

Board Evaluation

1. Purpose:

To detail Board Evaluation processes to be utilised by Tasmanian Perpetual Trustees Limited to drive efficient and effective Board processes.

2. Responsibility:

2.1 The Chairman, each Director and the Company Secretary of the Company has a duty to assist with the implementation of this Policy to ensure Board processes are effective and efficient, adding real value to the Company.

2.2 The Nomination Committee is responsible for strengthening the governance framework of the Company through an ongoing assessment of the composition and effectiveness of the Board as a whole. This includes developing and recommending to the Board effective processes for reviewing and assessing the performance of:

- (i) the Board as a whole,
- (ii) Board Committees,
- (iii) the Chairman and each of the Directors

This Policy is designed to assist with these processes.

3. Why the Board has chosen to evaluate its performance

The Board has chosen to evaluate its performance in order to assist with:

- discharging Director accountability to shareholders
- improving Director relationships with shareholders
- improving Board harmony and dynamics
- ensuring Board processes are effective and efficient
- adding value to the Company

- anticipating issues that may affect the Company in the future
- assist with Board succession planning and skills assessment
- formulation of Board Committee membership
- induction and training requirements for new Board members

4. The Board Evaluation Processes

The Company has chosen to adopt the following Board Evaluation Processes:

- Annual individual Director Questionnaire developed by the Nomination Committee, approved by the Board and then distributed to Directors with results collated by the Company Secretary, for report to the Board. (copy attached)
- Chairman to hold one-on-one discussion with each member of the Board with the Chairman to report to the Board on the outcomes from this process. (This policy does not currently include undertaking a full individual Director evaluation.)
- Nomination Committee to review the completed Board Skills Assessment matrix completed annually by Directors to assist the Board Succession Planning process, also overseen by the Nomination Committee. This review is designed to assist with deliberations regarding the Board's performance as a whole.
- Undertake an external Board Performance Assessment process every three (3) years, with the first such review to take place in 2008.

The Chairman will have a pivotal role in the above Board Assessment processes, including:

- setting the environment for a positive review
- agreeing precise details of the process with Directors
- facilitating debate

- formulating the desired outcomes
- actively participating
- providing fair and candid feedback
- follow-up of review recommendations
- informing shareholders

The governance foundation of the Company is based on the following policies, which will be used as the basis for the Board Assessment process:

- Tasmanian Perpetual Trustees Limited Role of the Board
- Tasmanian Perpetual Trustees Limited Role of the Chairman
- Tasmanian Perpetual Trustees Limited Role of Individual Directors
- Tasmanian Perpetual Trustees Limited Role of the CEO (Managing Director)
- Tasmanian Perpetual Trustees Limited Code of Personal Conduct
- Tasmanian Perpetual Trustees Limited Corporate Code of Conduct

5. Monitor, Review and Reporting

The Company's Nomination Committee will review annually the Company's adherence to this Policy and report to the Board in this regard.

It is expected that the Board Evaluation process will identify the key issues and any problems regarding the workings of the Board. At the conclusion of the process, the Chairman will report to the Board, either verbally or in writing, identifying the issues and making recommendations for change.

It is expected that the Board will agree which recommendations are to be implemented, when it is proposed to do so and who is to take responsibility for

their implementation.

The Company will disclose details of its Board Evaluation processes in its Annual Report, including details of compliance attainment with the ASX Corporate Governance Council's Principle 2.

6. References:

- ASX Corporate Governance Council's Principles and Recommendations (2007) – Principle 2
- Chartered Secretaries Australia – Assessing Board Performance course material
- Tasmanian Perpetual Trustees Limited Nomination Committee Charter
- Tasmanian Perpetual Trustees Limited Role of the Board
- Tasmanian Perpetual Trustees Limited Role of the Chairman
- Tasmanian Perpetual Trustees Limited Role of Individual Directors
- Tasmanian Perpetual Trustees Limited Role of the CEO (Managing Director)
- Tasmanian Perpetual Trustees Limited Code of Personal Conduct
- Tasmanian Perpetual Trustees Limited Corporate Code of Conduct
- Tasmanian Perpetual Trustees Limited Director Induction Procedures

7. Implementation Date

This Policy was approved by the Board on 22 November 2005 and subsequently amended on 1 July 2008.

Consolidated Board Evaluation Questionnaire

Please grade Board performance by placing a tick in the appropriate box for each statement. (Please tick one box only and provide any comments which you consider appropriate)

1. Corporate Objectives, Strategies and Policies

	Strongly Disagree	Disagree	Agree	Strongly Agree	Comments
Q1. The Board has identified the broad objectives of the Company The Board does this well					
Q2. The Board contributes to, evaluates and approves strategies and policies which are directed towards achieving the Company's objectives The Board does this well					
Q3. The Board encourages management to formulate and develop strategies, operational plans, policies and new business initiatives for Board consideration The Board does this well					
Q4. The Board has empowered management to implement the approved strategies, operational plans and new business initiatives The Board does this well					
Q5. The Board has ensured corporate and operating policies, including policies relating to exposure to various risks, are in place that are appropriate for the business, including policies relating to:					
– The ethical standards of the Company					
– Directors and officers dealing in Company shares					
– Delegations of authority to the MD and each level of management					
– Regulatory compliance					
– Risk management in lending, funds management and investment activities and management of defaulting borrowers					
– Risk management in the provision of trustee services and related activities					
– Accounting, financial and public reporting					
– Insurance					
– Capital structure and funding sources					
– Management structure and staffing levels					
– Staff remuneration policy and remuneration levels					
– Human resources issues (OH&S, EEO, anti-discrimination etc.)					
– IT policies including internet access and usage					
Q6. The Board has ensured that an appropriate policy is in place for building and maintaining the capital adequacy of the business and for the use of its cash resources					
Q7. The Board monitors the external environment, considers and responds to those factors which may affect the Company and identifies ways in which external change can be used to enhance the business. The Board does this well					

2. Corporate Plans, Budgets and Performance Monitoring

	Strongly Disagree	Disagree	Agree	Strongly Agree	Comments
Q1. The Board reviews and approves strategic plans and budgets, including the setting of appropriate KPIs The Board does this well					
Q2. The Board monitors performance against the approved strategic plans, budgets and KPIs and takes corrective action where necessary. The Board does this well					
Q3. The Board has established and implemented a process for the identification, monitoring and mitigation of risk The Board does this well					

3. Internal Controls

	Strongly Disagree	Disagree	Agree	Strongly Agree	Comments
Q1. The Board has ensured that an effective system of internal control is in place, including systems for:					
– Short term planning and budgeting					
– Performance reporting to management and Board					
– Accounting and financial reporting					
– Internal audit					
– Adherence to the Company's corporate and operating policies					
– Monitoring compliance with all applicable laws and regulations					
– Monitoring compliance with ASX Listing Rules					
Q2. The Board monitors the effectiveness of systems for internal control, including systems for:					
– Short term planning and budgeting					
– Performance reporting to management and Board					
– Accounting and financial reporting					
– Internal audit					
– Adherence to the Company's corporate and operating policies					
– Monitoring compliance with laws and regulations					
Q3. The Board ensures that there is compliance with all corporate and operating policies through regular reports from management The Board does this well					
Q4. The Board has established an Audit Committee to oversee the external and internal audit scope and processes and consider and review audit reports					

4. Managing Director and Senior Executive Positions

	Strongly Disagree	Disagree	Agree	Strongly Agree	Comments
Q1. The Board has appointed an MD, set his remuneration and monitors his performance annually The Board does this well					
Q2. The Board has reviewed and approved the senior executive structure of the Company upon recommendation from the MD The Board does this well					
Q3. The Board has reviewed and approved the appointment and remuneration of the senior executives reporting to the MD and monitors their performance annually The Board does this well					
Q4. The Board has reviewed and approved succession plans for the MD and senior executives of the Company The Board does this well					
Q5. The Board reviews and approves major human resources initiatives and changes to the organisational structure The Board does this well					

5. Shareholders / Investors

	Strongly Disagree	Disagree	Agree	Strongly Agree	Comments
Q1. The Board reviews and approves the annual financial statements of the Company and of each of its managed funds, to ensure that they are in conformity with Australian Accounting Standards and represent a true and fair view of the Company's/Managed Funds' results and financial position The Board does this well					
Q2. The Board recommends external auditors for appointment by shareholders					
Q3. The Board ensures that the scope of audits are adequate The Board does this well					
Q4. The Board oversees the internal and external audit processes and reviews audit reports The Board does this well					
Q5. The Board determines dividends payable The Board does this well					
Q6. The Board approves all prospectuses issued by the Company and any amendments thereto The Board does this well					
Q7. The Board reports to the shareholders and to the market on the affairs of the Company The Board does this well					
Q8. The Board demonstrates full and open disclosure in the Company's dealings with all the stakeholders and to the wider community The Board does this well					
Q9. The Board authorises all public announcements by the Company The Board does this well					

6. Board Effectiveness

	Strongly Disagree	Disagree	Agree	Strongly Agree	Comments
Q1. The Board regularly reviews and assesses its own performance The Board does this well					
Q2. The Board assesses the balance of competencies of its members The Board does this well					
Q3. The Board identifies new members of quality as required The Board does this well					
Q4. The Board is comprised of competent individual directors					
Q5. The Board has established appropriate Board committees to assist in carrying out its responsibilities					
Q6. The Board monitors the effectiveness of Board committees The Board does this well					
Q7. The Board ensures it has access to external advisors with appropriate skills and experience in all relevant areas of the law and in the business and financial affairs of the Company The Board does this well					
Q8. Once a decision is made, the Board speaks as one Board					
Q9. The Chairman represents the Board, including speaking on behalf of the Board					
Q10. Board members are visible in the organisation					
Q11. Directors are encouraged to suggest appropriate items for inclusion on the Board and/or Committee agenda The Board does this well					
Q12. Directors contribute to setting the agenda The Board does this well					
Q13. The agenda allows sufficient time to discuss the most complex and critical issues					
Q14. Directors receive appropriate quantity, quality of information (agenda, minutes, performance, background materials)					
Q15. Advance distribution of materials allows for adequate preparation					
Q16. Directors are prepared for the meetings (pre-reading, etc)					
Q17. Board papers include clear management recommendations					

How does this Board compare to other Boards on which you serve?

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Please list three major strengths of this Board.

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Please list three of the most pressing needs of the Board.

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Other comments which would help the Board refine current operations and increase its effectiveness.

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Are there any areas in which the Board could be strengthened?

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