

**BOARD DIRECTOR NOMINATION CRITERIA – A collection**

“Good Boards are made up of accomplished business leaders who value continuous improvement. These people always surface good issues and try to make good Boards even better.”\*

Here below, we join a collection of requirements and criteria extracted from various organizations’ governance charters and guidelines.

Example1 is a synthesis of guidelines from Women organizations in 2 different countries, while examples 2, 3 and Annex 1 come from institutes of directors, corporate governance charters and guidelines published by listed companies.

Example 4 includes recommendation criteria from a discussion with Business School Insead.

NB: Example 1 focuses on the selection of board-ready WOMEN to be included in a national list. Criteria listed in all the other examples and in the annex are applicable to MEN and WOMEN.

It is interesting how women organizations emphasize technical competence as a first selection criterion and seem to consider ethics as an understood given, while in all other organizations competence and professional excellence are considered a given pre-requisite.

Social skills, integrity, ethical behavior, absence of conflicts of interest, time availability, complementarity and independence of opinions are some of qualities that Nomination Committees use as important differentiators (in examples 2 to 4 and in the Annex).

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*\*Quote by Beverly A. Behan, columnist “The Boardroom” – BusinessWeek.com*

## Example 1

### Core Competencies Profile\*\*

- **Ethical standards:** to be fully compliant with fit and proper general standards of business ethics;
- **Leadership qualities:** the skills and capacity required to build and refine strategic vision by conceptualizing key trends, supporting high-quality dialogue, demonstrating commitment and perseverance, while remaining constructively critical towards established patterns and the group mindset;
- **Languages:** at least English + national language(s) of the target country;
- **Management and organisation: experience** of at least 15 years in managing a medium size/ large organisation, operating both nationally and internationally or similar relevant experience; thorough understanding of general management and organisational development best practices and of their application in complex, rapidly evolving business environments;
- **Flexibility:** the ability and availability to perform the required tasks and readiness to learn on an ongoing basis;
- **In Belgium: financial profile privileged: Wide experience** and in-depth **industry knowledge**, at a technical, legal, tax and finance matters level, including knowledge of the risks inherent in the activities and the techniques used to manage these;
- **In Italy: previous board experience** plays a very important role, especially for finance professionals (accountants and auditors) and lawyers. P&L responsibilities and experience within 1 or more industry sectors are a key factor for the other professional profiles.
- **Accounting:** familiarity with reading and interpreting the financial statements of enterprises, with international accounting standards;
- **International exposure:** international experience, gained through education or employment outside home country;
- **Public affairs:** familiarity with public and policy-making forums insofar as they might affect business in general or the sector in particular where the enterprise is operating.

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*\*\*Source: Excerpt from Women on Boards Belgium competence criteria;  
additional notes on Italy extracted from a research study by Beyond International  
Executive Search*

## Example 2

### Commonwealth Bank of Australia ([CBA Governance](#))

The Board must establish (guided by the Nominations Committee) a set of criteria for director appointments. The aim is to create and maintain a Board capable of overseeing, challenging, stretching and motivating management

As defined in the CBA Corporate Governance Guidelines, directors are expected to:

1. Operate as part of an exceptional **team**
2. Exhibit impeccable values
3. Individual directors of high calibre (acumen & integrity)
4. Input strongly to risk management, strategy and policy
5. Provide skills & experience required now and for the future
6. Be excellently prepared and receive all necessary education
7. Provide valuable insights and input to management
8. Vigorously debate and challenge management

### Example 3

#### Company x: excerpt of PROXI STATEMENT ACCORDING TO SEC

##### *Director & Nominee Selection Criteria*

The qualities and skills sought in director nominees are governed by the projected needs of the Board at the time the Governance & Nominating Committee considers adding a new director or re-nominating incumbent directors. Consistent with the Board's Corporate Governance Guidelines (attached as Appendix 1 to this Proxy Statement), the Committee seeks to build and maintain a Board that contains a range of experiences, competencies, and perspectives that is well-suited for advice and counsel to, and oversight of, the Company's business and operations. In doing so, the Committee takes into account a variety of factors, including:

- (1) the Company's strategies and its market, geographic and regulatory environments, both current and projected,
- (2) the mix of experiences, competencies, and perspectives (including gender, ethnic and cultural diversity) currently represented on the Board,
- (3) the results of the Board's annual self-assessment process,
- (4) the CEO's views as to areas in which management would like to have additional advice and counsel from the Board, and
- (5) with respect to the incumbent directors, meeting attendance, participation and contribution, and the director's current independence status.

The Committee also seeks in each director candidate a breadth of experience and background that (a) will allow the director to contribute to the full range of issues confronting a global industrial company and (b) will qualify the director to serve on, and contribute to, any of the Board's standing committees, thus facilitating the Board's committee rotation policy.

In addition, the Governance & Nominating Committee believes that every director nominee should demonstrate a strong record of integrity and ethical conduct, an absence of conflicts that might interfere with the exercise of his or her independent judgment, and a willingness and ability to represent all shareholders of the Company.

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Additional information about the specific skills, qualifications and backgrounds of each of the present director nominees may be found on page xx of this Proxy Statement under the under caption "The Board of Directors.":

Page xx: Additional information about the specific skills

Each of the director nominees listed below has experience as a senior executive of a U.S. public company.

**VIVIANE REDING CALL TO ACTION**

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Each nominee also has served as a director of one or more U.S. public companies and on a variety of board committees.

As such, each has executive management and director oversight experience in most, if not all, of the following areas which are critical to the conduct of the Company's business: strategy development and implementation, risk assessment and management, financial accounting and reporting, internal controls, corporate finance, capital project evaluation, the evaluation, compensation, motivation and retention of senior executive talent, public policies as they affect global industrial corporations, compliance, corporate governance, productivity management, safety management, project management, and, in most cases, global operations.

Many of the nominees also bring particular insights into specific end-markets that are important to the Company.

These nominees collectively provide a range of perspectives, experiences and competencies well-suited to providing advice and counsel to management and to overseeing the Company's business and operations.

A description of the Governance & Nominating Committee's process and criteria for nominating director candidates may be found on page yy of this Proxy Statement under the caption "Director & Nominee Selection Criteria."

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## **Example 4**

### **Input from Insead: Qualities of Board Members (MEN and WOMEN)**

- Bring credibility to the Board
- Offer value added for board work in that organization (some relevant expertise/experience incl "knowing the industry") (you might call that IQ or know-how value for Board)
- Effective and efficient communicator
- Appreciation for teamwork and for positive interactions (a degree of selflessness)
- Emotional intelligence (EQ value for Board – ability to fit in, read peoples emotions, ability to contribute and lead change, capability to self assess, capacity to walk away from escalating conflict)
- Being Open – be willing to hear and be influenced
- Courage – the ability to stand on your principles and come up for them
- Understanding the difference between governance and execution (have the right spirit of what board work is about)
- Patience
- Ability to be engaged on board work: understand the value that one adds, and not have "stuff" get in the way from contributing

## **Annex 1 – IFA Charter of Directors**

# Charter of Directors

Charte de déontologie de l'administrateur

version : 23/06/2009

## *Preamble*

*The object of this Charter is to contribute to the quality of the Directors' work by encouraging the effective application of the principles and good practices of corporate governance. Directors of listed and non-listed companies which are members of IFA commit themselves to adhering to the guiding rules included in this Charter and to implementing them.*



## **Article 1. Administration and Social Interest**

The director has to act accordingly to the company's social interest, no matter what the circumstances are. He must consider himself as the representative of all the shareholders, independently of his position in the company and he also has to take into account the other parties' expectations.

## **Article 2. Respect for the Laws and Statutes**

The director has to be aware of all his rights and duties. Particularly, he has to know and respect the rules and legal dispositions regarding his position, codes and good governance practices, as well as the specific rules that result from the companies' own status and from the internal governance of its Board.

## **Article 3. Exercise of the Functions: Guidelines**

The director must exercise his functions with independence, integrity, loyalty and professionalism.

## **Article 4. Independence, Courage and Expression of Duty**

The director must ensure his independence of judgement, decision and action under any circumstances. It is prohibited to let the social interest that he defends be influenced by any foreign element.

He must alert the Board to any element that may affect the interests of the company.

He has the duty to clearly express his questions and opinions. He will try to persuade the Board of the relevance of his positions. In the event of a disagreement, he will ensure that this is explicitly recorded in the meeting's minutes.

## **Article 5. Independence and Conflict of Interest**

The director has to avoid any conflict that might exist between his moral and material interests and those of the society. He must inform the Board of any conflict of interest in which he might be involved. Whenever he can not avoid a conflict of interest he must refrain from taking part in the debates and in any decision about the concerned issues.

## Article 6. Integrity and Loyalty

The director acts in good faith under any circumstances and does not take any initiative that could harm the interests of the company.

He commits to respecting the absolute confidentiality of the information he receives, the debates at which he takes part and the decisions reached.

It is prohibited for the director to use the privileged information he has access to for his own profit or that of others. When the information he has access to due to his position in the society has never been made public it is prohibited to use it or provide it to others to carry out operations.

## Article 7. Professionalism and Implication

The director must commit himself to give the necessary time and attention required by his functions.

He will make sure that the number and load of his director's duties allow him enough availability, especially if he has any additional executive functions.

He will gather information about the specificities of the company: jobs, stakes and values even asking its main managers.

He will diligently take part in the Board meetings and in the special committees he belongs to.

He will attend the stakeholders' General Assemblies.

He will make the effort to obtain in due time the elements that he finds essential for his information to allow the Board to debate it with all the necessary knowledge.

He will commit to update the knowledge he finds useful and necessary for the good exercise of his mission.

## Article 8. Professionalism and Efficiency

The director will contribute to the corporatism and efficiency of the deliberations of the Board and of the special committees eventually formed within it. He will suggest any recommendation that he considers might improve the functioning of the Board, especially when it is being evaluated. He will also accept the evaluation of his procedures within the Board.

He will commit himself, together with the rest of the Board members to ensure that the control and orientation missions are effectively achieved without restriction. He will especially ensure that the procedures to control the application and respect of the laws and rules are in place, in letter and in spirit.

He will also ensure that the positions adopted by the Board will be, without any exception, the object of formal decisions, correctly motivated and transcribed in the meetings' minutes.

## Article 9. Application of this Charter

Taking into account that these principles are essential for the proper functioning of a Board, the directors members of IFA will make the necessary efforts to watch over the correct application of this Charter within the Boards they are a part of.

In the case when a director member of IFA is not anymore in a position to execute his functions according to the Charter, whether it is for personal reasons or others regarding the rules and laws of the society where he holds his mandate, he must inform the Chairman of the Board, look for solutions to solve the situation and assume the personal consequences regarding his mandate.

*The recommendations compiled in this Charter have been drafted with reference to the Boards of anonymous societies. They also concern the anonymous societies with a Supervisory Board of Directors.*

## **SELECTION CRITERIA GUIDELINES FOR INCLUSION ON THE BOARD READY WOMEN LIST:**

In compiling the list of Board Ready Women, the Task Force reviews each candidate against the selection criteria guidelines as set out below and as included on our web site. The Task Force considers that these criteria are equally applicable for men applying for board positions.

### **Quantitative criteria**

All women on the list should have at least five year's experience in one or a combination of the following roles:

- Chair and/or non-executive director of listed or private corporations
- Chief Executive Officer, COO, CFO and other C-suite executive or director level appointments in listed or private corporations
- Family member and controlling shareholder of boards of large family companies
- Director of government agencies
- Director of non-profit organisations
- Institutional investment community senior professional
- Professional firms senior partner serving boards and their committees as clients
- Entrepreneur

The women on the list should be able to demonstrate that they are financially literate. Profit & Loss experience is advantageous, given that some large companies have this as a pre-requisite for board roles.

### **Qualitative Criteria**

In addition, the Task Force believes that candidates on the list should be practitioners of excellence in corporate governance. This suggests the following qualities:

- Articulate communicator and good listener
- High level of emotional Intelligence – ability to understand the dynamics of the boardroom, how to deal with conflict when it arises
- Ability to self-assess
- Can enhance contribution through feedback
- Can lead when appropriate, but aware of collective responsibility and engagement
- Can challenge constructively and be supportive when necessary
- Sharp mind and good judgement
- Self-confident without being dogmatic
- Understand the importance of independence
- Courage to stand up for that which is in the best interests of the company
- Understand how to add value to a board
- Team player

Women on the list will also be expected to have made a conscious commitment to assume the role and responsibility of corporate governance in a publicly quoted company.