



BOARD REVIEW PROGRAMME

The ASX Corporate Governance Council has formulated 10 core principles that the Council believes underlie good corporate governance. Two of those principles focus on the Board and its performance:

Principle 2 – Structure the Board to add value; and

Principle 8 - Encourage enhanced performance.

It is difficult, if not impossible, to structure the Board so as to add maximum value or to maximise performance without a process for reviewing the performance of individual Directors and the performance of the Board as a whole.

Recommendation 8.1 in relation to Principle 8 is that companies should disclose the process for performance evaluation of the Board, its committees, individual directors and key executives.

In short, the Corporate Governance Council recommends that the performance of the Board and key executives should be reviewed regularly against both measurable and qualitative indicators.

A variety of performance evaluation processes exist involving external as well as internal resources. However, for most companies, an internal review process in the form of peer review probably works best if only because Board relationships and the performance of individual Directors is a very personal issue that is best assessed by a person or persons with a detailed knowledge of the individuals involved, their abilities and their actual performance during the review period.

With this in mind, the Board has decided to adopt a relatively simple process of Board review comprising:

1. an annual review of individual Directors and the Board;
2. such review to be conducted by the Chairman of the Board or his nominee;
3. using a simple questionnaire for completion and forwarding by each director to the Chairman of the Board;



4. followed by a private meeting between the Chairman of the Board and each Director;
5. thence a written report on the annual review from the Chairman to the Board, such report to include a summary of all review findings, recommendations and suggestions; and
6. with a copy of the report to be provided to each Director on request.

The annual review will ideally take place about the same time each year in December or the immediately following January. The meetings with individual Directors will last as long as necessary, however, would generally be no longer than 1 hour.

A copy of the questionnaire will be sent to each Director not later than 3 weeks before the Director's scheduled meeting with the Chairman of the Board and should be returned to the Chairman of the Board no later than 1 week before the scheduled meeting.

The form of the questionnaire will be settled by the Chairman with the Corporate Governance and Nominations Committee and may vary from year to year. An example of the sort of questionnaire that may be used is attached as annexure "A".