



Board Benchmarking

in association with

insyncsurveys

EXTRACTS OF
SAMPLE REPORT



board effectiveness survey

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01 introduction

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The Board Effectiveness Survey is based on a comprehensive survey framework of 10 areas that impact the effectiveness of a board.

The survey statements included in the Board Effectiveness Survey cover 120 distinct matters. The board survey questions are designed to be penetrating and to encompass good board practice. Director written responses to four questions add context and improve the usability of the report.

The Board survey was designed by Board Benchmarking, an organisation associated with Insync Surveys. It integrates with the Audit Committee Effectiveness Survey and is also complemented by Insync Surveys' other board surveys. Greater insights are gained by organisations that carry out more than one board survey during the same period.

As with all Insync Surveys' board surveys, the board survey framework and the relevant survey questions can be tailored to meet the requirements and specific circumstances of each client.

The 10 survey framework areas and the main matters addressed in each framework area are shown below.

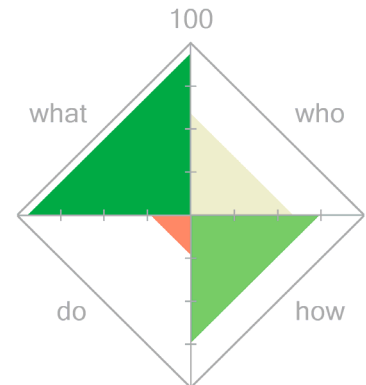
Board survey framework

1. Board structure and role clarity <i>Board charter Board structure Independence Non-executive directors Board committees Expectations clear</i>	2. Board composition <i>Director selection Director qualities Induction Education and training Effectiveness assessment Director remuneration</i>	3. Board and committee leadership <i>Chair integrity Chair leadership style Decision making process Board workload Committee chair roles Effectiveness assessment</i>	4. Board behaviours and dynamics <i>Teamwork Not side-tracked Constructive discussions Informal communications Nothing off limits Meeting arrangements</i>
5. Board and management relationships <i>Oversight versus management CEO authority limits No mixed messages Chair and CEO relationship Bad news communicated Contact between meetings</i>	6. Meetings, agenda and minutes <i>Management influence Annual schedule Discussion time maximised Follow-up Executive sessions Minutes of meetings</i>	7. Information and internal reporting <i>Information quality Stakeholder information Performance information Independent advice Use of information technology Reporting of ethical concerns</i>	8. Direction strategy and planning <i>Long term direction Strategic plan Key performance drivers Alternatives considered Remuneration linked CEO welcomes input</i>
9. CEO, organisation performance and compensation <i>CEO performance appraisal Remuneration packages Performance monitored Incentive programs Succession planning Major projects</i>	10. Risk, assurance and external communication <i>Risk management systems Risk appetite Internal control systems Compliance programs Tone at top Stakeholder contact</i>		

02 EffectivenessScan

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EffectivenessScan, March 2012



The WhatWhoHowDo Index Scores: rank your Board against other Boards in the benchmark database from 1 to 100
Index Colours: highlight the most and least effective facets of your Board's performance

“What” — Board Structure and Role Clarity Index	94
“Who” — Board Composition Index	59
“How” — Board Process Index	
Board and Committee Leadership Index	91
Board Behaviours and Dynamics Index	79
Board and Management Relationships Index	79
Meetings, Agenda and Minutes Index	48
Information and Internal Reporting Index	74
“How” — Composite Board Process Index	74
“Do” — Board Tasks Index	
Direction, Strategy and Planning Index	23
CEO, Organisational Performance and Compensation Index	32
Risk, Assurance and External Communication Index	15
“Do” — Composite Board Tasks Index	23

- More effective than other Boards
- Slightly more effective than other Boards
- Similar effectiveness to other boards
- Slightly less effective than other Boards
- Less effective than other Boards

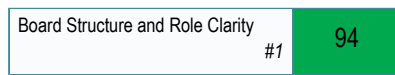
Total invited to participate	5
Total Respondents	5
Response rate	100%

03 executive summary

Explaining your results — highs and lows

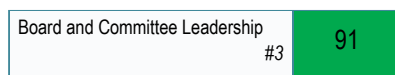
Compared to the self assessment of other Boards, your Board is most effective in the following areas*:

“What”



This section indicates the extent to which there exists a “road-map” or “rule-book” for proper corporate governance. Statements canvass the independence, structure and documentation of the roles and responsibilities of your Board of Directors, Committees of the Board and individual Directors, e.g., Board guidelines, Charters, position descriptions, etc.

“How”



This section indicates the extent to which your Board is led by a strong, engaged effective Chair, in conjunction with effective Committee Chairs. The leadership skills, competencies and behaviours of your Board leaders are canvassed, together with how they are chosen and assessed. In particular, your Chair’s leadership style, the building of a healthy boardroom dynamic and the conducting of an effective decision-making process by the Chair are also canvassed.

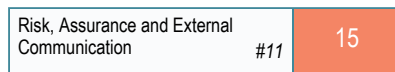
Compared to the self assessment of other Boards, your Board has the greatest opportunity to improve in the following areas*:

“Do”



This section indicates the extent to which your Board’s strategic role is fulfilled, including understanding key drivers of the business, providing value-added input on longer term direction of your Organisation, ensuring that there is a strategic plan, approving it, linking the plan to appropriate rewards, risks and incentives and holding Management accountable for its achievement, and crisis planning.

“Do”



This section indicates the extent to which your Board provides appropriate oversight of risk management, organisational assurance, business ethics and culture and external reporting, including e.g., the integrity and quality of financial reporting and internal controls, but broadly speaking to include Board oversight of a comprehensive, integrated enterprise risk management system and external communications.

* This page provides a brief explanation of the highest and lowest index rankings shown on page 3. A more detailed description of each WhatWhoHowDo index can be found on pages 8 – 10. The “How” and “Do” composite indices are not considered on this page as they simply combine the rankings of a number of the single indices.

04 survey responses with greatest variance

Statements at greatest variance from the benchmark database

Presented below are the ten survey statements where your Board's self reported performance was at greatest variance from the benchmark database. The five highest and lowest ranked statements are included. The horizontal axis shows how your Board ranked itself on each statement against a notional benchmark of 100 other Boards.

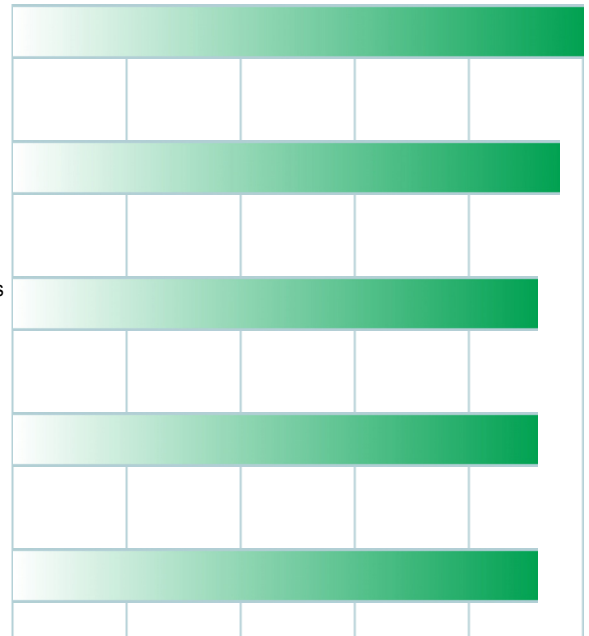
31. Appropriate action would be taken if a Chair's (of the Board or a Committee) performance (including commitment) were inadequate.

93. The remuneration of Management is linked to the successful implementation of Sample Company's strategy (i.e., strategic plan, business plan and budget).

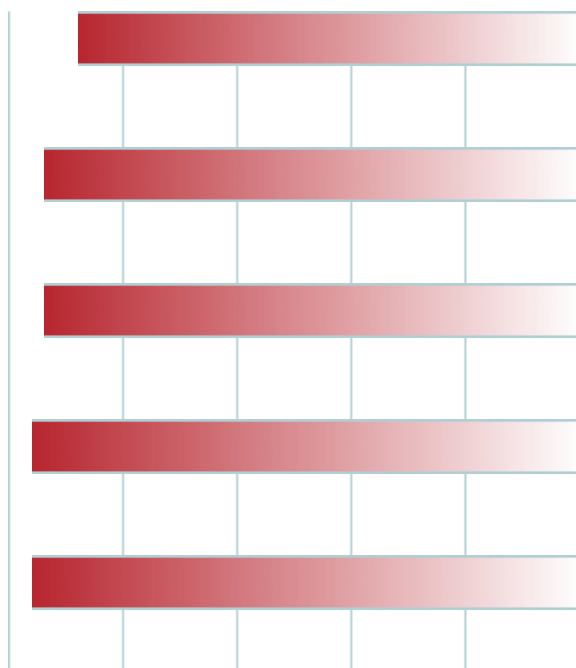
82. Information technology is used to enhance our Board's oversight roles (e.g., through the effective collection, distribution, access, reporting and security of information).

78. Our Board receives appropriate independent advice (i.e., our Board and Committees retain, oversee and terminate independent advisors, as appropriate).

35. Our Board Chair sets a good example for me (i.e., sets, inspires and holds Directors accountable to high standards).



0 10 20 30 40 50 60 70 80 90 100



59. The Board has agreed upon procedures for contact between Directors and Management between Board meetings.

111. Sample Company at all levels adopts a culture (including exhibiting accepted behaviours) that is consistent with our agreed risk appetite.

104. Our Board takes an active role in overseeing the growth of our leadership talent pool (i.e., ensuring Sample Company identifies, motivates, develops and retains talented Management and identifies and attracts appropriate outsiders).

103. Our Board ensures that there are appropriate succession plans in place for our Management (i.e., the CEO and other Management as appropriate).

85. We (our Board and Management) are committed to the same long term direction for Sample Company (vision, mission, strategy and values).

06 Effectiveness Table

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Effectiveness Table

"Do", Direction, Strategy and Planning

statement	average score out of 7	ranking out of 100
85. We (our Board and Management) are committed to the same long term direction for Sample Company (vision, mission, strategy and values).	4.2	2
86. Our Board sets the broad parameters for Management's preparation of Sample Company's strategic plan.	4.8	18
87. Our Board approves the strategic plan only after conducting a rigorous review (including considered Board input) of the plan.	4.6	11
88. Our Board has a full understanding of the key drivers (including risks) affecting Sample Company's performance (including its competitive, financial and other strategic challenges).	4.4	8
89. Our Board has a full understanding of what actions are required to execute Sample Company's strategic plan successfully.	4.8	20
90. Strategic issues are presented to the Board with adequate time for reflective thought (including enabling off-line communication among Directors and effective questioning of Management during Board meetings).	4.0	11
91. As part of major strategic initiatives, Management presents a report on alternatives considered (including on what basis and why the alternatives were rejected).	5.4	84
92. Sample Company's operating/business plan (including budget and financial and non-financial KPIs) is aligned with our strategic plan.	5.6	33
93. The remuneration of Management is linked to the successful implementation of Sample Company's strategy (i.e., strategic plan, business plan and budget).	5.8	98
94. Our CEO welcomes the Board's constructive input into Sample Company's strategy (i.e., by being sufficiently candid, open and responsive; and encourages the same from direct reports).	6.4	81
95. The Board fosters a culture of innovation in all areas of Sample Company.	5.0	45
96. While it is difficult to anticipate every contingency, we (the Board and Management) are well prepared to handle a crisis situation.	5.2	29
Direction, Strategy and Planning	5.0	23

Note: Your average score is the numeric average of your Directors' responses on the 1–7 scale. Your ranking represents your Board's self assessed performance compared to the benchmark database. Interpretive notes can be found on page 11 of this Report. EffectivenessCharts of these statements can be found on pages 24–53 of this Report.

07 Effectiveness Chart

EXTRACTS OF
SAMPLE REPORT

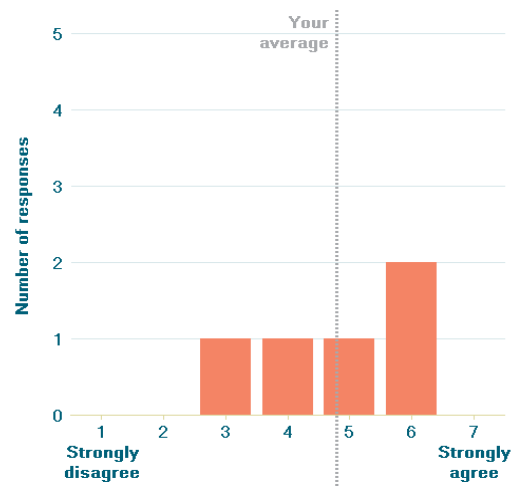
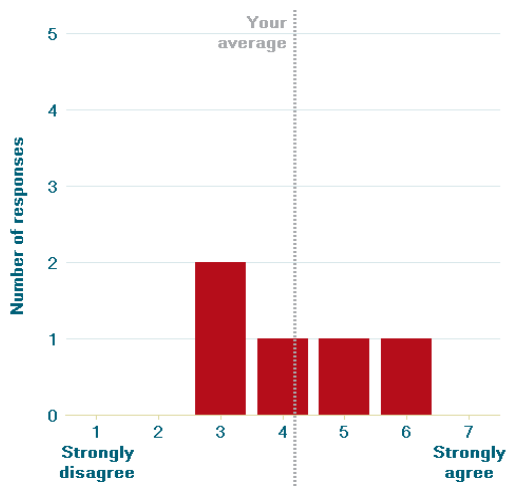
“Do”, Direction, Strategy and Planning

Page 1 of 3

Effectiveness Tables for these statements can be found on pages 14 – 23

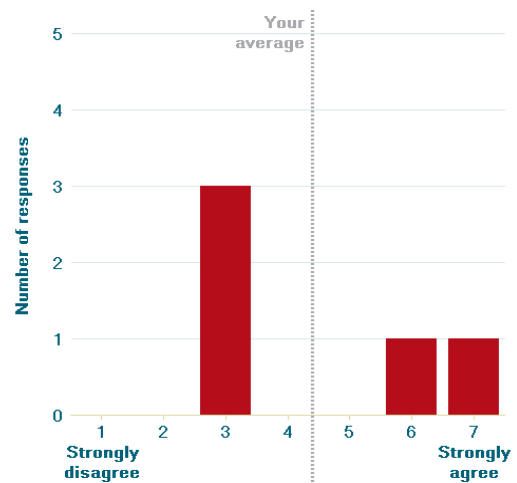
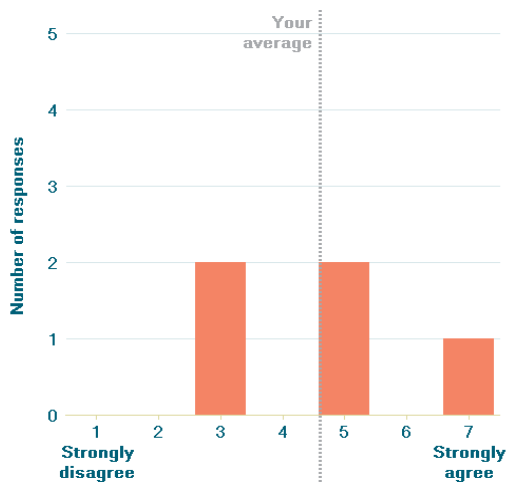
85. We (our Board and Management) are committed to the same long term direction for Sample Company (vision, mission, strategy and values).

86. Our Board sets the broad parameters for Management’s preparation of Sample Company’s strategic plan.



87. Our Board approves the strategic plan only after conducting a rigorous review (including considered Board input) of the plan.

88. Our Board has a full understanding of the key drivers (including risks) affecting Sample Company’s performance (including its competitive, financial and other strategic challenges).



07 Effectiveness Chart

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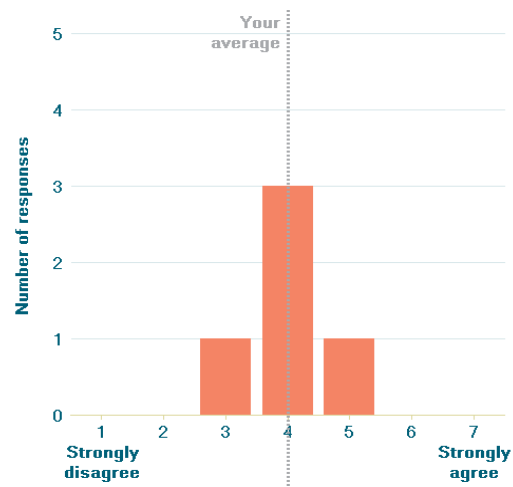
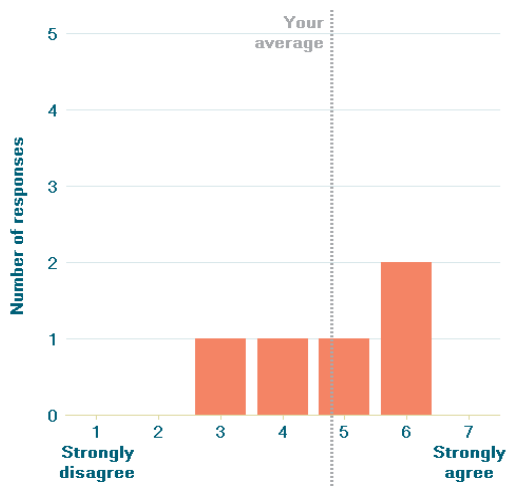
“Do”, Direction, Strategy and Planning

Page 2 of 3

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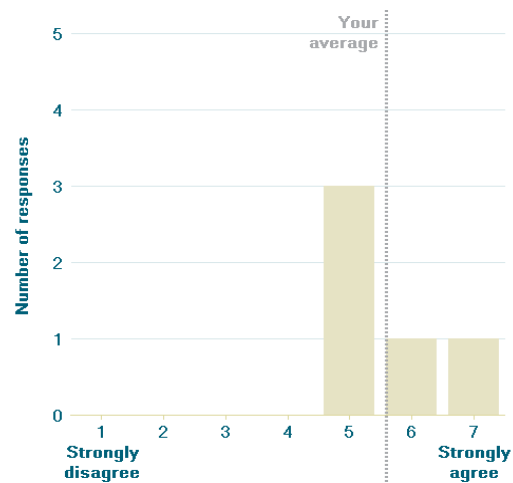
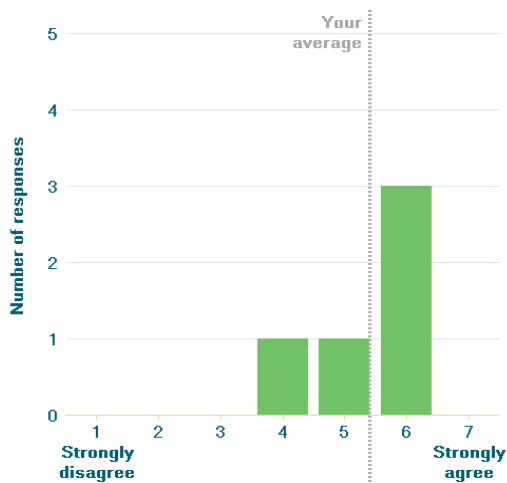
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90. Strategic issues are presented to the Board with adequate time for reflective thought (including enabling off-line communication among Directors and effective questioning of Management during Board meetings).



91. As part of major strategic initiatives, Management presents a report on alternatives considered (including on what basis and why the alternatives were rejected).

92. Sample Company’s operating/business plan (including budget and financial and non-financial KPIs) is aligned with our strategic plan.



07 Effectiveness Chart

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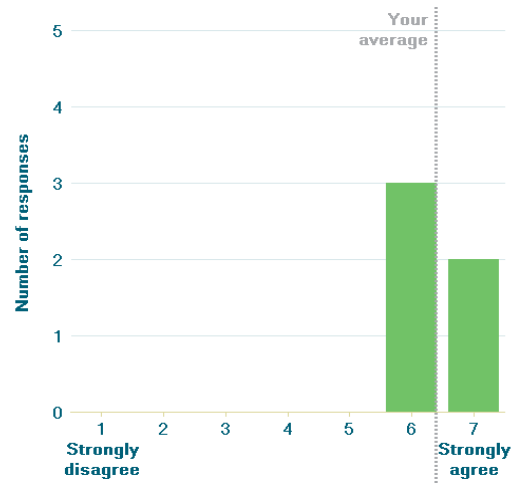
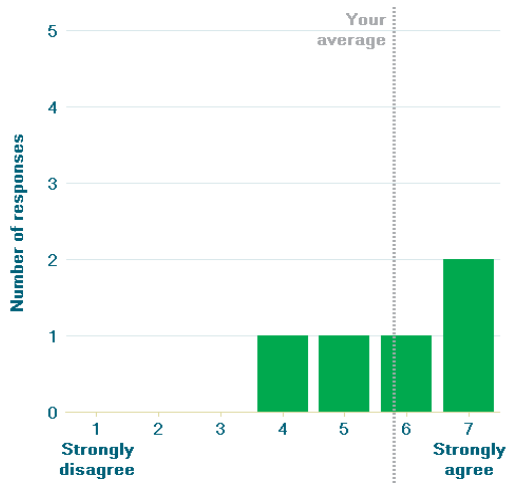
“Do”, Direction, Strategy and Planning

Page 3 of 3

Effectiveness Tables for these statements can be found on pages 14 – 23

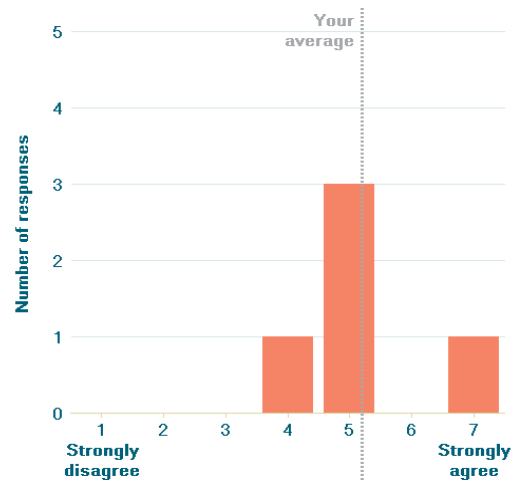
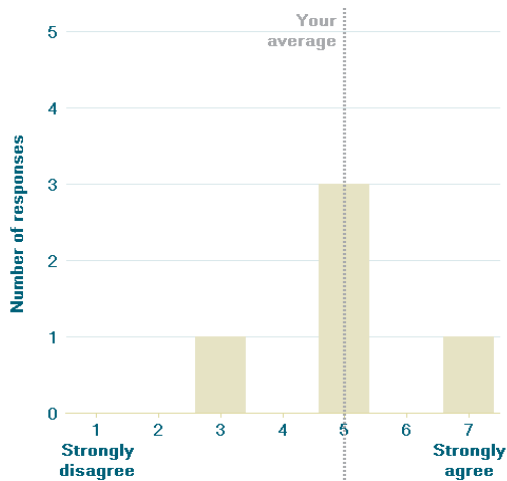
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94. Our CEO welcomes the Board’s constructive input into Sample Company’s strategy (i.e., by being sufficiently candid, open and responsive; and encourages the same from direct reports).



95. The Board fosters a culture of innovation in all areas of Sample Company.

96. While it is difficult to anticipate every contingency, we (the Board and Management) are well prepared to handle a crisis situation.



08 responses to custom questions

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Four questions were included in your Board Effectiveness Survey to which Directors were encouraged to respond with a paragraph of text. The responses have been reproduced verbatim, subject to the provisions set out in Section 1 of this Report. Individual Director anonymity has been kept strictly confidential by the aggregation of responses. No responses are attributed herein to any particular Director unless a particular Director has intentionally linked their name with their written comments or unintentionally identified themselves by virtue of their writing style or particular views.

Please provide additional information that may assist to explain why you assessed any survey item at 4 or less.

- We don't have a separate strategic planning session, as I do on other boards. We are given the plan as a fete a compli, with little time for proper analysis and review.
- We need to spend more time as a board, meeting with senior management and ensuring we have a deeper pool of talent. Hiring some extra talent will be important, which will also ensure appropriate succession planning can occur.
- Whilst the CEO is doing a good job, he needs to engage us as a board and get us all on the same page re the long term direction for our organisation.
- Our board papers are good, but we still don't have a good annual agenda of topics that we need to deal with as a board. We also don't have a separate strategic planning day, which we have talked about, but it still doesn't occur.
- Our whole strategic planning process needs to be reconsidered from start to finish. We, as a board, should set the board parameters, management should prepare a detailed draft with various options, we should have a day where that is our only topic and where we lock in the plan.

About Insync Surveys

With offices in Melbourne and Sydney, we specialise in employee, customer, board and other stakeholder surveys backed by consulting. Our registered psychologists and research experts help organisations become more effective.

We co-founded the Dream Employers Survey and have worked with some of the largest organisations in Asia Pacific, including: ASX, Cathay Pacific, John Holland, Queensland Rail, Rio Tinto, Suncorp, Toll, Visy, WorleyParsons, Mission Australia, VincentCare, the Australian Curriculum, Assessment and Reporting Authority, state government departments, many local councils and most university libraries. This broad experience allows us to benchmark your results.

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About Board Benchmarking

Board Benchmarking has two world class measurement tools: its Board Effectiveness Survey and Audit Committee Effectiveness Survey. Both are available globally and are distributed via authorised distribution partners, which include: KPMG Australia, Insync Surveys, Oppeus, Westlake Consulting and Gerard Daniels.

Board Benchmarking has carried out over 150 board and audit committee surveys for organisations ranging from large public companies and government organisations to private companies, associations and not-for-profit entities. Board Benchmarking's surveys are powered by Insync Surveys.

Visit: www.boardbenchmarking.com

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Board Benchmarking can be contacted at the offices of Insync Surveys.