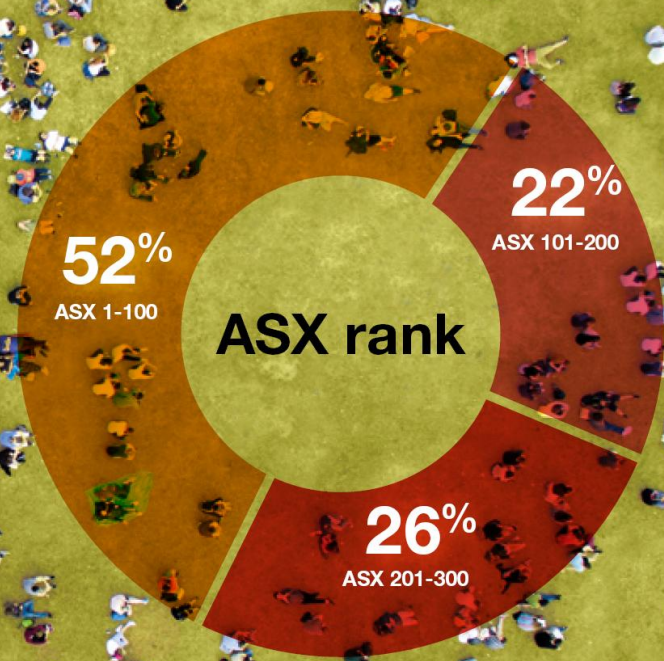
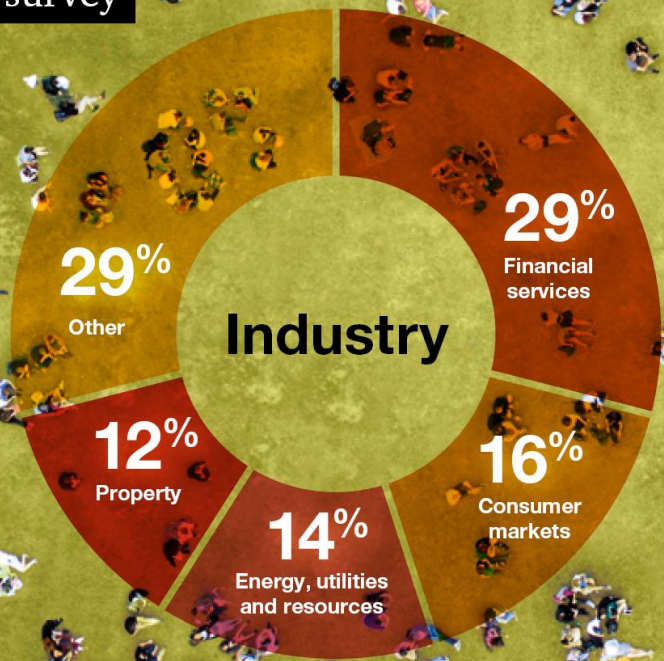


PwC's Many Hats Non-Executive Director Survey 2019 Full results

August 2019





Reflecting on recent governance developments,
which statement best describes your company's response?

The company has already responded and no further significant change is planned **39%**

15% The company needs to make significant changes and we are at the early stage of preparing for them

Recent governance developments have been a catalyst for significant change by the company and we recognise that more change is needed **19%**

26% The company does not need to respond in any significant way

Have you seen a shift in the boundary of responsibilities between your Board and management in response to recent governance developments?

Yes, there has been a significant extension of the boundary, with the Board moving more into what was previously considered management's domain

6%

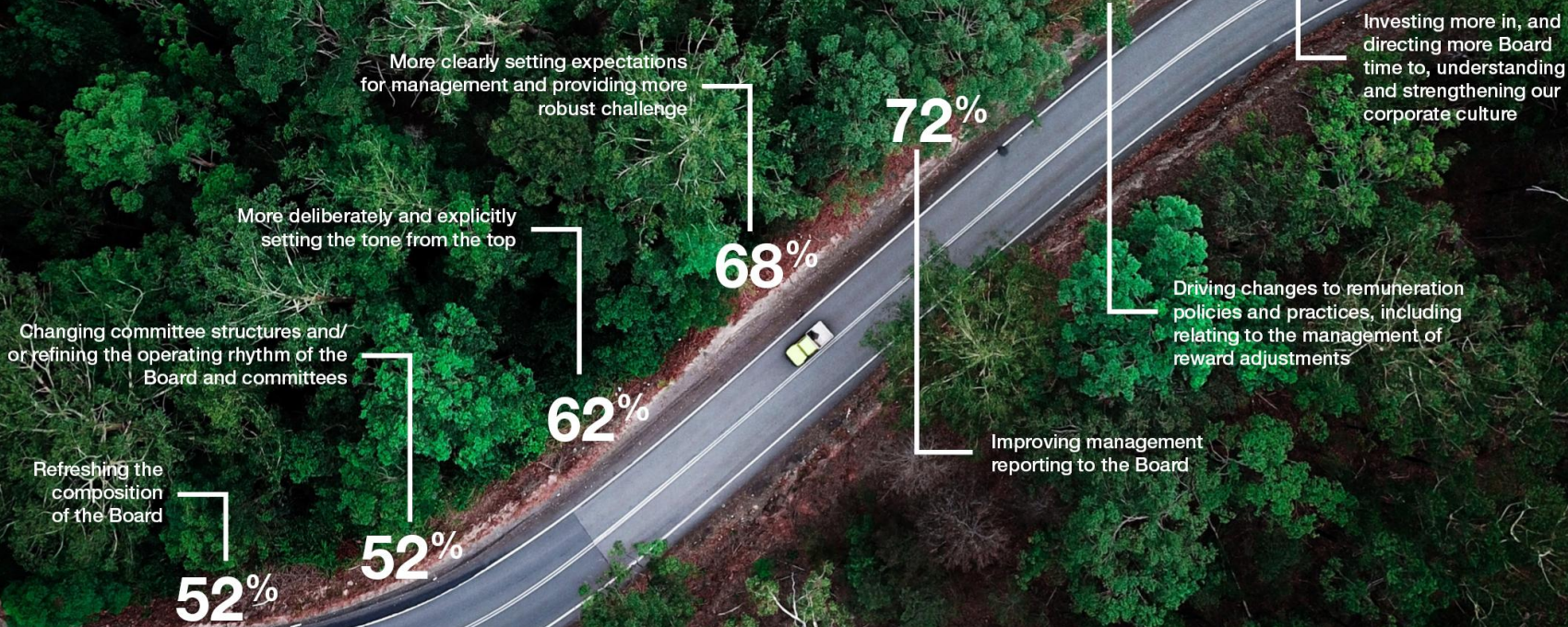
38%

Yes, there has been a minor extension of the boundary, with the Board moving somewhat into what was previously considered management's domain

No, the boundary remains the same.

56%

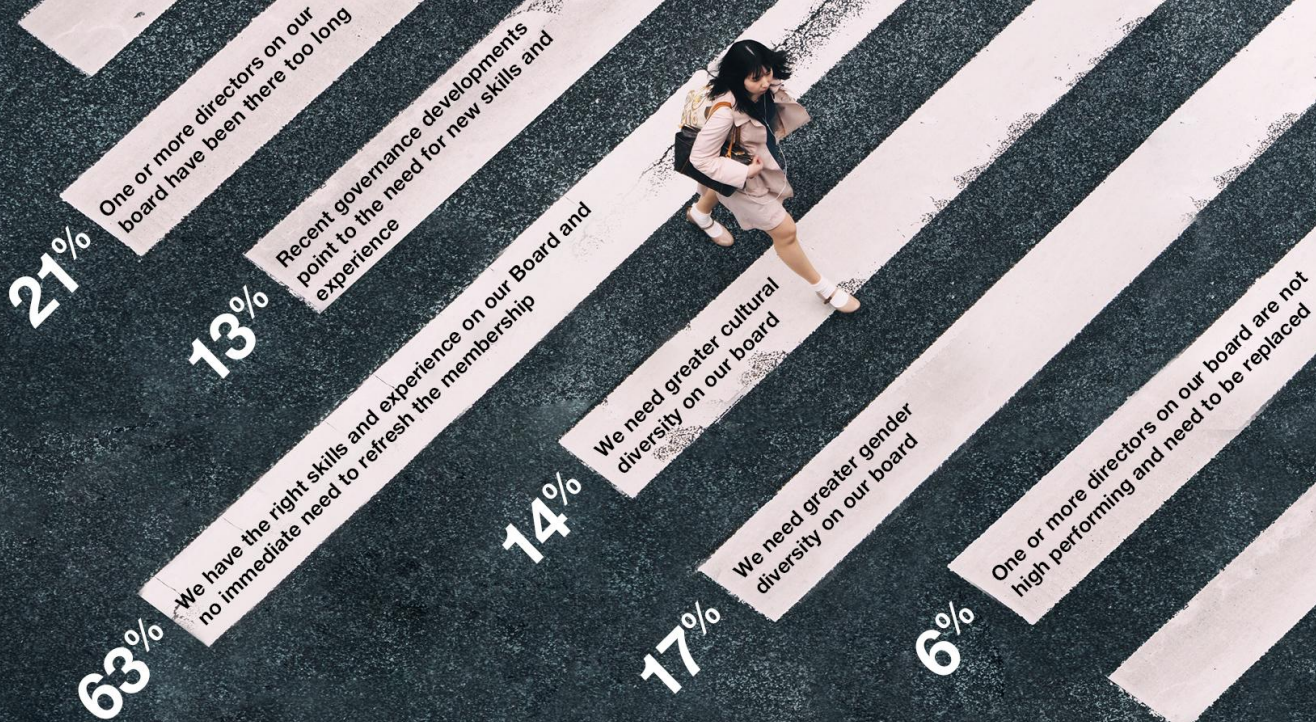
Which of the following steps is your Board taking or planning to take in response to recent governance developments?



How would you describe the importance of having the following skills, competencies or attributes on your board?



Which of the following statements reflects your Board's composition currently?



Which of the following reflects the outlook of your Board to changing the Board's composition?

78%

We are confident in the Board's ability to attract new directors

47%

We actively ensure we test the talent pool for directors beyond the relationships of those who are leading the nominations process

22%

There is a fear that potential directors may choose to not take on the risk of being a director, given the financial reward, limiting our ability to attract new talent

32%

Increased expectations of Board members could be a deterrent to potential directors

10%

There is a fear that the cost and/or availability of D&O insurance could affect our ability to attract the right talent

What are the top three most effective ways to promote Board refreshment?

6%
A compulsory company policy on director retirement age e.g. 72 years

50%
Limits on director terms e.g. 12 years or less

54%
Frank, confidential feedback by directors to a trusted 3rd party which undertakes an independent Board assessment

54%
Disclosure of the Board skills matrix

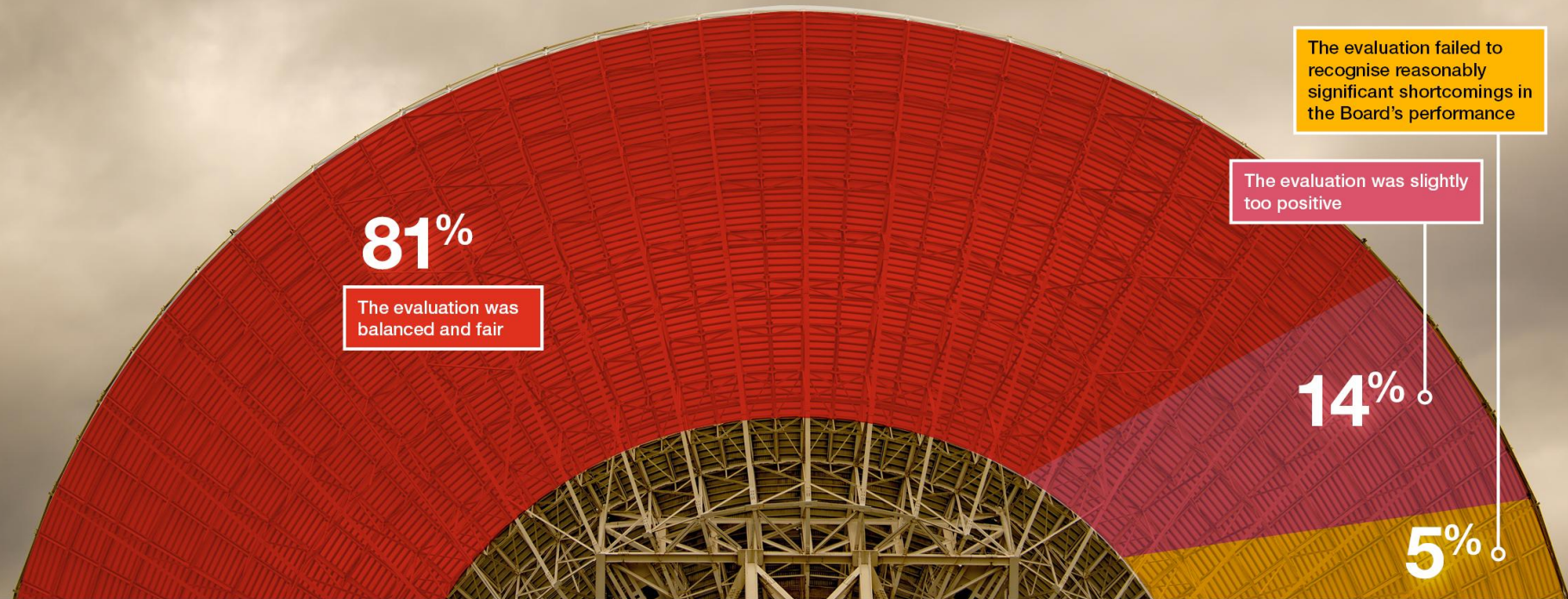
65%
Frank, confidential feedback by directors to the Chair

37%
Use the annual Board self-assessment to seek directors' recommendations on extensions of the terms of fellow directors

32%
Seeking input from investors about Board composition and refreshment

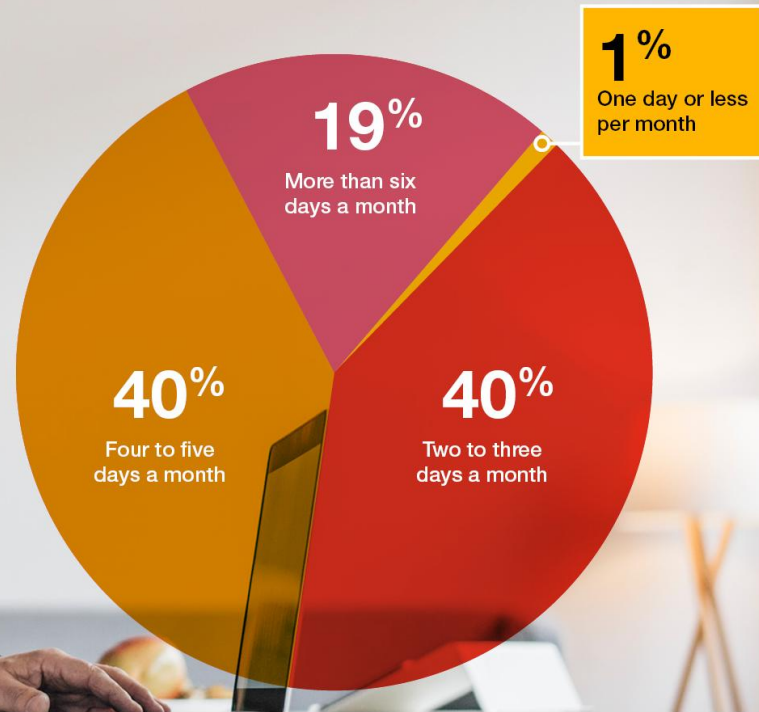
2%
Introduce a requirement that directors are appointed for a one year term only, with shareholders voting annually on each director's re-appointment

On the whole, how well did your most recent Board evaluation (whether by a 3rd party or a self-assessment) appropriately capture and summarise the Board's performance?



How much time do you spend on average each month to meet your duties as a director of the company?

12



What refinements has the Board considered, or will be, in relation to its operating rhythm?

78%

Introducing more 'deep dives' into areas of specific interest or concern

50%

Spending more time connecting-the-dots and contemplating emerging/over-the-horizon matters

47%

Building in structured reflection time (w/out mgmt present)

46%

Improving the agenda setting process to ensure agendas are appropriate and dynamic

39%

Board and committee Chairs spending more time with relevant executives ahead of meetings

Increasing the frequency and duration of Board and committee meetings

18%

Improving membership and hand-off processes across committees and the Board

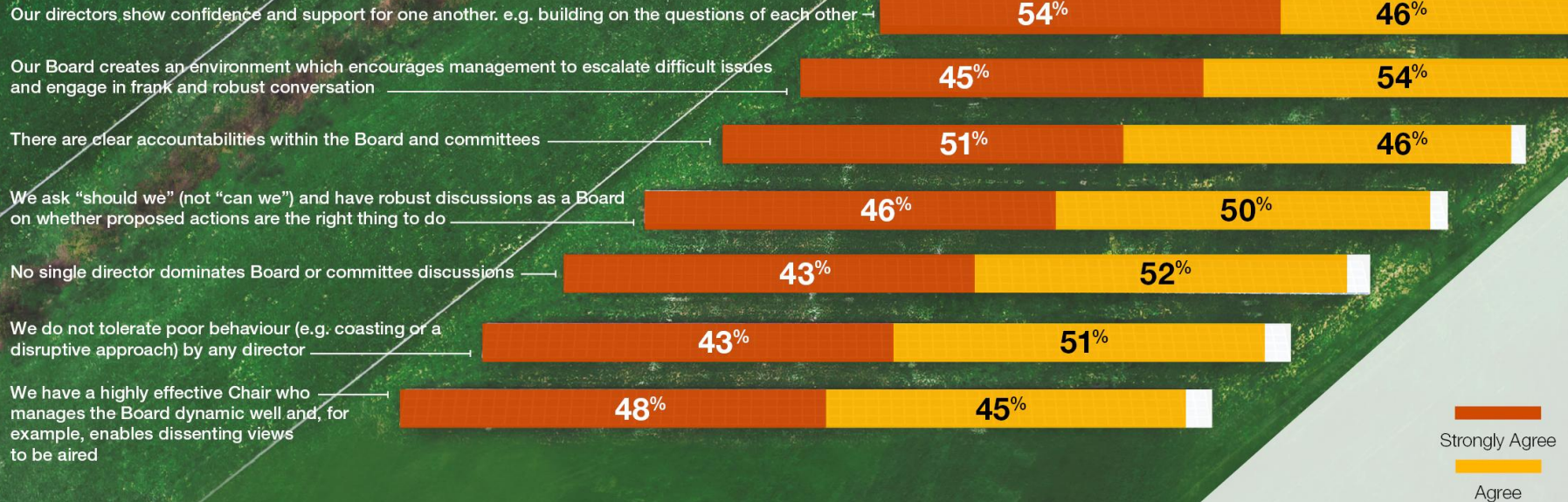
15%

Introducing a new committee e.g. in relation to conduct, culture, customer or other

13%

To what extent do the following statements reflect how your Board works today?

14



How does your Board currently approach the oversight of culture?

Strongly Agree

Agree

15

We are clear on the desired culture of the organisation, including behaviours to be encouraged and behaviors for which there is zero tolerance.

We are clear on the reality of the culture of the organisation today, including sub-cultures and negative traits that need to change

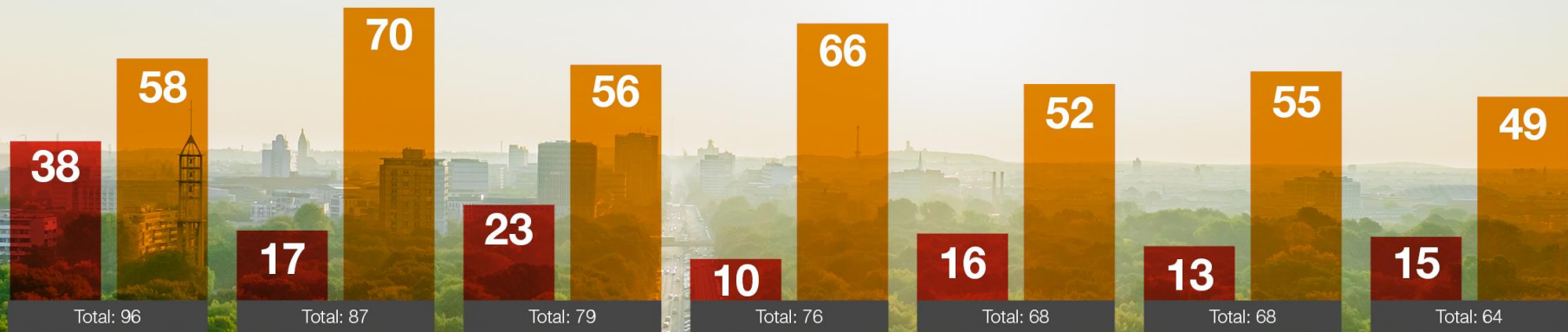
The Board explicitly considers how we role model the behaviours we expect, e.g. through questioning, issue management, business immersion activities, communications, etc

The Board spends sufficient time on understanding and seeking to improve the culture

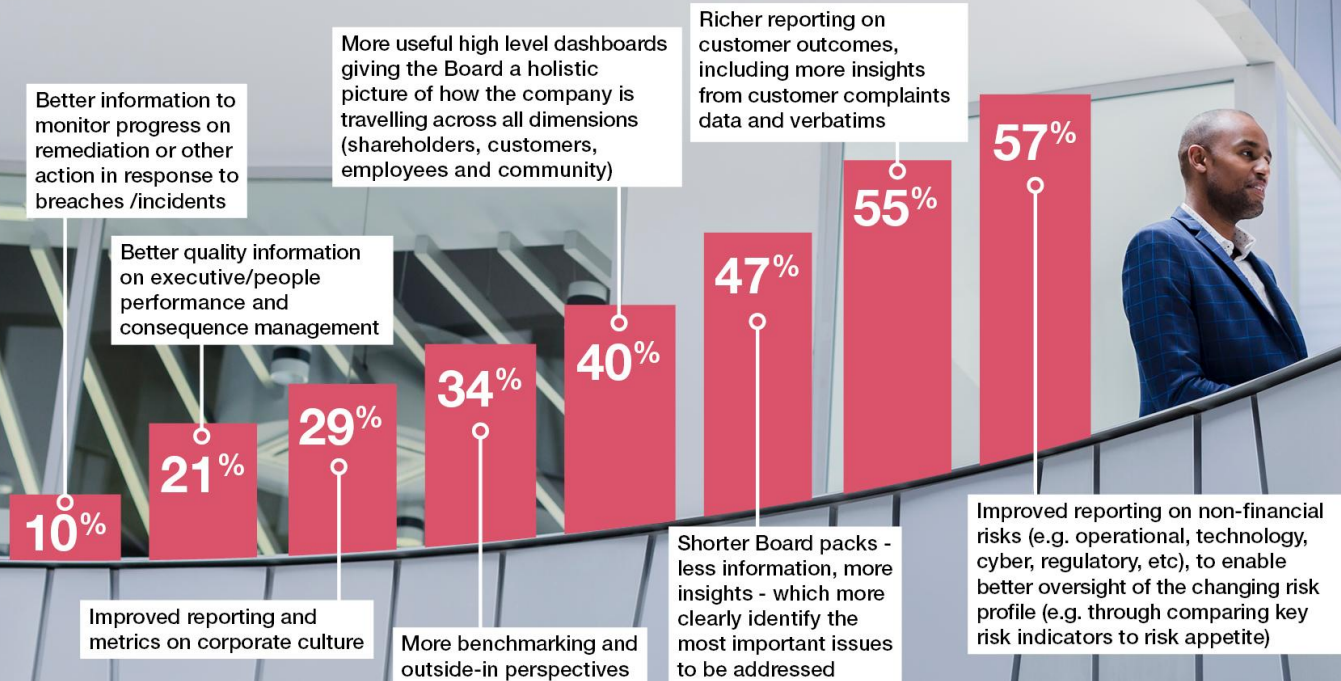
The Board is working to increase its visibility and engagement through the organisation

There is a plan in place to shift the organisation's culture that the Board is confident in

We are investing in more sophisticated ways to assess and monitor the culture



Which top three changes to management reporting would be most helpful to your board?



What changes to management behaviours and practices would be most helpful to your Board?

34% Management has a tendency to be over-optimistic, when it needs to be more realistic with the Board about what is required to fix complex issues

39% Management has a tendency to “present” to the Board, when a frank conversation with the Board on the key issues is required

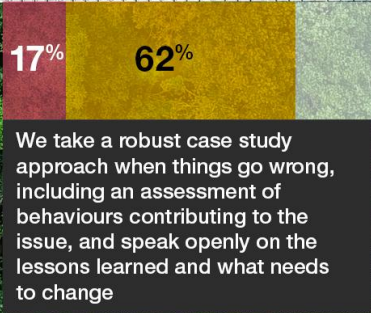
37% Our management is a high performing team and no material changes are required

13% Management has a tendency to focus on good news, when there is benefit in raising bad news sooner and engaging on this

21% Management needs to escalate risks and issues earlier for Board visibility as we tend to be told about issues and problems too late

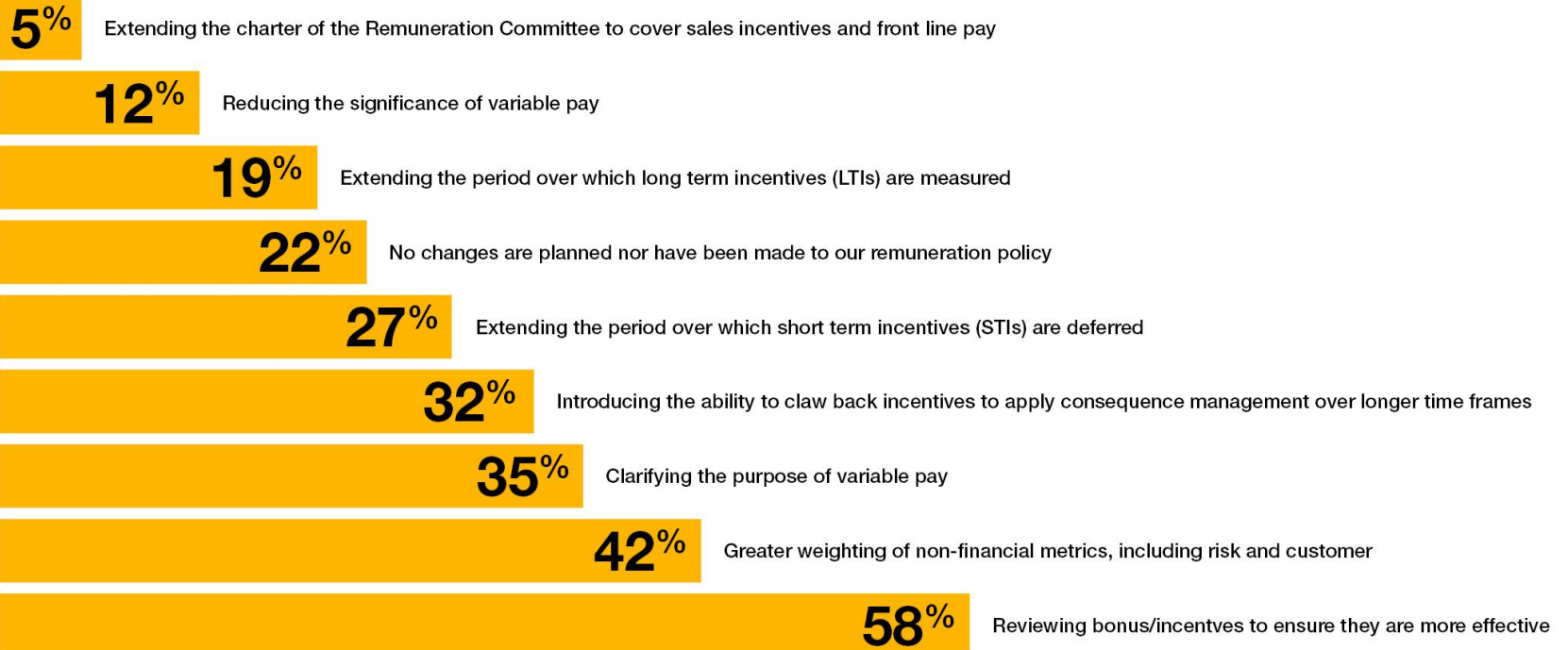
32% Management should bring proposals forward for Board feedback earlier in their development, rather than a final proposal

To what extent do the following statements reflect the Board's relationship with management?



Which of the following steps is your Board taking or planning to take to refine your remuneration policy

19



Which of the following steps is your Board taking or planning to take to improve how it manages reward/remuneration adjustments?

16%

Significantly improving the quality and regularity of data/reporting to enable the Remuneration Committee to guide reward adjustment decisions

22%

Sharing high level information on reward consequence with our employees and shareholders

29%

Developing policies that detail events that should trigger consideration of reward adjustments and guidelines for determining the materiality of the adjustment

33%

Introducing or enhancing formal annual tests of the effectiveness of remuneration policies in driving the desired behaviours and outcomes

39%

Applying increased remuneration consequences (e.g. bonus adjustments, cancelling long term incentives, claw back or others) for negative risk outcomes, collectively (to groups such as the executive team, or other)

42%

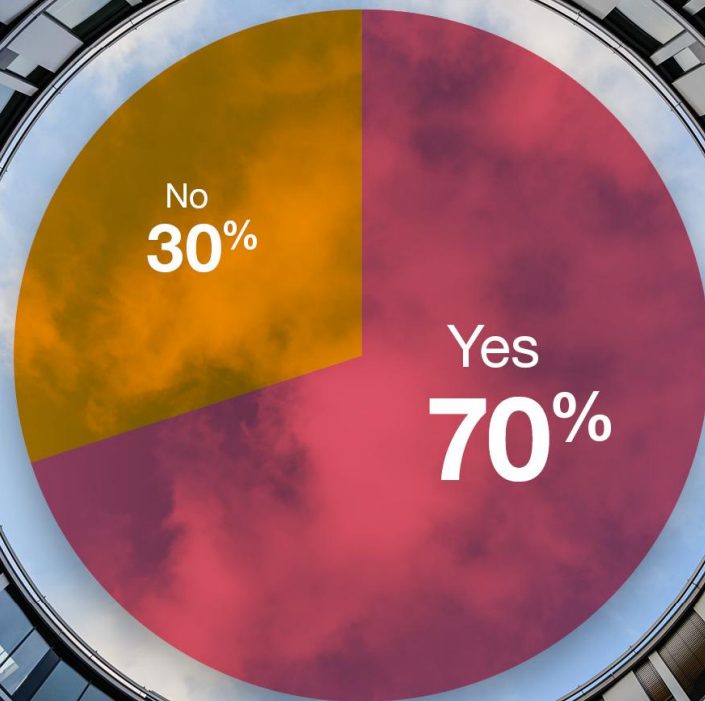
Applying increased remuneration consequences (e.g. bonus adjustments, cancelling long term incentives, claw back or others) for negative risk outcomes, to individuals

51%

More rigorous challenges from the Remuneration Committee members on all substantive remuneration decisions

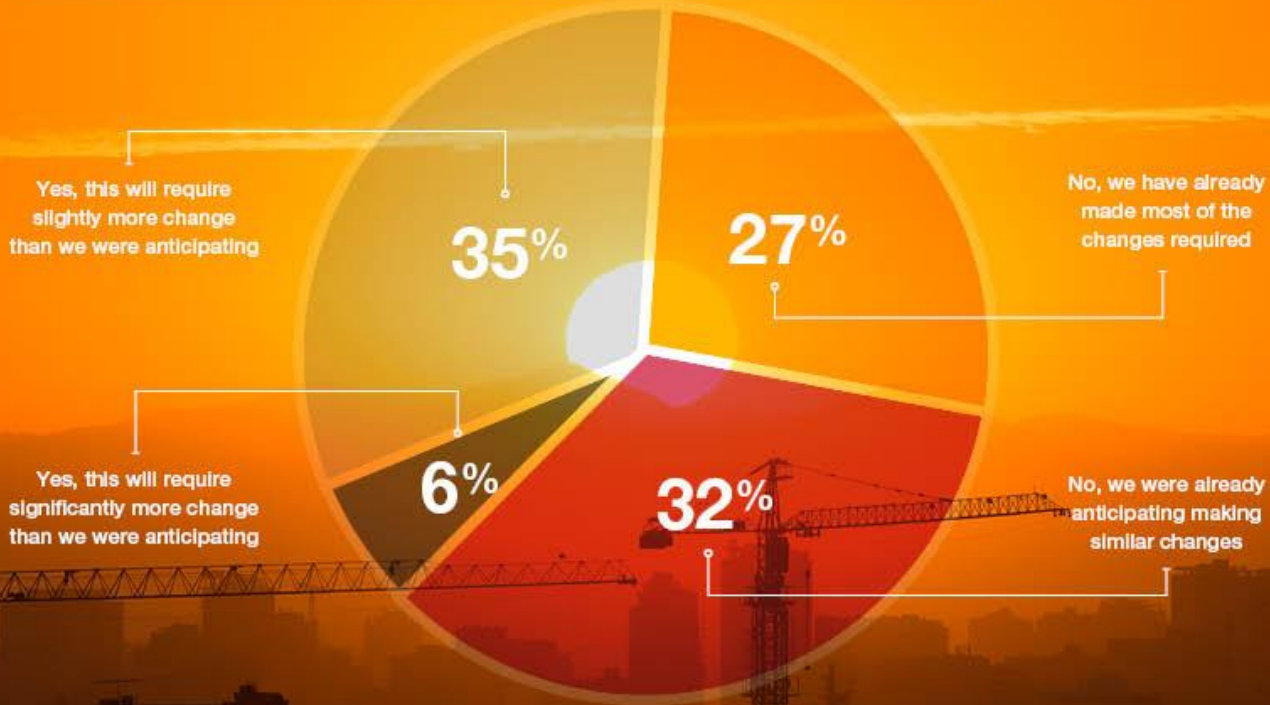
Do you think there is an expectation gap emerging
on the role and purpose of the Board?

21

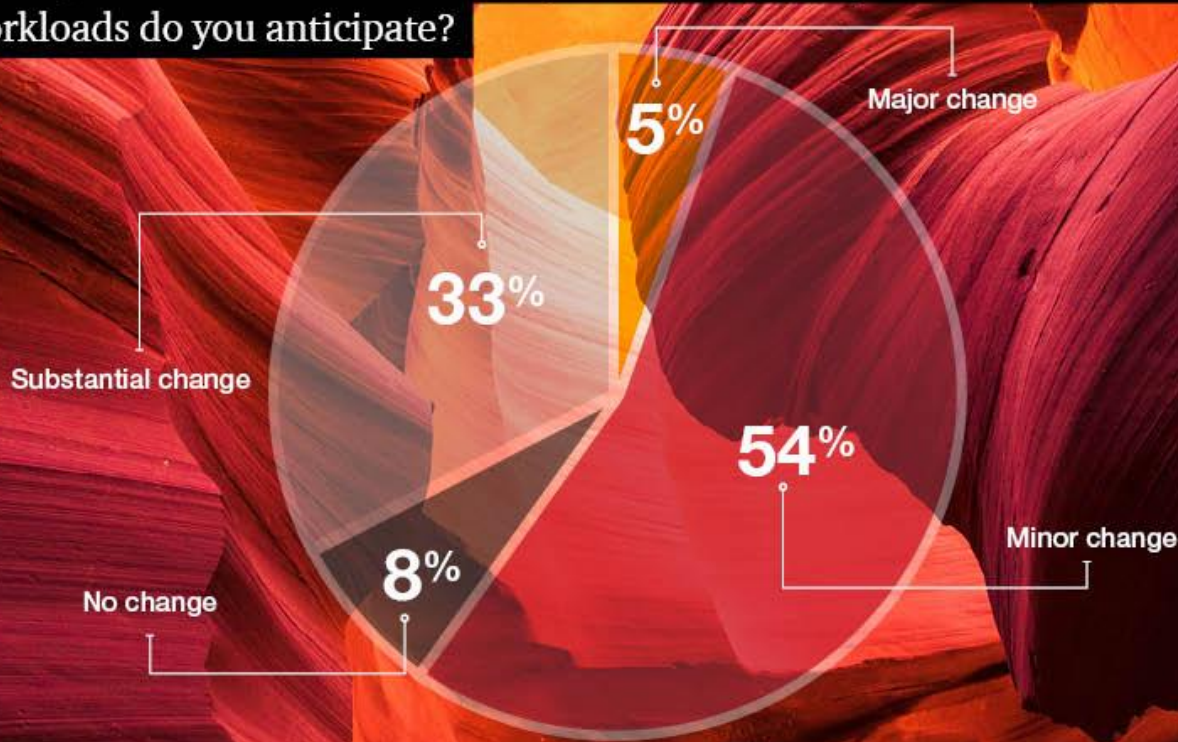


Has the release of the Draft APRA 511 standard on Remuneration, changed your views on the extent or nature of change you were anticipating?

Results from a separate survey asked of ASX 300 Directors post APRA's draft prudential standard on remuneration in late July 2019



Following the release of the Draft APRA 511 standard on Remuneration, which directly impacts regulated entities but will likely have broader impacts, what impact on Director roles and workloads do you anticipate?



Results from a separate survey asked of ASX 300 Directors post APRA's draft prudential standard on remuneration in late July 2019

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