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## CG15 Board, director and committee performance evaluation processes

### 1. Purpose

This policy sets the guidelines that the Board has adopted to ensure the Board and individual directors work efficiently and effectively in performing their functions set out in the Board Charter.

### 2. General

- 2.1. The Board must conduct annual performance reviews of itself, individual directors, its Committees, and the Company.
- 2.2. Where a director or the Board is failing to meet performance expectations, performance reviews may be conducted on ad-hoc basis.
- 2.3. The Directors will conduct performance evaluations themselves. The Board will review the desirability of engaging external consultants for these purposes annually. However, the Chairperson may engage an external consultant or adviser at any time if he or she thinks it desirable.

### 3. Evaluation of Board performance

- 3.1. Each director completes a questionnaire on governance and performance matters.
- 3.2. The content of the questionnaire is determined by the Chairperson. At a minimum, the questionnaire should ask the following:
  - 3.2.1. Discuss the extent to which the Board has met each performance criterion listed in paragraph 5 below.
  - 3.2.2. On a fixed numerical scale, quantitatively assess the extent to which the Board met each performance criterion listed in paragraph 5 below.
  - 3.2.3. Discuss the extent to which the Director has met each performance criterion listed in paragraph 6 below.
  - 3.2.4. On a fixed numerical scale, quantitatively assess the extent to which the Director met each performance criterion listed in paragraph 6 below.
- 3.3. The Chairperson meets with directors individually to discuss their responses. In these meetings, directors are asked to comment on the performance of the Chairperson and of other directors.

As part of the performance evaluation process, all directors are expected where applicable, to highlight areas for improvement and provide a description as to how this can be achieved.

- 3.4. With the assistance of the Company Secretaries, the Chairperson collates the questionnaires into a Board Evaluation Report. This Report should –
  - 3.4.1. summarise the outcomes of the individual evaluation responses;
  - 3.4.2. identify and commend any areas of strong performance;
  - 3.4.3. identify areas of the Board’s collective skills, knowledge and experience that should be strengthened; and
  - 3.4.4. recommend changes to the Board’s practices to improve efficiency and effectiveness.
- 3.5. The Board Evaluation Report is distributed to directors, and forms the basis of a discussion regarding the Board’s performance. The Board should determine –
  - 3.5.1. whether any changes are necessary to the Board’s membership and structure;
  - 3.5.2. whether any benchmarks and performance metrics used to measure the Board’s performance will be altered to reflect changing externalities; and
  - 3.5.3. the Company’s strategic goals for the coming year.

#### **4. Committee evaluation**

- 4.1. Each Committee must conduct an annual self-evaluation.
- 4.2. In its self-evaluation, each Committee must –
  - 4.2.1. review the extent to which it discharged the functions set out in its charter;
  - 4.2.2. review the extent to which it achieved its performance goals for the year;
  - 4.2.3. identify any areas for improvement and the necessary to allow these improvements; and
  - 4.2.4. set performance goals for the coming year.
- 4.3. The Committee will report the results of its self-evaluation to the Board in a manner determined by the Committee Chairperson in consultation with the Board Chairperson.

#### **5. Criteria for evaluating Board performance**

- 5.1. In relation to each strategic goal identified in the Board’s Strategic Plan, the Board has achieved or made satisfactory progress towards achieving the strategic goal.
- 5.2. The Board has a satisfactory understanding of the market in which the company operates, with regard to factors such as competition, technological change and changing risk dynamics.
- 5.3. The Board has a satisfactory understanding of the Company’s business.
- 5.4. The Board has a well developed long term strategic plan, which has been updated to reflect changing externalities.
- 5.5. The Board has adequate systems for measuring the performance of the company, in both financial and non-financial terms.
- 5.6. The Board has grown shareholders’ value to the greatest possible extent.

## **6. Criteria for evaluating individual directors' performance**

- 6.1. If engaged as an independent director, the Director is independent, having regard to the criteria in document CG05 – Policy on independence of directors.
- 6.2. The Director has not placed him or herself in a position of conflict of interests.
- 6.3. The Director is familiar with company operations and industry trends.
- 6.4. The Director devotes sufficient time to effectively discharge his or her duties, as evidenced by attendance at meetings, degree of preparation for meetings, and willingness to participate in committee work.
- 6.5. The Director has contributed to the Board's principal responsibilities outlined in its Charter.
- 6.6. The Director has added value to the Board, or brought expertise, knowledge or skills unique amongst its members.
- 6.7. The Director operates according to the principles of good corporate governance, including ethical and responsible decision-making.
- 6.8. The Director has good personal relationships with colleagues, shareholders and other stakeholders.