports of the Company for the preceding two years; and

- request through my office or the office of the [chief executive officer] any further or additional briefing you consider to be desirable.

I would appreciate you confirming your agreement with the above terms by signing the attached copy of this letter and completing the enclosed documents, as indicated, as soon as possible, and returning them to me.

Finally, I look forward to working with you towards building shareholder wealth in this great company.

Yours sincerely
the Company

[Name]
Chairman

I agree to the terms of this letter

Dated:

Director's signature

Print name

Schedule A Consent to Act as Director

To: The Directors
the Company

Dear Directors

Consent to act as Director – The Company (the Company)

I hereby consent to act as a director of the Company from the date of this Consent.

My particulars are as follows:

Name: [please insert]
Date and Place of Birth: [please insert]
Usual Residential Address: [please insert]
Business Occupation: [please insert]

**Other Directorships of
Public Companies:** [please insert]

Yours sincerely

Name: [please insert]
Dated:

Schedule B Sample Director Induction Manual

Contents

1. [insert relevant documents, plus]
2. Constitution
3. Board Charter
4. Annual report
5. [Directors' code of conduct]
6. [relevant policies]

**Schedule C Director's Deed of Indemnity, Insurance and
Access**

Annexure 2 The Board, Board Committees and Individual Directors - Description of Evaluation Process

1. Key elements

The key elements of a performance evaluation process are:

- (a) assessment must be independent of management - the process needs to be objective and appear to be objective;
- (b) the process must be designed to encourage open and constructive discussion in relation to performance;
- (c) the Board should establish clear process goals and ensure that all directors have had input into what these goals should be;
- (d) confidentiality of each individual performance assessment should be maintained;
- (e) full disclosure of the assessment process and overall performance results is essential to achieve both board credibility and shareholders' understanding;
- (f) issues which have been identified during the performance evaluations should be discussed in the appropriate forum and followed up regularly between reviews; and
- (g) in order to assess the true performance of the Company, the performance of each individual director, as well as how the Board and its committees operate as a group, need to be evaluated.

2. Establishing the evaluation process

2.1 Selecting method of performance evaluation

The Nomination Committee should recommend the appropriate method of performance evaluation for executives (in conjunction with Human Resources or Remuneration Committee), individual directors, board committees and the Board as a whole. It is up to the Board to decide if it accepts the recommendation or if it requires the method to be changed.

The Board will then either conduct the evaluation process or delegate this task to the Nomination Committee. In any event, the results of the evaluations need to be processed by an independent expert or the Nomination Committee and communicated to the Board. The Board will need to pro-actively act on any recommendations or suggestions that arise out of the evaluation process.

The most popular and widely advocated method of evaluation is 'self-assessment and peer review' (usually referred to as a 360° Feedback Report). Self-assessment is said to allow people to take ownership of the assessment process. There are many models of self-assessment available and each must be tailored to suit the Company.

The standard process used in 360° Feedback Reports is through the use of evaluation forms. These can be written documents, although, computer based systems can be used to allow feedback to be provided and received confidentially.

2.2 Establishing evaluation criteria

The Nomination Committee should also recommend the criteria to be used in conducting the assessments. These criteria will be different for directors, committees and the Board. The Board can choose to accept the criteria recommended or adopt other criteria. The review process and suggested criteria for each type of review is provided in the sections below.

The assessment should be made using pre-determined ratings against set evaluation criteria. The ratings are usually in the form of a number range (say one to five) and each number represents the degree to which the evaluator agrees with each statement on the evaluation form (one being strongly disagree and five being strongly agree). In addition, the evaluation forms usually contain opportunity for further comment where the evaluator can raise additional issues.

Performance criteria chosen by the Board should have the following characteristics:

- (a) they should allow comparison with industry peers where appropriate;
- (b) they should be approved by the Board;
- (c) performance criteria should not be changed from year to year unless circumstances require and, if they do, Board approval must be given to any such changes;
- (d) performance evaluation should consider the Company's share price performance over a set period year period (a suggested period is five years) compared to the benchmark index of its industry peers; and
- (e) where appropriate, other performance criteria that may be used include return on assets, return on equity, return on investment, economic value added and profitability on capital employed.

3. Review of individual directors

3.1 Steps in review process

Step 1	Individual director performs self-assessment on a form using pre-determined ratings and evaluation criteria.
Step 2	Directors provide feedback on the performance of individual director using the same form.
Step 3	Meeting is held between individual director and the Nomination Committee (or other appropriate person(s)) to discuss issues raised and any discrepancies between the self-assessment rating and the peer review.

3.2 Suggested evaluation criteria for individual directors

- (a) **Effective governance:** ability of director to contribute to the Company's performance whilst adhering to principles of good governance.
- (b) **Leading through vision and values:** ability of director to inspire commitment to the Company's vision and values.

- (c) Strategic thinking and decision making: ability of director to analyse and evaluate the impact of contingencies on the Company and identify optimal responses based on the business' capacity.
- (d) Commercial/business acumen: director's ability to contribute to the increase in the wealth of shareholders whilst fulfilling the Company's commitment to triple bottom line reporting, ie reporting in respect of the Company's economical as well as social and environmental performance.
- (e) Teamwork: ability of director to interact with fellow Board members and the senior executives in a manner that is consistent with achieving common business goals.

4. Review of Board committees

4.1 Steps in review process

Step 1	The committee completes self-assessment form using evaluation form with set evaluation criteria. The form allows for the committee to comment on how it meets specified requirements and also make recommendations for improvement.
Step 2	The committee discusses the ability of the committee to meet its objectives and makes recommendations.
Step 3	Any issues that need to be resolved are put before the Board for discussion.

4.2 Suggested evaluation criteria for committees

- (a) Committee role: appropriateness of balance and mix of skills, size of committee, contribution of individual committee members, adequacy on performance feedback to committee members, adequacy of procedures dealing with inadequate performance by committee member.
- (b) Committee membership: the balance and mix of skills and member contribution.
- (c) Procedure and practice: use of committee time, adequacy of committee papers and frequency of meetings, ability to access resources, ability to keep informed in relevant area, provision for continued development.
- (d) Committee structure: sufficiency and effectiveness of current committee structure and membership, availability of resources to committees to enable them to reach objectives.
- (e) Collaboration and style: working relationship between chairman and chief executive officer, segregation of duties between committee and management, ability of directors to express views on each other and to management in constructive manner, adequacy of committee discussions.
- (f) Personal: individual members of the committee have an opportunity to comment on the feelings about their own contribution to the committee, any concerns they may have about the committee including the member's ability to canvass issues with the committee.

A variation of the above should be developed for the review of the Nomination Committee's performance.

5. Review of the Board as a whole

5.1 Steps in review process

Step 1	Each director completes evaluation form of the Board using set evaluation criteria. The form allows for the director to make further comment and make recommendations for improvement.
Step 2	The Board discusses its ability to meet its objectives and makes recommendations.
Step 3	The results of the evaluation are processed by an independent expert or by the Nomination Committee and are communicated to the Board.
Step 4	Any issues that need to be resolved are put before the Board for discussion.

5.2 Suggested evaluation criteria for the Board

- (a) Board role: adequacy of the processes which monitor business performance, board member interaction with management, adequacy of board knowledge, adequacy of business strategy, board being informed, evaluation process for executives and directors.
- (b) Board membership: appropriateness of balance and mix of skills, size of Board, contribution of individual board members, adequacy on performance feedback to board members, adequacy of procedures dealing with inadequate performance by a board member.
- (c) Procedure and practice: Board's effectiveness in use of time, if board allows sufficient opportunity to adequately assess management performance, Board's ability to keep abreast of developments in wider environment which may affect the Company, discussion of values at Board level, focus on community issues and adequacy of meeting frequency and duration of meetings.
- (d) Committee structure: sufficiency and effectiveness of current committee structure and membership, availability of resources to committees to enable them to reach objectives.
- (e) Collaboration and style: working relationship between chairman and chief executive officer, segregation of duties between Board and management, ability of directors to express views on each other and to management in constructive manner, adequacy of Board discussions.
- (f) Personal: concerns with position as director and own performance, ability to raise issues at Board level, availability of resources.
- (g) The Company may also consider involving independent experts in the performance evaluation process. This can be done in two ways:
 - (i) engaging the independent experts to perform the review process in its entirety. Whilst there may be reluctance to do this, as it will necessarily involve allowing access to significant amounts of confidential information about the Company and individual directors, periodic consideration of the benefits to be gained by this approach is appropriate; and

- (ii) engaging the independent experts to perform a review of the current performance evaluation process and evaluation criteria used by the Company.

6. Review of Key Management Personnel

6.1 Steps in review process

Step 1	Individual member of Key Management Personnel performs self-assessment on a form using pre-determined ratings and evaluation criteria.
Step 2	The relevant supervisors of the member of Key Management Personnel provide feedback on the performance of the individual member of Key Management Personnel using the same form.
Step 3	Meeting is held between individual member of Key Management Personnel and the Nomination Committee (or other appropriate person(s)) to discuss issues raised and any discrepancies between the self-assessment rating and the peer review.

6.2 Suggested evaluation criteria for individual members of Key Management Personnel

- (a) Effective governance: ability of the individual member of Key Management Personnel to contribute to Citadel's performance whilst adhering to principles of good governance.
- (b) Strategic thinking and decision making: ability of ability of the individual member of Key Management Personnel to analyse and evaluate the impact of contingencies on the Company and identify optimal responses based on the business' capacity.
- (c) Commercial/business acumen: ability of the individual member of Key Management Personnel to contribute to the increase in the wealth of shareholders whilst fulfilling Citadel's commitment to triple bottom line reporting, i.e. reporting in respect of Citadel's economical as well as social and environmental performance.
- (d) Teamwork: ability of the individual member of Key Management Personnel to interact with directors and colleagues in a manner that is consistent with achieving common business goals.

(b)

Annexure 3 Sample New directors and executives - induction procedure

This document sets out a procedure which can be used for the induction of new non-executive directors of the Company (**the Company**).

Step 1: Assessment of skill and expertise of new director or executive

Assess the current level of knowledge and experience of the new director. This may involve a quick questionnaire about previous experience and some specific test understanding of relevant issues [financial concepts and directors' duties]. (See performance evaluation process documents.)

Step 2: Induction pack

Provide the director with an induction pack. The induction pack will include the following:

The Company

- the Company constitution (including a summary of the key provisions);
- organisational structure diagram; and
- the Company's policies in relation to occupational health and safety, the environment, involvement in the community, etc.

The Board

- Board procedures;
- copies of Board and committee charters;
- annual financial reports for the last [three] years;
- recent management accounts and management reports;
- the business plan for the current year including the budget and strategic plan for the next three to five years;
- copies of Board minutes and minutes of any committees in which the director will participate;
- a copy of the last Board meeting package;
- copies of internal audit reports and the last [two] auditors' management letters [addressing issues relating to internal controls and signing off the year end accounts];
- the details of the Company's major risks and risk management strategy; and

- a photo of and a brief description of each of the Board members and senior executives.

The Business

- Details about the Company's and its Subsidiaries' products and services;
- information about the industry in which the Company operates including an analysis of the markets in which it participates, including market share;
- details about the Company's main customers, suppliers and competitors;
- details about the Company's major shareholders and the investor relations policy;
- details about the regulatory regime in which the Company operates (for example, key aspects of the regulatory requirements applying to the broadcasting industry, gaming industry, trade practices, foreign ownership); and
- details about the Company's main assets and significant contracts.

The information included should be selective so that #. Some of the information above could either be provided later or a list of the material can be provided to the director allowing the director to call upon the information when required. Much of the above material can also be covered in the management presentations. Some of the material ought to be returned when no longer needed, such as past minutes.

Step 3: Management presentations

Senior management will give presentations to the director and include opportunities for questions to be asked. They will include at least the following:

- managing director;
- chief financial officer;
- the general manager of each division; and
- company secretary.

Step 4: Site visits

Give the director a tour of the main operating sites of the Company. The director or executive has #.

Step 5: Ongoing access to information

Ensure that the new director or executive is made aware of he or she can contact for further information and what information is available. Such further information may include:

- the Company's main product/service brochures;
- media reports about the Company;
- details of the Company's advisers;
- details of the Company's main insurance policies;
- a brief history of the Company; and
- notices of general meetings for the last three years and accompanying documents.

Step 6: Further training

Identify need for and arrange any specific further training which may be required.