

Position description for a non-executive director

Duties of directors

Once the board has determined a need to appoint a non-executive director (NED), the next step in the recruitment process involves developing an NED position description.

A key factor in developing the position description is to identify the specific characteristics, skills and experience needed for the position. The process may be undertaken by the board as a whole or through a board delegation to the chair, the nomination committee or smaller tasked group appointed by the board (which can include board and non-board members if desired). The drafting of the position description can be done in consultation with an executive search firm.

Points to consider

- Has the position description been designed to align with the specific needs of the board, including skills and expertise at present and in the future? Is the purpose of the hire to replace a competency recently lost from the current board or does it seek to ensure that the company has the right skills and competencies to guide it into the strategic future? Or both?
- It is useful to consider including an expected time commitment required by the role. This could include the number of board and committee meetings scheduled per year and an estimate of the amount of time expected to perform the role, including site visits and preparation for meetings.
- Legal advice should be obtained before specifying sensitive characteristics: for example, gender, ethnicity or age.
- Directors do not need to have the same level of expertise in every area (and it is unlikely that this would be the case on a diverse board): for example, although directors need to be financially literate, financial responsibility can be taught and may not be a necessary requirement for a board appointment.
- Is it preferable that the NED be an independent NED? (as per the ASX Corporate Governance Principles and Recommendations)

A sample position description for a non-executive director could include the following.

Role	[Non-Executive Director]
Reports to	
Location	
Company Overview	[Insert short description] [Annual turnover] [Other relevant company/financial information]
Current board*	
Chair	[Name of current chair] [A brief synopsis of their professional background]
Non-Executive Directors	[Name of current non-executive directors] [A brief synopsis of their professional background]
Executive Directors	[Name of current executive directors] [A brief synopsis of their professional background]

Note:

This information may also be listed outside the position description and in an information pack.

The role

- Company X seeks to appoint (an independent) non-executive director. This role is vacant due to a retirement. [or] This is a newly created role.
- The role requires attending approximately 10 board meetings and serving on at least one board committee per year and some interstate travel is anticipated.
- The role may require attendance in monthly conference calls for management/financial reporting and general compliance issues.

Competencies and skills (role related)

- **Knowledge of a director’s responsibilities** – includes an understanding of the role as well as the legal, ethical, fiduciary and financial responsibilities;
- **Strategic expertise** – the ability to review the strategy through constructive questioning and suggestion and contribute to the effective decision making of the board;
- **Accounting and finance** – the ability to read and comprehend the company’s accounts, financial material presented to the board, financial reporting requirements and some understanding of corporate finance;
- **Legal** – the board’s responsibility involves overseeing compliance with numerous laws as well as understanding the individual director’s legal duties and responsibilities;
- **Risk Management** – experience in managing areas of major risk management to the organisation;
- **Managing people and achieving change** – experience in current management thinking on employment, branding, engagement, strategic vision and stakeholder communication; experience in executive remuneration and compensation;
- **Industry knowledge** – experience in similar organisations or industries.

Note:

The need for other skills, knowledge and experience will depend on the size and type of company, markets operated in, and line of business.

Competencies (personal attributes)

- **Integrity** – fulfilling a director’s duties and responsibilities, acting ethically, appropriate independence, putting the organisation’s interests before personal interests;
- **Collaborative yet curious and courageous** – a director must be able to function as an effective team member but also must have the curiosity to ask questions and the courage to persist in robust discussions with management and fellow board members where required;
- **Emotional intelligence** – as well as self-awareness and self-management, a director needs to demonstrate empathy manifested through strong interpersonal skills. A director must work well in a group, listen well, be tactful yet able to communicate in a cogent and candid viewpoint;
- **Commercial judgement and instinct** – a director needs to demonstrate good business instinct and acumen, and be able to assimilate and synthesise complex information;
- **Active contribution** – a director needs to be an active contributor with genuine interest in the company and its business.

Note:

The need for other personal competencies will be consistent with the composition of the board and its preferred working style.

Remuneration and benefits

- Annual remuneration
- Travel and other expenses
- Other

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