

CRONULLA SHARKS

BOARD SUCCESS & REVIEW CRITERIA

The Board of Directors for Cronulla-Sutherland District Rugby League Football Club Limited and Cronulla-Sutherland District Rugby League Football Club Limited, collectively referred to as the Board, have developed this '*Board Success & Review Criteria*' document to provide clarity and a framework to measure its ongoing performance.

A '*10 Key Measures*' framework has been adopted by the Directors and the Board, Executives, Members and key Stakeholders will use to this to measure its performance.

The 10 '*Key Measures*' are as follows:

Setting the foundations

1. Board composition
2. Agreement about priorities
3. Agreement on how to achieve the Club's strategy

Process and relationships

4. Effective operating rhythm in and outside the Boardroom
5. Internal board dynamics
6. Key relationships

Coverage

7. Focuses on key issues and risks
8. Initiative, dealing with crisis and identifying emerging issues

Impact

9. Contributes to the company's performance.

Sustainability

10. External and best practice

Appraising a Boards performance is a complicated judgement that often does not reflect the current trading performance of the company. It requires close examination of various key criteria as opposed to hard or current measurable items. Today's success may well originate from decisions taken years ago and even by a previous Board, or from other factors that have little to do with the current Board's efforts. For the same reason, current unsuccessful companies can have successful and high performing Boards having inherited performing companies or operating during unprecedented times and are performing well laying down the basis for future success. Equally there may be excellent individuals in a dysfunctional team. Conversely, a great team could be far more than the sum of its parts. Nor is the performance of individual members the same as performance of the Board as a whole.

It is on this basis the 10 Key Measures has been adopted as the principle process for measuring our Boards success.

SETTING THE FOUNDATIONS

The starting point for measuring our Board effectiveness is to set the right foundations and consider how it rates on the first three measures;

1. Board composition

Attracting and retaining a balanced and appropriately skilled Board of Directors is key to any successful Board. Under our Constitution the Board itself has limited control over the appointment of each Director but it should show initiative to educate voting Members on what a balanced Board looks like throughout the various cycles of the Clubs evolution and make appropriate candidate recommendations.

Key to the success of the delivery of any Club strategy is the CEO and Executive Team. The Directors have total authority over these key appointments and therefore should accept total accountability of each appointment.

Should the Board feel Constitutional changes are warranted for the betterment of the Club then it is the responsibility of the Board to educate the Members to the benefits and obtain approval for appropriate key changes. E.g. skillset to become a Director of the Club.

2. Agreement about priorities

Success also means the Board having a common understanding about the priorities in its role. This is the real key items for the Club in addition to the day to day statutory obligations of being a Director. The implementation and continuous involvement Board Committees is essential to delivery on these priorities with the limited resources available.

3. Agreement on how to achieve the Club's strategy

Healthy debate and differing of views is more than welcomed between Directors or within an organisation. It is essential though that after all challenges are exhausted that a cohesive approach is reached by the Board on a company strategy and its journey to achieve its goals.

PROCESS AND RELATIONSHIPS

The subsequent three measures required for Board success concern process and relationships:

4. Effective operating rhythm in and outside the Boardroom

Effective processes, including persistence and resilience in making sure things happen, is a prerequisite for Board success. An open culture, with the Board involved at appropriate forums early and fully across key decisions is crucial.

Ensuring Board committees remain relevant, effective and with clear objectives is a key platform for Board involvement and oversight of key business objectives. The creation, maintenance and rules of engagement of such committees are essential to a successful operating rhythm between Boards and executives.

5. Internal board dynamics (relationship between Board members and Executives)

The ability to communicate effectively inside the company and with other stakeholders is another key requirement to the success of any organisation. Respect (not popularity) is an important indicator, both inside and outside the company when measuring Board performance.

6. Key relationships

How the Board is perceived by its key stakeholders; Members, Major Sponsors, NRL and community is a key measure when evaluating Board success. Again, it needs to be one of respect over popularity and should be recorded and measured.

COVERAGE

7. Focuses on key issues and risks

Without entangling itself with the Executive it is imperative the Board deals with right issues and risks the business faces and more applicable hypothesizing about the future. Focus should be as much about ensuring the business stays ahead of game focusing on key items such as; succession planning, technology, industry changes etc.

8. Initiative, dealing with crisis and identifying emerging issues

Whilst extremely important dealing with key issues as they arise is simply not enough. The ability to take initiatives, deal with crisis and identify issues in advance that are not part of 'normal business' is a crucial differentiator between a good and an adequate board. It is imperative the Board does not become too passive on the day to day performance of the business.

IMPACT

If there had to be a single question about the success of the board, it would be:

9. What is the board's contribution to the company's performance?

The answer will be qualitative and will come from the annual performance review answering the 10 Key Measures in this document. The Chairman will use these results to feedback to Members exactly how the Board currently adds value and what it can do to improve.

As a hands-on Board, contribution will also be seen more visible via the Board Committees.

SUSTAINABILITY

10. External and best practice

It is imperative to understand the wider market and our competitors' journey. Staying ahead of the industry and implementing best practice is an essential requirement of any Board in securing the security and longevity of the company.

SUMMARY

Every company should be headed by an effective board, which is collectively responsible for the success of the company. Being successful means being more than just effective. It means making a significant contribution to the long-term interests of the shareholders by adding value which can be measured as per this document.

A successful board cannot guarantee that a company will be successful but can make a huge contribution to it being so. An unsuccessful board will mean that at best the company does not reach its potential, and at worst destroy it.