

Due diligence checklist before accepting a board appointment

An invitation to join a board can be appealing and complimentary. You may be approached for appointment as:

- an experienced director.
- a first-time director of a not-for-profit group, charitable trust or other entity.
- a new director for a small-to-medium sized entity (SME) or closely-held family business in recognition of your recognised skills and expertise.

In every case, directorships require work and dedication. Irrespective of the entity's size and standing, directorships demand extensive time commitment, hard work and a high standard of professionalism. The role has serious duties and responsibilities backed by legal accountability.

The decision to join a board depends on investigation and analysis of two basic issues:

A. Personal and professional suitability.

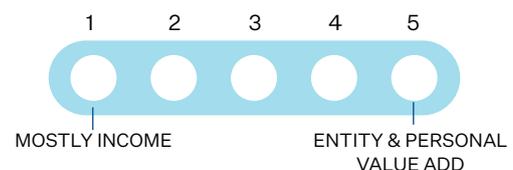
B. Entity suitability.

Complete the following checklist to self-assess yourself against these two issues to help you decide whether to accept a new board appointment. Your rating will indicate your next steps.

Personal and Professional Suitability

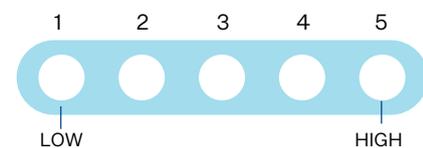
Motivation

- Desire and ability to make a contribution and add value to the entity
- Broaden skills and experience
- Develop networks and personal relationships
- Earn money



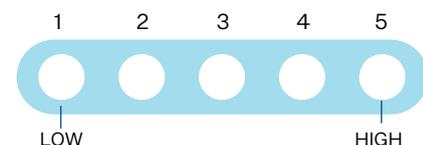
Necessary skills and experience

- General board member attributes
- Specific industry and business skills and experience
- Specialist expertise sought by entity



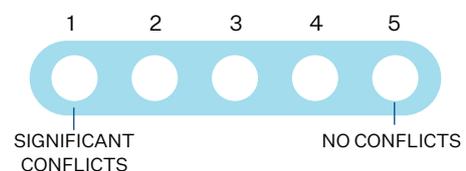
Capacity to commit sufficient time to the role

- Attend scheduled board meetings
- Time for board and committee preparation
- Extent of existing board and other commitments



Impartiality and potential conflicts of interest

- Ability to make impartial decisions
- Existing links to the entity (and previous roles)
- Family or other connections with the entity
- Association with other similar organisations

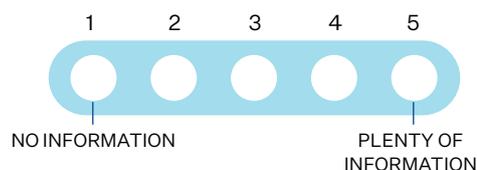


Total: _____

Entity Suitability

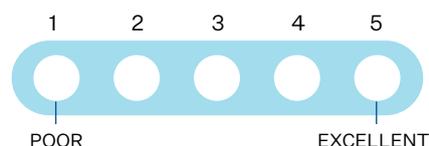
Board operation

- Board Culture
- Board evaluation and performance management
- Current board member skill sets and experience
- Board and management capability and operation
- Change to be supported by the board



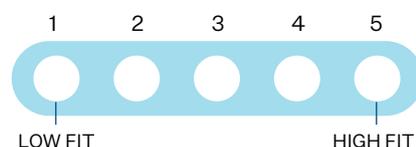
Necessary skills and experience

- Strategy and business model
- Financial performance
- Entity people capability and performance
- Entity plans
- Entity reputation



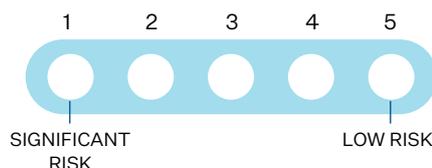
Entity skill expectations

- Skills expectations
- Value expected to be brought to the entity
- Induction and Director development expectations
- Collective responsibility requirements



Entity risks & mitigation arrangements

- General concerns about the entity
- Risks or outstanding issues
- Insurance arrangements for Directors and the entity
- Other risk mitigation or management



Total: _____

Final total: _____

Summary

Having completed this self-assessment checklist, you will be able to take further action based on the following:

Score	Action	Information to be sought
8 – 16	Don't accept	None.
17 – 32	Tentatively accept	Seek information in the areas you have rated lowest.
33 – 40	Accept	Seek information in lower rated areas

If the entity is unwilling to provide you with any of the further information sought on the basis the material is commercially sensitive or otherwise restricted, you may suggest entering in to a non-disclosure agreement (a "NDA") with the entity. This may enable the release of the information sought.

If the entity refuses to enter in to a NDA with you, and refuses to disclose all the information you have requested, there may still be valid reasons for that. You should meet with the board chair to explore further. At some point, you will need to determine whether or not to accept the board appointment - hopefully this checklist helps you to make that decision.

For further details please refer to chapter 2.6 of the IOD's *Four Pillars*. Good luck!