

Nomination, Selection, Appointment and Re-election of Directors

Introduction

Ultimately the directors are elected by the shareholders of Beach. However, the Board plays an important role in the selection and recommendation of potential directors for shareholder vote. While the Board has not delegated this function to a Board committee, the Remuneration and Nomination Committee has a role to consider succession planning issues generally in respect of Beach. As such this committee from time to time will make recommendations to the Board concerning the selection and appointment of directors.

Nomination and Appointment of Directors

The constitution and the ASX Listing Rules set out processes for the nomination of directors. In addition to adhering to these requirements, the Board will regularly, but at least annually, review the size and composition of the Board to ensure that it continues to have diversity and the right mix of experience competencies and skills to fulfil its responsibilities effectively. The type of desirable competencies of directors is set out below. The selection and appointment process is detailed below.

Selection and Appointment Process

In undertaking the review referred to above, the Board will determine if a director should be appointed to the Board either as an additional director or to fill a vacancy.

The Board may, with the help of external consultants, if necessary, and with internal industry experience, select a candidate or candidates. A candidate's suitability will be measured against the general criteria set out below and taking into account the skills matrix of the Board. To meet the current needs of Beach, and to best complement Board effectiveness, additional or specific criteria may be utilised.

A candidate selected by the Board will be approached by the Chairman to determine his or her interest in joining the Board. The candidate will be given information about the role, responsibility, contribution and time commitment such an appointment would entail and the remuneration, terms and conditions of the appointment. A candidate for appointment as a non-executive director must indicate if he or she has sufficient time to devote to the tasks required of a director of Beach. Beach will undertake appropriate checks before making an appointment or putting forward a candidate to shareholders for election as a director.

If the candidate accepts an appointment, the Board will appoint the new director during the year, and in accordance with the constitution and the ASX Listing Rules, that person will then stand for election by shareholders at the next annual general meeting of Beach. Prior to the meeting, shareholders will be given the information required by law to consider the candidate for election.

Each non-executive Board member will have a written letter of appointment setting out the roles and responsibilities of the director and Beach's expectations of the director. In the case of an executive director this will take the form of an employment agreement with Beach.

Competencies – Criteria

The following broad categories have been identified as desirable competencies of Board members:

- Industry knowledge or ability to acquire that knowledge;
- Independence determined in accordance with Beach's policy on independence (where relevant);
- Personal and professional integrity, good communication skills and ability to work harmoniously with fellow directors and management;
- Demonstrated and recognised knowledge, experience and competence in business including financial literacy; and
- Ability to analyse information, think strategically and review and challenge management in order to make informed decisions and assess performance.

Re-election of Directors

The constitution of Beach and the ASX Listing Rules require that at each annual general meeting one third of the directors (excluding a Managing Director) together with any director appointed since the last annual general meeting, retire from office. Retiring directors are eligible for re-election. Retiring directors, offering themselves for re-election will have a performance review before the offer is accepted by the Board. That review will be conducted according to established procedures with a recommendation made by the Chairman in respect of the retiring director's offer for re-election. If the retiring director is the Chairman, then the review and any recommendation will be made by another non-executive director.

When offering themselves for re-election a retiring non-executive director must indicate to Beach if he or she has sufficient time to devote to the tasks required of a director of Beach.