




# 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 to review the effectiveness of individual directors and the Board. The Board aims to also 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 are conducted.**

Performance evaluation is conducted annually and examines the following components of the Board:

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

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

- confidential surveys completed by directors
- expert third party evaluation, and/or
- feedback from stakeholders.

**Participation in surveys:** Directors will participate in surveys, as requested. The Chief Executive Officer (CEO), Chief Investment Officer and General Manager, Corporate, or any other relevant staff member may be invited to participate in the surveys.

**External assessments:** The Chair 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 will be conducted by an external party at least once every three years.

## Evaluation of the Board

The Board has determined that in order for it to achieve optimum performance, evaluation may include coverage of, but not be limited to, 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, and
- management of agendas, papers, meetings and minutes

## Evaluation of the Chair

Evaluation of the Chair may cover performance across the following categories:

- 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
- chairmanship of meetings

## Evaluation of individual directors

Evaluation of individual directors may include a confidential self-assessment and peer review of each director's performance using a survey to cover:

- 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 teamwork.

**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:** It is expected that recommendations emanating 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 expectation, the Chair of the Board will manage the performance assessment and recommended course of action. This may include targeted training or information sessions with relevant CSC staff and communicating and seeking to resolve this issue with the Minister for Finance, and nominating bodies if appropriate.

**The GAGSS and SIS Act:** 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).

**Annual certification regarding eligibility to serve as a director:** The Board will require each director to certify at least annually their eligibility to serve as a director in accordance with the GAGSS Act and SIS Act.

## Evaluation of committees

Evaluation of Board committees may cover matters such as:

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

## Responsibility

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

## Review of policy

This policy will be reviewed by the Board Governance Committee biennially or following a trigger event, in particular in the 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.

| Date                 | Author                | Comments  |
|----------------------|-----------------------|---|
| <b>December 2012</b> | General Counsel Group | Establishment of document. Board Governance Committee meeting 20 November 2012; Board meeting 5 December 2012.  |
| <b>April 2013</b>    | General Counsel Group | Regular review to assess continuing currency.   |
| <b>March 2015</b>    | General Counsel Group | Biennial review to assess continuing currency. Board Governance Committee meeting 12 February 2015; Board meeting 24 March 2015.  |
| <b>15 June 2017</b>  | 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. |