



Southern Cross Payments Ltd

Corporate Governance Policies

Performance Evaluation Practices

1. Performance Evaluation Practices

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 and the aggregate amount of fees approved by shareholders. The Board also reviews the appropriate criteria for Board membership collectively.

The Board has established processes to review its own performance and the performance of individual directors (including the Executive Chair where appointed) and any committees of the Board, annually.

1.1 Board

An informal process has been established to review and evaluate the performance of the Board. Given the size of the Company, the Board is continuously reviewing the role of the Board, assessing its performance over the previous period, including comparison with others, and examining ways in which the Board can better perform its duties. The review will incorporate the performance of the Board.

The review may include consideration of the following measures:

- (a) comparison of the performance of the Board against the requirements of the Board charter;
- (b) assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
- (c) review the Board's interaction with management;
- (d) identification of any particular goals and objectives of the Board for the next year;
- (e) review the type and timing of information provided to the directors; and
- (f) identification of any necessary or desirable improvements to Board or committee charters.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist or surveys to be completed by each Director. The Board may also use an independent adviser to assist in the review.

1.2 Committees

Similar procedures to those for the Board review are applied to evaluate the performance of the Board committees, if any.

An assessment will be made of the performance of any committee against each charter and areas identified where improvements can be made.

1.3 Non-executive directors

The Executive Chair will have primary responsibility for conducting performance appraisals of Non-Executive Directors in conjunction with each Non-Executive Director, having particular regard to;

- (a) contribution to Board discussion and function;
- (b) degree of independence including relevance of any conflicts of interest;
- (c) availability for, and attendance at, Board meetings and other relevant events;
- (d) contribution to Company strategy;
- (e) membership of, and contribution to, any Board committees; and
- (f) suitability to Board structure and composition.

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

1.4 Executive Chair

The Board will annually review the performance of the Executive Chair. At the commencement of each financial year, the Board and the Executive Chair will agree a set of general Company specific performance measures to be used in the review of the forthcoming year.

These will include:

- (a) financial measures of the Company's performance;
- (b) the extent to which key operational goals and strategic objectives are achieved;
- (c) development of management and staff;
- (d) compliance with legal and Company policy requirements; and
- (e) achievement of key performance indicators.

1.5 Senior executives

The Executive Chair is responsible for assessing the performance of the key executives within the Company. This is to be performed through a formal process involving an annual formal meeting with each senior executive and ongoing informal monitoring throughout each financial year.

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

This policy is reviewed annually.