



Board performance evaluation policy



Board performance evaluations provide the Board with an opportunity for consideration, reflection and discussion of its performance, the performance of its committees, the Chair and individual directors.

The purpose of these evaluations is not only to review the effectiveness of individual directors and the Board but also to identify gaps in skills, experience and expertise that would need to be filled in order to promote Board effectiveness and satisfy fitness requirements.

This policy sets out how these evaluations will be conducted.

Performance evaluation examines the following components of the Board:

- the Board as a whole
- the Chair
- individual directors, and
- Board committees.

Means and timing of assessment

The means of assessment will be determined by the Board, on the recommendation of the Board Governance Committee. Assessment may be qualitative or quantitative or both.

Performance evaluation may be conducted using one or more of the following, or by any other means agreed by the Board from time to time:

- surveys completed by directors,
- exit interviews with outgoing directors in accordance with Attachment A,
- expert third party evaluation, and/or
- feedback from stakeholders, including the CEO and senior managers.

Internal reviews: Internal reviews may be conducted by the Chair or may be delegated to another director or to the Board Governance Committee.

External reviews: External reviews may be commissioned by the Chair, who may commission an expert third party facilitator to lead or co-lead (with the Chair) the performance evaluation process, which may include analysis of results and formulation of recommendations. A performance evaluation of the Board and individual directors will be conducted by an external party at least once every three years¹.

Timing of reviews: The Board will assess, at least annually, the Board's performance relative to its objectives. It will also assess, at least annually, the performance of Board Committees and individual directors, including the Chair².

¹ In accordance with APRA's expectations as set out in SPG 510

² As required by Prudential Standard SPS 510

Evaluation of the Board

Evaluation may include the Board's:

- performance relative to its objectives
- fulfilment of responsibilities as set out in its Charter
- structure and skills
- strategic direction and planning
- policy development
- monitoring and supervision
- accountability
- succession planning
- interaction and relationship with the CEO and management
- leadership, teamwork and culture,
- composition, and
- management of agendas, papers, meetings and minutes.

Evaluation of the Chair

Evaluation may include the Chair's:

- competence and diligence in leading the Board
- facilitating and guiding strategy development
- relationships with other directors
- relationship with the CEO
- relationships with stakeholders
- promoting constructive and respectful relations between directors, and between directors and management, and
- conduct of meetings.

Evaluation of individual directors

Evaluation may include the individual director's:

- competence and judgement
- knowledge and experience relevant to the activities of CSC
- ethics and values
- diligence and contribution, and
- behavioural qualities, including collegiality and approach to Board debate.

Discussions with the Chair: The Chair may also meet privately with each director as part of the individual director evaluation process and directors are invited to initiate discussion with the Chair.

Targeted training and ongoing development: Director performance evaluations may be used to identify targeted training for individual directors and ongoing development sessions for the Board as a whole.

Timeframe to action performance recommendations: Recommendations from the performance evaluation process will be actioned within a reasonably practicable timeframe.

Performance that is below expectation: Where a director's performance is below expectation³, the Chair will manage the performance assessment and recommended course of action. This may include targeted training or seeking to resolve this issue with the Minister for Finance, and nominating bodies if appropriate.

Evaluation of committees

Evaluation may include each committee's:

- performance against terms of reference
- skills and experience
- management of agendas, papers, meetings and minutes
- communication with and reporting to the Board
- relationship with management, and
- relationships with relevant stakeholders.

Responsibility

Responsibility for the operation of this policy is held by the Board Governance Committee, including monitoring the implementation of recommendations from the performance evaluation process.

Review of policy

This policy will be reviewed by the Board Governance Committee biennially or as required, in particular in light of relevant regulatory initiatives or any significant changes to CSC's constituent legislation or business objectives, to assess its continuing currency. The Committee will recommend to the Board for its approval any necessary or desirable amendments to ensure the policy remains current and consistent with best practice and applicable law.

The Board or the Board Governance Committee may seek expert third party advice in relation to the review.

³ The *Governance of Australian Government Superannuation Schemes Act 2011* (GAGSS Act) sets out the terms of appointment and tenure for a director, including grounds for termination if continuation in office by a director would contravene a fitness and proprietary standard under the *Superannuation Industry (Supervision) Act 1993* (SIS Act).

| Date | Author | Comments |
|-------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| December 2012 | General Counsel Group | Establishment of document. Board Governance Committee meeting 20 November 2012; Board meeting 5 December 2012. |
| April 2013 | General Counsel Group | Regular review to assess continuing currency. |
| March 2015 | General Counsel Group | Biennial review to assess continuing currency. Board Governance Committee meeting 12 February 2015; Board meeting 24 March 2015. |
| 15 June 2017 | General Counsel team | Updated APRA governance requirements: Prudential Standard SPS 510, Governance, and Prudential Practice Guide SPG 510, Governance. Reviewed by Board Governance Committee meeting 22 March 2017; Board meeting 15 June 2017. |
| 25 September 2019 | General Counsel team | Biennial review to assess continuing currency. Reviewed by Board Governance Committee meeting 14 August 2019; Board meeting 25 September 2019 |

Attachment A – Director Exit Interview Process

Purpose

Exit interviews with outgoing directors provide the Board with valuable insights into how individual directors view the Board's performance and provide an opportunity for the Board to identify areas for improvement in Board performance. Where possible, exit interviews will be conducted prior to a director's departure from the Board.

Who will conduct the interview?

The Chair of the Board will conduct the exit interview. Where the Chair is departing, the exit interview will be conducted by the Chair of the Board Governance Committee or another director appointed by the Chair.

What should be included in the exit interview?

The interview should focus on identifying areas of best practice performance as well as areas for improvement. To this end, some possible questions include:

- Do you believe that the Board is appropriately focussed on members' best interests?
- What are your views generally on the performance of the Board as a whole?
- What are your views on the performance of any committees that you have served on?
- What do you consider to be the Board's top three strengths?
- Where can the Board improve its performance? How do you think this could be achieved?
- Were there any obstacles to being an effective director at CSC?
- Did you have the resources and professional development opportunities required to fulfil your duties?
- Are you satisfied that the information provided by management and other information available to you throughout your time as a director enabled you to properly perform your duties?
- Do you believe the balance of responsibilities between the Board and management was appropriate?
- Are there any specific matters regarding the operation of the Board that have been of particular concern?

How will the Board use the exit interview?

After the exit interview has been conducted, the Chair (or where the Chair is departing, the Chair of the Board Governance Committee) will provide a summary of the exit interview to Manager, Board Services for inclusion on the agenda for discussion at the next Board Governance Committee.

The Board Governance Committee will consider the content of the exit interview and may include the exit interview in the next Board and/or Committee evaluation process.

All exit interviews within the preceding three year period will be provided to the external reviewer at the three yearly external review.