



Remuneration and Nomination Committee Charter
Sakari Resources Limited

Adopted by the Board on 23 August 2014

Sakari Resources Limited

Remuneration and Nomination Committee Charter

1. Introduction

Sakari Resources Limited (the “Company”) is an unlisted public company registered in Singapore. In the spirit of good governance and maintaining transparency, the Company has established the Remuneration and Nomination Committee (the “Committee”) to oversee matters relating to nomination and remuneration of directors, as well as remuneration of key executives.

This charter governs and outlines the procedures and guidelines in relation to nominating a candidate to the position of director on the Board of the Company (the “Board”) and assessing the Board’s performance, as well as procedures and guidelines for fair and reasonable remuneration packages of the directors and senior executives of the Company.

2. The Committee

2.1. Composition

- The Committee will comprise at least 2 members.
- Committee members will be non-executive directors of the Company.
- The Board will appoint one of these members as Chairman of the Committee.

2.2. Appointment, resignation and removal

- Members are appointed to the Committee by the Board.
- If a member resigns, retires or is removed from the Board, that member ceases to be a member of the Committee.
- A member may resign or may be removed from the Committee by the Board, and the Board will appoint the successor to such member.

2.3. Meeting

2.3.1. Notice of Meeting, Quorum and Voting

- Any member or the company secretary may call a Committee meeting.
- Notice of a meeting of the Committee confirming date, time, venue and agenda must be given to each of the members in writing at least seven calendar days (inclusive of the day of notice) prior to the day of the meeting. Such notice may be in the form of letter, email or facsimile message. The notice will include relevant supporting papers for the agenda items to be discussed.

- Any member may waive notice of any meeting and any such waiver may be retroactive. The presence of a member at the meeting shall be deemed to constitute a waiver on his part.
- In the absence of the Chairman of the Committee, the members will elect one of their number as chairman for that meeting.
- The quorum for any meeting of the Committee shall be no less than half of the number of members. In the case where there are two members in the Committee, quorum will be two members.
- Each member has one vote. Decision of the Committee shall be determined by a majority of votes. In the case where there are two members in the Committee, the decision shall be consensus. The Chairman does not have casting vote.

2.3.2. Frequency

- The Committee will meet as frequently as required but not less than once a year.

2.3.3. Minutes of Meeting

- Minutes of proceedings and resolutions of the Committee meetings will be kept by the secretary.
- Minutes will be distributed to all Committee, after the Chairman of the Committee has given the preliminary approval.
- Minutes, agenda and supporting papers will be made available to any director upon request to the secretary, provided no conflict of interest exists.

2.4. Secretary

- The head of the Human Resources Department of the Company will be the secretary of the Committee, unless otherwise determined by the Committee.

2.5. Duty to the Board

- The Chairman of the Committee, or delegate, will report to the Board following each meeting of the Committee
- The Committee will prepare for approval by the Board any relevant report that may be proposed for inclusion in the annual report. The Committee will also update to the Board any other public disclosure of the Company on the subject matter relating to the Committee's responsibilities.
- Before implementing any of the following proposals, the Board will ask the Committee to review the proposal and recommend in relation to:
 - Nomination of directors to the Board of the Company (non-executive and executive, including the CEO);
 - Nomination of individuals who are not current employees or directors of the Company and/or subsidiaries to the position of director or commissioner representing the Company in any subsidiary of the Company;
 - Organization chart, key remuneration and HR policies and amendment thereto;

- Change to remuneration or contract terms of the CEO and any other executive director;
- Design of new executive incentive plan or any amendment thereto;
- Total level of award proposed from any incentive plan; and
- Termination payment to the CEO and any executive director, company secretary and all senior executives reporting directly to the CEO.

2.6. Advice and Attendance by Invitation

- The Committee may, if considered appropriate, invite any management team member or any other individual to attend meetings of the Committee, either on a case by case basis, or on a regular basis.
- The Committee is entitled to call on and use any employee or member of the management team of the Company to the extent that the Committee considers appropriate to carry out the Committee's role and responsibilities.
- The Committee is entitled to direct any special investigation or study that the Committee considers appropriate and to consult any independent expert that the Committee considers appropriate to carry out its duties. The Company bears the costs of such investigation or consultations.

3. Roles and Responsibilities

3.1. Nomination of Directors and Appointment of Executives

The Committee will provide support and advise the Board in fulfilling its responsibilities to shareholders in ensuring that the Board comprises individuals who are appropriately able to contribute and carry out their responsibilities as directors of the Company having regard to applicable laws and standards of governance.

3.1.1. Re-nomination of Retiring Non-Executive Directors

- The Committee will inform the Board of the names of non-executive directors who are retiring in accordance with the provisions of the Company's Articles of Association.
- The Committee will review the retiring non-executive director's performance and will make recommendations to the Board as to whether the Board should support the re-nomination of that retiring director. A member of the Committee will not participate in the review of his or her own performance.

3.1.2. Nomination of New Directors to the Board

- The Committee will determine and implement a process for identification of suitable candidates for appointment as non-executive directors to the Board.
- The Committee will make recommendation to the Board on candidates it considers appropriate for appointment as directors of the Company.

3.1.3. Appointment and Induction of New Directors

- The Committee will periodically review and revise the letter of appointment and relevant documents contained in *Annexure 1* and *Annexure 2* to the new

non-executive director, once the Board has decided to appoint a new non-executive director to the Board.

- The Committee will periodically review and revise guidelines to management in providing induction to the new non-executive director as outlined in *Annexure 3*.

3.1.4. Assessment of the Current Board

- The Committee will periodically assess the performance of individual directors, board committees and the Board, and will periodically review and recommend changes to the guidelines used for such performance assessment as outlined in *Annexure 4*.
- The Committee will periodically assess the skills required to discharge the Board's duties, having regard to the strategic direction and key issues of the Company, as well as assess the skills represented on the Board, and determine whether those skills meet the required skills identified.
- The Committee will make recommendations to the Chairman of the Board on means by which skill levels of existing non-executive directors can be enhanced.

3.1.5. Nomination of Directors and/or Commissioners representing the Company in subsidiaries

- In the event the Company is considering the appointment of individuals who are not current employees or directors of the Company and/or its subsidiaries as the Company's representation on the boards of commissioners and/or directors of any subsidiary, the Committee will make recommendation to the Board on such candidates.

3.1.6. Appointment of Executives

The Committee will consider and recommend to the Board the appointment of the Chief Executive Officer (CEO), any other executive director, and C-Level executives.

3.2. Remuneration of Non-Executive Directors

- The Committee will periodically review and establish a fair and competitive level of remuneration for non-executive directors that commensurate with boards of similar size and type, and propose any adjustments thereto.
- The Committee will consider and recommend to the Board a remuneration package for the directors, including award and vesting conditions of long-term incentive program (if any).
- The Committee will consider and recommend to the Board a remuneration package for external individuals being appointed as the Company's representation to the boards of commissioners and/or directors of the Company's subsidiaries.
- The Committee will determine whether any shareholder approval is required for any of the above remuneration packages.

3.3. Organization Chart and HR Policies

3.3.1. Organization Chart

- The Committee will review, sign-off and make recommendations to the Board in respect of organization chart, manpower plan and any amendment thereto.

3.3.2. Policies

- *Remuneration Policies and Salary Curve:* The Committee will review and make recommendations to the Board regarding the Company's remuneration and benefit structure, long-term incentive programs (if any), salary curve, employee loans, and other key related policies.
- *Management and Executives:*
 - Specifically, the Committee will review and make recommendations to the Board regarding the Company's policy for determining management and executive remuneration including, but not limited to, pension rights and termination payments.
 - The Committee will also review and make recommendations to the Board on the design of all executive incentive plans and any amendment thereto, including award and vesting conditions of long-term incentive programs (if any).
 - The Committee will consider whether to seek shareholder approval of the executive remuneration policy.
- *Key HR Policies:* The Committee will review and make recommendations to the Board regarding key HR policies, including those pertaining to expatriate assignment, employee movement, training and development, succession planning, and employee loans.
- The Committee will periodically review the appropriateness and relevance of the Company's remuneration and benefit structure, long-term incentive programs (if any), remuneration and all other key HR policies, and will consider proposal to amend the policies by management for recommendations to the Board.
- The Committee will oversee the implementation of the approved policies and salary structure.

3.3.3. Performance Assessment and Salary Adjustment Process

- The Committee will review and sign-off on the process and procedures for determination of employee incentive and salary adjustment, including basis for benchmarking.
- The Committee will review performance hurdles (Corporate KPI) required for the purpose of annual performance assessment.

3.3.4. Employment Terms and Standard Contracts

- The Committee will review and sign-off on key terms of the standard contracts, including termination terms and entitlements.

3.4. Remuneration

3.4.1. Employee Incentive and Salary Adjustments

- The Committee will review performance hurdles achieved by the Company, and review and make recommendations to the Board regarding the salary adjustment, and incentive payments from each type of executive incentive plan and allocation to the following groups of employees:
 - Executives (EM1-3 or equivalent);
 - Senior Management (SM1-3 or equivalent);
 - Singapore-based group; and
 - Indonesia-based group
- The Committee will take into consideration various factors including financial performance and achievement of performance hurdles by the Company.
- The Committee will determine whether any shareholder approval is required for any of the above executive incentive plans and payments under such plans.

3.4.2. Remuneration of CEO and Executive Directors

- The Committee will consider the remuneration package, contract terms, as well as allocation of any incentive plan on individual basis to the CEO and any executive director.
- The Committee will take into consideration various factors including financial performance and achievement of performance hurdles by the Company and the executive.
- The Committee will determine whether any shareholder approval is required for any of the above remuneration packages.

3.4.3. Retirement or Termination Payments

- The Committee will review and recommend to the Board any retirement or termination package for the CEO and other executive directors, company secretary and all senior managers and executives (SM1-3 and EM1-3).
- The Committee will determine whether any shareholder approval is required for any of the above remuneration packages.

3.5. Other HR Matters

- The Committee may review or commission any study or work relating to key human resources management issues as it deems important for the smooth operation of the Company.
- The Committee may, at its discretion, assist and provide guidance to the management in the remuneration of the CEO's direct reports and any key HR issues as it deems important for the smooth operation of the Company.



4. Review of the Charter

The Committee Chairman will periodically conduct a review of the Charter of the Committee to ensure that it continues to reflect the current processes and guidance utilized in discharging the duties of the Committee. The Committee will discuss and propose any amendment of the Charter to the Board for further approval.

Annexure 1: Cover Letter of Appointment of Director

[Company Letterhead]

[Date]

Sakari Resources Limited

[Name / Address of Director]

Dear [Director Name],

Appointment as Non-Executive Director of Sakari Resources Limited

I am delighted to confirm your appointment as a non-executive director of Sakari Resources Limited (the “Company”). I believe 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 and statutory information;
2. Directors’ Induction Manual [including Articles of Association, annual reports for the preceding two years, policies, etc.];
3. Director’s Deed of Indemnity, Insurance and Access;
4. Letter of Undertaking in relation to disclosure of interests in 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 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:

Articles of Association:

Your appointment as director is governed by the Company's Articles of Association. Under the Articles of Association, 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 Articles of Association, in particular the clauses relating to directors (including clauses 80 – 122).

Role of Directors and Corporate Governance:

As a director, you will have duties and obligations in accordance with the Singapore Companies Act and the Articles of Association. 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 Directors' Induction Manual **enclosed**, including the Board Charter (**enclosed**) which sets out the key responsibilities and the operation of the Board.

Meetings:

The Board meets [at least once a quarter], and the schedule for the forthcoming [period] is set out in the Director's Induction Manual (**enclosed**). [Insert usual meeting procedure and format etc]. [Meetings are usually preceded and followed by certain Board committee meetings.] From time to time, Board meetings need to be convened on short notice, often by a telephone conference. [Additionally, meetings are often held interstate, accompanied by a relevant site tour, and overseas where appropriate.] You must adequately prepare for the agenda items at Board meetings, and potential conflicts of interests must be disclosed.

Access to Independent Advice:

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 of the Board, you have the right to seek independent [legal 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 Committees:

The Board has the following committees:

- Audit, Risk and Compliance Committee; and
- Remuneration and Nomination Committee.

The Board will determine at the next Board meeting your committee appointments. [Given your background and experience, the Board is of the view that the [insert relevant committee name(s)] would benefit from your contribution.]

Directors' Fees:

As a director, you will (currently) be entitled to an annual fee of SGD [●] payable in cash. The fee will be paid [monthly]. The annual fee payable to you will be reviewed periodically by the Company's Remuneration and Nomination Committee, subject to the provisions of the Companies Act and the Articles of Association. 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 Companies Act.

[Retirement Benefits and Superannuation:]

[Insert applicable retirement benefits and superannuation information.]

Reimbursement of Expenses:

In addition to the annual fee, subject to the Articles of Association and resolutions of the 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 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 the company secretary.

[Disclosures and Trading in the Company Securities:]

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

It is also expected that, in accordance with the obligations imposed by the Companies Act and the Articles of Association, 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 the 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 take such opportunities, I am mindful of the substantial time commitment required.

Director Induction:

In the Directors' 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 [Articles of Association, 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 this great company.

Yours sincerely,

Sakari Resources Limited

[Name]

Chairman

I agree to the terms of this letter

Dated:

Director's Signature

Print Name

**Annexure 2: Letter of Undertaking in relation to disclosure of interests in
Sakari Resources securities**

[Company Letterhead]

**Letter of Undertaking in relation to disclosure of interests
in Sakari Resources Securities.**

[Date]

[Name/Address of director]

Dear [Director Name],

Agreement to disclose your interests in the Company Securities

Sakari Resources Limited (the “Company”) is required to disclose the interests of its directors in the Company’s securities and in contracts relevant to the Company’s securities (“Company Securities”).

It is also expected that, in accordance with the obligations imposed by the Companies Act and the Articles of Association, you will be required, from time to time, to make all necessary disclosures to the Company in relation to your interests in the Company Securities.

If you agree to the following terms, please sign and return the enclosed copy of this letter.

Binding agreement

In consideration of the mutual obligations contained in this agreement, you and the Company agree to be bound by the terms of this agreement.

Initial disclosure

You will immediately provide the following information as at the date of your appointment as a director:

- Details of all Company Securities registered in your name. These details include the number and class of the Company Securities.
- Details of all Company Securities not registered in your name but in which you have a relevant interest within the meaning of section 164 of the Companies Act. These details include the number and class of the Company Securities, the name of the registered holder, the nature of your relevant interest and the circumstances giving rise to that interest.

Ongoing disclosure

You will provide the following information:

- Details of changes in the Company Securities registered in your name other than changes occurring as a result of corporate actions by the Company. These details include the date of the change, the number and class of the Company Securities held before and after the

change, the number of the Company Securities acquired or disposed, and the nature of the change, for example an on-market transfer. You will also provide details of the consideration payable in connection with the change, or if a market consideration is not payable, the value of the Company Securities the subject of the change.

- Details of changes in Company Securities not registered in your name but in which you have a relevant interest within the meaning of section 164 of the Companies Act. The details must include the date of the change, the number and class of the Company Securities held before and after the change, the number of the Company Securities acquired or disposed, the nature of your relevant interest and the circumstances giving rise to that interest. You will also provide details of the consideration payable in connection with the change, or if a market consideration is not payable, the value of the Company Securities the subject of the change. If there are any circumstances that may affect the value of the Company Securities (e.g. in the case of options, the satisfaction of performance hurdles) you will also provide details of those circumstances.

You will provide the required information as soon as reasonably possible after the date of the change and in any event **no later than two business days** after the date of the change.

Final disclosure

You will provide the following information as at the date of ceasing to be a director:

- Details of all Company Securities registered in your name. These details include the number and class of the Company Securities.
- Details of all Company Securities not registered in your name but in which you have a relevant interest within the meaning of section 9 of the Companies Act. These details include the number and class of the Company Securities, the name of the registered holder, the nature of your relevant interest and the circumstances giving rise to that interest.

You will provide the required information as soon as reasonably possible after the date of ceasing to be a director and in any event **no later than two business days** after the date of ceasing to be a director.

Agency

You authorise the Company to give the information provided by you to any regulatory agency as required by any applicable law and regulation on your behalf and as your agent. The Company will retain and allow you to access to a hard copy of any notification provided to any regulatory agency for a period no less than seven years after the date of such notification.

Yours faithfully

Sakari Resources Limited

Company Secretary



I agree to the terms of this undertaking

Dated:

Director's signature

Print Name

Annexure 3: Procedures for Induction of New Non-Executive Directors

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

Step 1: Assessment of skill and expertise of new non-executive director
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 such as financial concepts and directors' duties.

Step 2: Induction pack
Provide the director with an induction pack. The induction pack will include the following:

The Company

- Articles of Association (including a summary of the key provisions);
- Company structure diagram;
- Organizational 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 two 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

- Description about the Company's business, including its products, main customers, suppliers and competitors;
- Information about the industry in which the Company operates including an analysis of the markets in which it participates, including market share;
- Description about the Company's shareholding, major shareholder(s) and the investor relations policy;
- Overview of the regulatory regime in which the Company operates (e.g. key aspects of the regulatory requirements applying to the mining industry, trade practices, tax regulations, foreign ownership); and

- Details about the Company's main assets and significant contracts.

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. Participation from management will be as determined by the chief executive officer. The objective of the presentations is to provide an understanding of the Company's business, the environment in which it operates, medium- and long-term prospects, key issues faced, and the financial and operational performance of the Company in recent periods and near-term outlook.

Step 4: Site visits

Give the director a tour of the main operating sites of the Company. The objective is to provide a clearer understand on the operations of the Company, its location and surrounding environment.

Step 5: Ongoing access to information

Ensure that the new director is made aware of how 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 advisors;
- 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.

Annexure 4: Guidelines for Performance Assessment of the Board

Performance Evaluation Process

1. Key elements

The key elements of a performance evaluation process are:

- Assessment must be objective and independent of management.
- The process must be designed to encourage open and constructive discussion in relation to performance.
- The Board should establish clear process goals and ensure that all directors have had input into what these goals should be.
- Confidentiality of each individual performance assessment should be maintained.
- Full disclosure of the assessment process and overall performance results is essential to achieve both board credibility and shareholders' understanding. The Board will need to proactively act on any recommendations or suggestions that arise out of the assessment process.
- Issues which have been identified during the performance evaluations should be discussed in the appropriate forum and followed up regularly between reviews.
- The performance of each individual director, as well as how the Board and its committees operate as a group, needs to be evaluated.

2. Establishing the evaluation process

2.1. Selecting method of performance evaluation

- The Committee should recommend to the Board for consideration the appropriate method of performance evaluation for individual directors, board committees and the Board as a whole.
- The Board will then either conduct the evaluation process or delegate this task to the Committee, using the Board endorsed method. In any event, the results of the evaluations need to be processed by an independent expert or the Committee and communicated to the Board.
- 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 Board.
- 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 Committee should also recommend to the Board the criteria to be used in conducting the assessments. These criteria will be different for directors, committees

and the Board. 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:
 - they should allow comparison with industry peers where appropriate;
 - they should be approved by the Board;
 - 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;
 - performance evaluation should consider Sakari'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;
 - 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 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

- *Effective governance*: ability of director to contribute to the Company's performance whilst adhering to principles of good governance.
- *Leading through vision and values*: ability of director to inspire commitment to the Company's vision and values.
- *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.
- *Commercial/business acumen*: director's ability to contribute to the increase in the wealth of shareholders whilst fulfilling Sakari's commitment to triple bottom line

reporting, ie reporting in respect of Sakari's economical as well as social and environmental performance.

- *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 Each committee completes self-assessment on a form using pre-determined ratings and 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

- *Committee role and membership*: 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.
- *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.
- *Committee structure*: sufficiency and effectiveness of current committee structure and membership, availability of resources to committees to enable them to reach objectives.
- *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.
- *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.

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 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

- *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.
- *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.
- *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.
- *Committee structure:* sufficiency and effectiveness of current committee structure and membership, availability of resources to committees to enable them to reach objectives.
- *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.
- *Personal:* concerns with position as director and own performance, ability to raise issues at board level, availability of resources.

5.3. External Experts

The Company may also consider involving independent experts in the performance evaluation process. This can be done in two ways:

- 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
- Engaging the independent experts to perform a review of the current performance evaluation process and evaluation criteria used by the Company.