

# PRACTICENOTES

King III Chapter 2  
Individual director evaluation questionnaire

March 2011

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### Individual director evaluation questionnaire

This questionnaire summarises key principles and practices and is provided for use in assessing individual directors serving on the board.

Rate the extent to which the applicable director applies each statement on the following scale:

- 1 - strongly disagree
- 2 - disagree
- 3 - agree
- 4 - strongly agree

If the practice is not being followed by the particular individual, or if the rating is below what you consider acceptable, space is provided to note steps for improvement that the board should take.

#	Component	Rating	Comments
1	Knowledge and skills		
	The director:		
1.1	has the necessary skills to contribute to the board and the board committees on which the director serves.		
1.2	has the skills appropriate to the company's complexity, size and nature, as well as its industry.		
1.3	has an adequate understanding of the organisation's business and the long term strategic interests of the company.		
1.4	has an understanding of, and is committed to his/her duties and responsibilities.		
1.5	is willing and able to devote the time needed for effective execution of board responsibilities.		
1.6	has a clear understanding of the distinct roles of directors and managers and demonstrates this understanding.		
1.7	displays characteristics such as: <ul style="list-style-type: none"> <li>• integrity,</li> <li>• judgement,</li> <li>• independence of mind</li> <li>• credibility,</li> <li>• trustworthiness,</li> <li>• intuition,</li> <li>• willingness to handle conflict constructively,</li> <li>• an ability and desire to learn;</li> <li>• an openness to new ideas;</li> <li>• good communication skills,</li> <li>• decision-making skills and</li> </ul>		

	• inter-personal skills.		
1.8	demonstrates commitment to good corporate governance.		
1.9	has the courage to take and stand by 'tough' decisions.		
1.10	has kept up to date with key developments affecting his/her required skills set and the business environment.		
1.11	has attended an induction programme (if a new member).		
2	<b>Execution of duties</b>		
	<b>The director:</b>		
2.1	contributes actively and positively to discussions at meetings.		
2.2	exercises appropriate diligence by being properly prepared for meetings.		
2.3	demonstrates a thorough understanding of the matters to be discussed at the meeting.		
2.4	attended all the scheduled board meetings.		
2.5	dedicates sufficient time to the performance of board duties.		
2.6	acts in the best interest of the company at all times.		
2.7	acts with due care, skill and diligence.		
2.8	responds to issues in a timely and effective manner.		
2.9	has consulted with management, staff and external advisors where necessary.		
3	<b>Additional considerations for independent non-executive directors</b>		
	<b>The independent non-executive director:</b>		
3.1	is independent in accordance with the criteria in King III.		
3.2	has a sufficiently independent voice, and is consistently ready to take constructive stands at meetings when necessary.		
3.3	has not served a term beyond nine years (e.g. three three-year terms), without being subject to a rigorous assessment by the board.		
4	<b>Additional considerations for chairman of board</b>		
	<b>The chairman:</b>		
4.1	is an independent non-executive director or if not, the board has appointed a lead independent non-executive director (LID)		
4.2	is not the CEO of the company.		
4.3	provides the direction necessary for an effective board.		
4.4	sets the ethical tone for the board and the company.		
4.5	provides overall leadership to the board.		
4.6	identifies and participates in selecting board members and oversees a formal succession plan for the board.		
4.7	formulates a yearly work plan for the board.		
4.8	plays an active role in setting agendas for board meetings.		

4.9	presides over board meetings and ensures that time in meetings is used productively.		
4.10	effectively manages conflicts of interests.		
4.11	acts as a link between the board and management and particularly the board and the CEO.		
4.12	is collegial with board members and management, while at the same time maintaining an arm's length relationship.		
4.13	ensures that directors play a full and constructive role in the affairs of the company.		
4.14	monitors and evaluates board and individual director appraisals.		
4.15	takes a lead role in the process for removing non-performing or unsuitable directors from the board.		
4.16	ensures that complete, timely, relevant, accurate, honest and accessible information is placed before the board.		
4.17	monitors how the board works together and how individual directors perform and interact at meetings.		
4.18	mentors to develop skill and enhance confidence.		
4.19	ensures that all directors are aware of their responsibilities through induction and CPE.		
4.20	ensures that good relations are maintained with major shareholders and strategic stakeholders, and presides over shareholders meetings.		
4.21	builds and maintains stakeholders' trust and confidence.		
4.22	upholds rigorous standards of preparation for meetings.		
4.23	ensures that decisions by the board are executed.		
4.24	carefully considers the number of outside chairmanships that he/she holds.		
4.25	applies his mind in an intellectual honest manner, and is satisfied that he has the ability and capacity to discharge his duties.		
4.26	meets with the CEO or CFO or company secretary or all three before a board meeting to discuss important issues and agree on the agenda.		
4.27	is not a member of the audit committee.		
4.28	may be a member, but is not the chair of the remuneration and risk committees.		
4.29	is a member (and maybe also the chair) of the nomination committee.		
5	Additional considerations for executive directors		
	The executive director:		
5.1	understands the difference between the role of management and the role of the director.		
5.2	[ insert other relevant questions on how the director has performed in terms of his executive duties ]		