



Board Renewal & Succession Policy

**Paragon Care Limited
ACN 064 551 426**

1 Purpose

- 1.1. The purpose of Paragon Care Limited's (PGC) Board Renewal and Succession Policy (Policy) is to ensure a vibrant, efficient, and effective Board with an appropriate balance of tenure, skill, diversity, and experience.

2 Board Renewal Policy

- 2.1. The Board believes that a commitment to renewal and succession planning is an important responsibility to facilitate new ideas and independent thinking whilst retaining adequate expertise and corporate knowledge to minimise risk associated with untimely director departures. The Board aims to maintain a measured and transparent approach that allows a director resignation to seamlessly transition to a suitable replacement.
- 2.2. The PGC Board is subject to the regulatory requirements of the ASX Listing Rules, Corporations Act, and its Constitution. The Listing Rules and Constitution of the Company require every director (except for the Managing Director nominated under Rule 7.3(a) of the Constitution) to stand for re-election by the PGC shareholders at least every three years. The Board has also referred to best practice Board renewal policies established by the Australian Institute of Company Directors (AICD).
- 2.3. Any director appointed by the PGC Board is required to stand for election by shareholders at the first AGM after their appointment. In proposing a director as a candidate for re-election by shareholders, the PGC board will take the opportunity to consider the performance and appropriateness of the director standing for re-election.
- 2.4. The PGC Board will make a recommendation to shareholders on voting on the re-election resolution. This recommendation and election process will consider the following 3-6 months prior to the AGM with the intention of having a replacement director, if required, ready for appointment:
 - The performance of the director
 - Assessment of the skills, experience, and knowledge required at a given point in time
 - The needs to the Board in the near to medium term
 - The size and composition of the board
 - The tenure of the director and where applicable the influence of tenure on independence
- 2.5. The Board engages in an annual review of the performance of the Board, its individual directors, and its Committees. This review process identifies issues pertaining to the effectiveness, efficiency and functioning of the Board and its Committees and the knowledge, skills and capabilities of directors. This annual evaluation process facilitates consideration by the Boards of its membership, including renewal considerations.

- 2.6. Additionally, as part of its annual performance assessment, the Board of PGC will review its composition and size to ensure that it is appropriate to support the effective functioning and decision making, and remains appropriate for the size, nature, and complexity of PGC's business operations. The Board believes the above measures provide a satisfactory basis for consideration of renewal and managing renewal risks.
 - 2.7. The Boards has set a goal of maintaining majority of independent directors. As ten years is generally the threshold where independence is impaired, Director's reaching this tenure will be reviewed yearly to assess appropriate capabilities, input, and value to the Board.
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3 Addressing Director Under Performance

- 3.1. The Board has committed to an annual audit of the current Board, and assessment of collective and individual performance in comparison with future needs to highlight any gaps and assist in targeting succession plans. The Board has committed to addressing any gaps and areas of improvement.
 - 3.2. Underperforming directors that are identified through the Board evaluation process should be carefully counselled by the Chair of the Board (**Board Chair**) or, in cases where there are issues of concern about the Board Chair's performance, by the Chair of the Nomination and Remuneration Committee.
 - 3.3. If underperformance continues, the director will be asked to resign. In exceptional circumstances and as a last resort, shareholder approval will be sought for director refusing to resign.
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4 Director Appointment Process

- 4.1. Director appointment process and nominations are made by the Nomination and Remuneration Committee and considered and approved by the Board. When the Nomination and Remuneration Committee and Boards consider that a suitable candidate has been found, appropriate background checks are undertaken as to the candidate's character, experience, education, criminal record, and bankruptcy history.
 - 4.2. The PGC Board will additionally assess the candidate's current and past associations, and the appropriateness of other directorships.
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5 Director Succession Planning

- 5.1. The Board Chair, together with the by the Nomination and Remuneration Committee, will maintain a list of potential director replacements taking into considering skills, experience and knowledge gaps, number of directors, and potential or planned retirement of existing directors.

6 Review

- 6.1. This Policy will be reviewed by the Nomination and Remuneration Committee on a regular basis. This Policy reflects the Company's current practice and will be updated from time to time to ensure that it remains effective and meets the best practice standards and the Company's needs.
- 6.2. The Policy cannot be amended without approval from the Board.

7 Further assistance

- 7.1. Any questions regarding this Policy should be directed to the Company Secretary.

8 Approved and Adopted

- 8.1. This Policy was approved and adopted by the Board on 25 May 2021.