

AUSTRALIAN VINTAGE LIMITED (“Company”)

BOARD PERFORMANCE MEASUREMENT PAPER

Introduction

The purpose of this paper is to set out a broad process by which the Board of Australian Vintage Limited can assess the performance of the Board against individual points of reference.

Further, this paper establishes a broad policy for the assessment of the performance of key Executives.

Performance Indicators

The Board assesses its own performance by reference to each individual Board Member, assessing his/her perception of the Board’s achievements and capacities in certain areas. This is done periodically using a score card rating the Board’s performance in respect of the various heads of performance set out below.

Periodically, each Board Member will be asked to rate the Board’s performance as a whole out of 10 and make a very specific comment which they feel appropriate under each indicator:

1. Compliance with Policies and Codes of Conduct adopted by the Board (including the Corporate Governance Statement).
2. Financial performance of the Company (as compared to ASX listed companies).
3. Confidentiality compliance with the Company’s Confidentiality Policy.
4. Compliance with the Company’s ethics and general Code of Conduct.
5. Attendance at meetings.
6. Performance by Committees of their functions (having regard for the Charters and Terms of Reference of the Committees).
7. Formulation of the Company’s strategic plan and annual budget.
8. Conduct of Board Meetings in a manner which ensures open communication, meaningful participation and timely resolution of issues.
9. Development of objectives, goals and corporate direction.
10. Regular monitoring of Company’s key financial indicators.
11. Adopting and reviewing an annual operating budget (including annual capital budget) and regular monitoring of performance against those budgets.

12. Regular review of the performance of the Chief Executive Officer, Chief Financial Officer and other key Executives.
13. Undertaking of “succession planning” for positions of Chief Executive Officer, Chief Financial Officer and other key Executives.
14. Setting Remuneration Policies and ensuring correlation between Executive remuneration, the market and performance of Executives.
15. Ensuring identification of material business risks.
16. Reporting to the share market and shareholders and other stakeholders.
17. Performance of the Company’s communications strategy with shareholders and other stakeholders.
18. Review of Audit Reports.
19. Undertaking proper assessment and approval of major commitments of the Company.
20. Ensuring compliance with regulatory requirements and laws.
21. Proper dissemination of information and documents associated with decision making, and receipt of that material in a timely manner.
22. Proper preparation for meetings by Board Members.
23. Reviewing composition and performance of Board and Board Members on a regular basis.
24. Compliance with the Board Charter.

Process

At least once in each year the Board undertakes internal assessment of each Board member by peer review on an anonymous basis.

The Board shall develop from that assessment an action plan aimed at addressing any perceived inadequacies arising from the assessment.

Non Board Members selected by the Nomination Committee may also be requested to complete an assessment sheet on the Board’s performance.

The Chairman through the Company Secretary shall facilitate and co-ordinate the process.

The Chairman through the Company Secretary shall prepare a report on the result of the process.

Ordinarily the process shall be undertaken prior to the Board's annual Think Tank so the Company Secretary reports results to the Think Tank.

As part of this process the Board in conjunction with the Remuneration and Nomination Committee shall assess the performance of individual Board Members.

Assessment of Performance of Key Executives

The Chief Executive Officer will review the performance of key Executives:

1. Continuously on an informal basis. This is measured by achievements against budgets and other key performance indicators including where relevant, without limitation;
 - economic performance;
 - personnel and resource management;
 - feedback from the market, clients and other parties with whom the Company has a business relationship;
 - business building;
 - personal conduct; and
2. At least once each year on a formal basis with a face to face performance review with the identified key Executives