

1. Purpose

The purpose of this Procedure is to outline the manner by which the Sunwater Board will regularly review its performance and that of Directors and Board Committees.

It is generally accepted good governance practice for Boards to regularly review their performance.

Board evaluations are aimed at enhancing the overall performance of the Board and dealing with identified issues in a constructive way. Their purpose is not to criticise any particular Director but rather generate meaningful feedback and actions for improvement.

The benefits of a Board evaluation include:

- team building
- clarifying individual and collective roles
- improving the effectiveness of Board meetings
- improving statutory and other reporting requirements
- establishing Board KPIs and monitoring performance against them, and
- improving the working relationship between the Board and management.

2. Scope

A Board evaluation may incorporate: the board as-a-whole; board committees' and/or individual Directors.

This Procedure applies to Directors.

3. Policy Statement

The Sunwater board will evaluate its performance, the performance of individual directors, the Chairman and board committees at regular intervals, not exceeding two years. At least annually, the board will evaluate the performance of the board-as-a-whole.

The Chairman will oversee the evaluations to ensure they are conducted according to accepted governance practice.

An external facilitator will be engaged by the board to conduct the board evaluation at least every third year.

The board will also regularly evaluate the conduct of board meetings.

4. Procedure

Annual Board Performance Evaluation

The Chairman is responsible for initiating each year a board evaluation and in consultation with the board, establishing:

- the purposes and objectives of the evaluation
- the scope of the evaluation (that is, whether the review is of the board as a whole, individual directors and/or board committees)
- the issues to be addressed in the evaluation
- the process for the evaluation (for example, written surveys followed by individual interviews)
- who will conduct the evaluation (for example, the evaluation may be facilitated internally by the Chairman (assisted by the Company Secretary) or externally by a suitably qualified facilitator), and
- who, apart from the directors, will be asked for input (for example, the CEO and other executives who regularly attend board meetings and/or key stakeholders).

The evaluation is to be designed to meet the specific requirements of the Sunwater board and aimed at assessing the performance of the board, its committees and directors against the:

- Board Charter as it relates to roles and responsibilities
- Directors' Code of Conduct
- Directors' Conflict of Interest Policy
- relevant committee charter, and
- agreed Key Performance Indicators (KPIs) which are then current for the board, its directors and its committees.

The extent to which the board has implemented recommendations from a previous board evaluation should also be reviewed.

As part of each evaluation, there is to be a facilitated open discussion of the board to:

- discuss the evaluation results
- decide any changes which are required to be made by the board
- address any lack of performance, and
- agree the goals (or KPIs) for the board for the ensuing year.

Board KPIs may relate to matters such as:

- performance of the board's functions such as concerning strategy, risk and compliance
- directors' attendance at board meetings and other events
- directors' participation and contribution to the board and company
- amount of director professional development undertaken
- compliance with the Board Charter and Handbook, and events in the board calendar
- frequency, duration and quality of board meetings and committee meetings, and
- effectiveness of governance processes and procedures.

KPIs for the board should be prepared having regard to the then strategic priorities and objectives of Sunwater.

If particular concerns arise from the evaluation in relation to any individual director or committee, the Chairman shall meet with that director, or Chairman of that committee, to discuss the concerns and any actions to be taken as a result.

The board shall record the outcome of each performance evaluation in the minutes of the subsequent board meeting.

The Chairman will report a summary of outcomes of any evaluation to the Shareholding Ministers.

Individual Director Feedback

Feedback on individual directors' performance should be sought through the annual board evaluation process.

The Chairman is responsible for discussing performance feedback with each director and drafting a development plan if required in accordance with the Board Professional Development Policy.

In the case of feedback regarding the Chairman, the Chairman shall discuss the matter as appropriate with the board. Alternatively, the Chairman of the Audit and Risk Committee may discuss the issues with the Chairman.

Regular Board Meeting Feedback

To ensure continual review of board meeting processes, each board agenda may include an evaluation of the meeting to be conducted by a director on a rotational basis.

This evaluation can be verbal or through a short evaluation form and should address issues including:

- the timeliness of the provision of board papers

- overall conduct of the meeting
- agenda items and the relative time allocated to them
- the structure and content of board papers
- participation by directors in board discussions
- the time spent between compliance and performance functions in the meeting
- the clarity of board decision-making
- the Chairman's handling of the meeting, and
- suggestions for improving future board meetings.

5. Responsibilities

Role	Responsible For
Board of Directors	<ul style="list-style-type: none"> • undertaking an evaluation of the Board meeting on a rotational basis. • being involved in discussion on outcomes of the Board Evaluation and implementation of recommendations. •
Board Performance Evaluation	<p>The evaluation is aimed at assessing the performance of the Board, its Committees and Directors against the:</p> <ul style="list-style-type: none"> • Board Charter as it relates to roles and responsibilities • Directors' Code of Conduct • Directors' Conflict of Interest Policy • relevant committee charter, and • agreed KPIs which are then current for the board, its directors and its committees.
Chairman	<ul style="list-style-type: none"> • The Chairman will oversee the evaluations to ensure they are conducted according to accepted governance practice • The Chairman is responsible for initiating each year a board evaluation and in consultation with the board • Chairman shall meet with that director if particular concerns arise from the evaluation in relation to any individual director or committee
Chair of the Audit Finance and Risk Committee	<ul style="list-style-type: none"> • discussing (where necessary) issues with the Chairman, if identified through the evaluation process.

6. Review of Procedure

The Board will review this Procedure on a two yearly basis. The CEO and the Sunwater Company Secretary (Company Secretary) have the authority to approve administrative amendments to this and other governance policies/procedures, with advice to be provided to the Board on material administrative changes.

7. Approval and Review Details

Owner:	Board	Issue Date:	Nov 2019	Document No:	2381248
SME:	Co Sec	Next Revision Date:	Nov 2021	Reference No:	BOD PRO 02 v3

