NORTHSEAT

# Appendix B - Board capability assessment and outcome disclosure note

Purpose: to assist a board to move from capability requirements through assessment to a collective board judgement and a useful external disclosure under draft Recommendation 2.2. The prompts are adaptable to the entity's circumstances.

| Assessment stage | Board consideration |
|---|---|
| **1. Capability requirements** | Determine the skills, knowledge and experience required by the entity's strategy, business model, material risks and operating environment. |
| **2. Assessment method** | Determine how the Board will form its view, including whether the assessment will be conducted internally, facilitated or externally reviewed, and the basis or criteria to be applied. Record any material limitations of the chosen method. |
| **3. Current capability** | Assess collective coverage, depth and distribution, including concentration, committee reliance, reliance on external advice and future need. |
| **4. Board judgement** | Identify material strengths, priorities, gaps or dependencies and decide their governance significance. |
| **5. Response** | Select development, committee changes, succession, recruitment, external advice or another response. |
| **6. Disclosure** | Describe the process, collective outcome and intended response, with appropriate treatment of individual and commercially sensitive information. |
| **7. Review** | Revisit the assessment as strategy, risks, board composition and the operating environment change. |

### Illustrative disclosure

**Entity-specific example**

During the reporting period, the Board assessed its collective skills, knowledge and experience against the entity's strategic priorities, material risks and operating environment. The assessment was undertaken through ***(self-assessment against defined criteria / a facilitated review / an external review)***. The Board concluded that its current collective capability **(meets / does not fully meet)** the entity's requirements and identified ***(capability area)*** and ***(capability area)*** as priorities for the next phase of the entity's development. The Board also identified reliance on ***(a committee / external advice / a limited number of directors)*** in ***(area)***. The Board has approved actions involving ***(director development / succession planning / recruitment / committee design / external advice)***. Individual assessment material remains confidential.

The example records the method used, the Board's conclusion and a governance response. It avoids publishing individual ratings or presenting an assessment tool as the decision-maker.

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