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## PRODIGY GOLD NL – PERFORMANCE EVALUATION POLICY

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### 1. PURPOSE

The Directors will develop, review and implement its process for the performance evaluation of the Board, its committees, its individual Directors, CEO and other Senior Executives on an annual basis. To assist in this process an independent advisor may be used.

The process will include a review with respect to

- organisational development, culture, Non-Executive and Executive Director and Management selection and performance management;
- incentives, reward and retention strategies and policies;
- Executive Director, Management and Non-Executive Director remuneration; and
- other relevant matters as they may occur from time to time.

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### 2. DUTIES AND RESPONSIBILITIES

#### **Culture and organisational development**

Review of policies and practices that support the delivery of strategy through people and culture. This may include, but is not limited to the following for Executive Directors, other Senior Executives and employees:

- recruitment and retention;
- training and staff development;
- performance management and
- succession planning;

#### **Remuneration**

No individual Director or Senior Executive is permitted to be involved in deciding his or her own remuneration and potential conflicts of interest of Directors being involved in setting the remuneration of other Directors or Executives that may have an indirect effect on their own remuneration are to be avoided.

Implement a remuneration policy for the Company that:

- motivates the pursuit of the growth and success of Prodigy Gold without taking undue risks;
- provides an appropriate balance between attracting and retaining key employees and paying excessive remuneration;
- provides an appropriate balance between fixed and incentive pay, reflecting short and long-term performance objectives and goals;
- demonstrates a clear relationship between performance and remuneration whilst not rewarding conduct that is contrary to Prodigy Gold's Code or risk appetite;
- clearly distinguishes the structure of non-executive remuneration from that of Executive Directors and Senior Executives;
- reviews superannuation arrangements;
- reviews diversity in line with Prodigy Gold's Diversity;
- assesses whether there is any gender or other inappropriate bias in remuneration for Directors, Senior Executives or other employees;

- considers the ASX Corporate Governance Council's guidelines in respect of executive remuneration packages and non-executive director remuneration set out in the ASX Corporate Governance Principles and Recommendations 4<sup>th</sup> Edition; and
- ensures that both cash and equity-based remuneration is structured in accordance with the thresholds and restrictions under the Constitution, the Listing Rules and the Corporations Act.

#### **Executive Director and other Senior Executive Remuneration**

The Board will oversee the annual performance evaluation of Management. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of Management and personnel.

The review process includes:

- setting of and performance comparison against KPI's;
- the nature of information provided to the Board by Management;
- Management's performance in assisting the Board to meet its objectives;
- the remuneration packages to be awarded to the CEO and Senior Executives including:
  - remuneration composition should include an appropriate balance of fixed and performance-based remuneration;
  - fixed remuneration should be reasonable and fair and take into account the Company's obligations at law and labour market conditions, and should be relative to the scale of the business. It should also reflect core performance requirements and expectations;
  - performance-based remuneration should be linked to clearly specified performance targets. These targets should be aligned to the Company's short, medium and longer term performance objectives and should be consistent with Prodigy Gold's circumstances, purpose, strategic goals, values and risk appetite. Discretion should be retained, where appropriate, to prevent performance-based remuneration rewarding conduct that is contrary to the Company's values or risk appetite;
  - equity-based remuneration, including options or performance rights, which can be an effective form of remuneration, especially when linked to hurdles that are aligned to the Company's short, medium and longer-term performance objectives; and
  - termination payments which are to be agreed in advance with an agreement clearly addressing what will happen in the case of early termination.
- equity-based remuneration plans for Senior Executives and other employees;
- deferral of performance-based remuneration and the reduction, cancellation or clawback of performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements; and
- superannuation arrangements for Senior Executives and other employees.

The Chair will undertake the performance evaluation of the CEO and the Chair and/or CEO will undertake the performance evaluation of other Senior Executives, including the Company Secretary. Outcomes of the review, including any issues emerging in the process of a performance review, should be addressed by the Board or Management, and relevant Board resolutions should be sought.

#### **Remuneration of Non-Executive Directors**

The Chair will annually undertake the performance evaluation of all Executive and Non-Executive Directors, other than himself; and a Non-Executive Director, where possible an Independent Director, will undertake the performance evaluation of the Chair.

Non-Executive Directors are not permitted to receive performance-based remuneration or termination payments (other than superannuation) as it may lead to bias in their decision-making and compromise their objectivity.

The process includes:

- review of the role of the Board, the assessment of the performance of the Board over the previous 12 months and the examination of the ways of assisting the Board in performing its duties more effectively.
  - comparing the performance of the Board with the requirements of its Charter;
  - examination of the Board's interaction with Management;
  - assessment of a Director's knowledge and skills;
  - determination if a Director's performance has been impacted by other commitments;
  - review of allocation of any pool of Directors' fees approved by Shareholders to Directors;
  - consider the remuneration for each Non-Executive Director including
    - the level of fixed remuneration (including superannuation) reflecting the time commitment and responsibilities of the role; and
    - equity-based remuneration to align Director interests with the interests of other Shareholders, however, avoid where possible options with performance hurdles attached or performance rights as it may lead to bias decision-making and compromise objectivity.
  - Review of the ongoing appropriateness and relevance of the remuneration policy for Non-Executive Directors.
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### **3. REPORTING**

The Board will disclose in the annual Corporate Governance Statement and/or the remuneration report and/or on its website:

- the process for periodically evaluation the performance of the Board, its committees and individual Directors and ensuring that such remuneration is appropriate and not excessive;
  - the process for evaluating the performance of its Senior Executives and ensuring that such remuneration is appropriate and not excessive;
  - whether, for each reporting period, the performance evaluations have been undertaken in accordance with this policy during or in respect of the relevant period;
  - a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership; and
  - the independence status, length of service and interest in the Company of a Director,
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### **4. BOARD APPROVAL**

This Policy will be periodically updated and amended by the Board to ensure it is operating effectively and required changes are made.