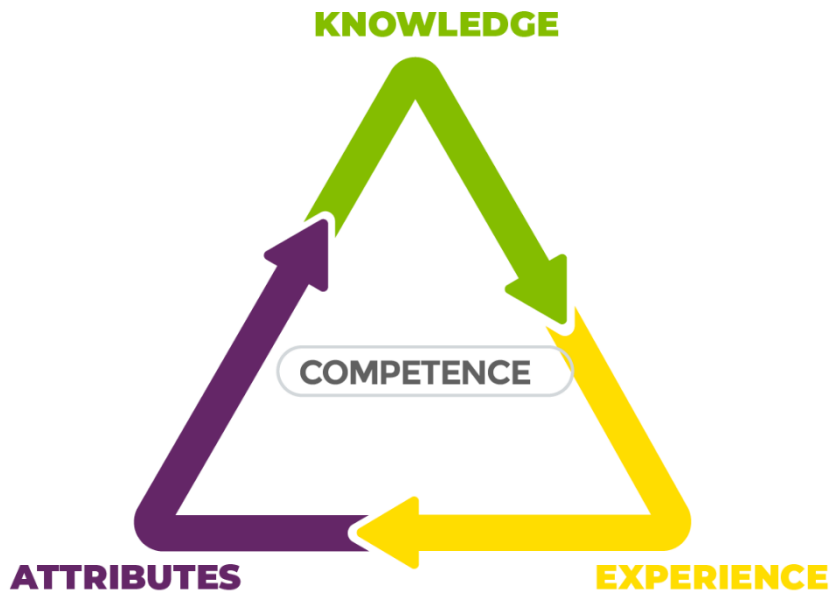


**DIRECTOR
COMPETENCY
FRAMEWORK™**

IoDSA

IoDSA Director Competency Framework™

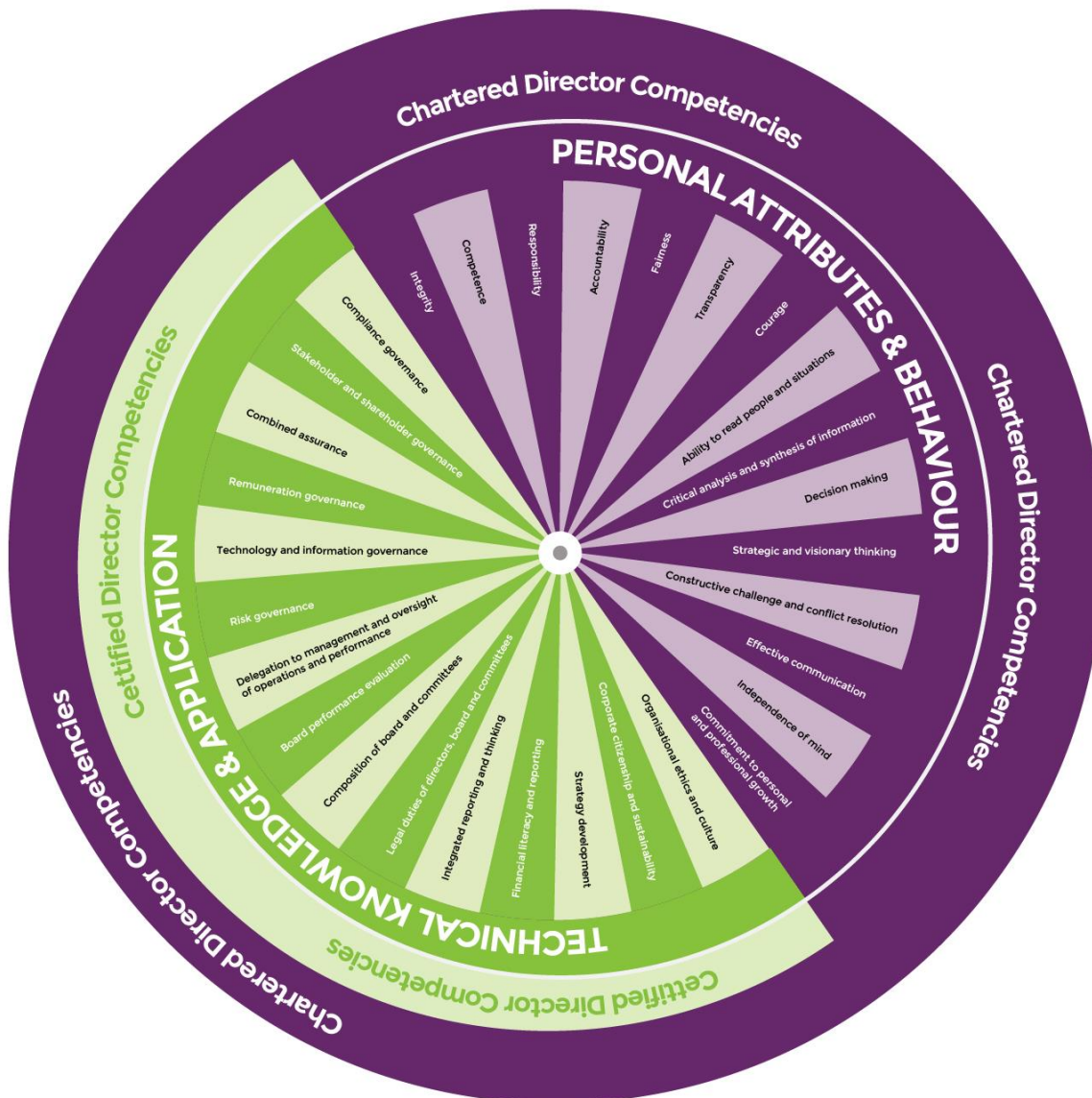
Directorship as a profession demands a high level of competence from a director. Competence is generally made up of a combination of knowledge, experience, attributes, attitudes, values, beliefs and more. Being competent means having the necessary ability, knowledge or skill to do something successfully or effectively. When it comes to being appointed as a director, currently anyone can become a director as there are no minimum entry level requirements.



The Companies Act (Act No.71 of 2008) and the common law stipulates the standard of conduct¹ expected of directors, and that directors must act in good faith and in the best interest of the organisations they serve. Doing this means they need to act with care, skill and diligence and apply independent judgement in all deliberations and functioning of the governing body of the organisation they serve as a director. [The King IV Report on Corporate Governance™](#) for South Africa covers the overarching role and responsibility of the board, ethical characteristics of directors as well as the governance areas they would need to oversee.

¹ See the following IoDSA papers for more information: [Director Duties](#), [Director Misconduct](#) and [Exercising Business Judgement](#) accessible via the IoDSA website (www.iodsa.co.za) under the Publications – Library tab.

The IoDSA Director Competency Framework™ serves to outline the core technical and personal competencies expected of a competent director. In addition to these, the experience of applying the technical knowledge and managing social contexts, is also required by a director to be truly effective in his/her role on the board. A competent director is ethical and effective.



A	Technical knowledge and application (directors should know and apply)	Components
1	Organisational ethics and culture	Knowledge of codes of conduct, ethics policies, whistle-blowing mechanisms, setting of ethical standards and how it should be addressed within the organisation. How to govern organisational ethics to ensure an ethical culture and ensure the Board sets the tone from the top.
2	Corporate citizenship and sustainability	Knowledge of integrated thinking, sustainability, compliance with SA law, and impact of the organisation's activities and outputs in respect to Workplace, Economy, Society and Environment. How to ensure that the organisation is and is seen as a responsible corporate citizen.
3	Strategy development	Knowledge of value creation process, strategy development and evaluation, risk and opportunities, stakeholder inclusive approach, organisations reliance and effect on the six capitals, solvency and liquidity and going concern. How to set strategic objectives, provide strategic direction and ensure the strategy realises the organisation's core purpose and value. How to oversee and monitor that policies and operational plans developed give effect to the approved strategy whilst driving performance against the approved strategic objectives.
4	Financial literacy and reporting	Knowledge of internal and external financial reporting requirements. How to Interpret financial statements and information and determine the financial performance and position of an organisation and identify linkages to strategic objectives.
5	Integrated reporting and thinking	Knowledge of frameworks and principles of integrated reporting, considering legal requirements and intended audience and purpose of various reports. How to apply the discipline of connecting the organisation's strategy, governance, performance and prospects to unleash sustained internal and external value.
6	Legal duties of directors, board and committees	Knowledge of director fiduciary duties (common law and statutory), corporate governance best practices (King IV), charters/terms of reference, roles and responsibilities of different governance role players. How to exercise objective judgement when executing your legal duties in the best interest of the organisation.
7	Composition of board and committees	Knowledge of best practice recommendations in respect the composition of Boards and Board committees; rotation; succession planning. How to attain the appropriate balance on knowledge, skills, experience, diversity and independence in order to objectively and effectively discharge governance roles and responsibilities.
8	Board performance evaluation	Knowledge of best practice recommendations around performance evaluations of the board, board committees, board chair and individual directors; benefits of board performance evaluation and how to use such results. How to ensure continued improvement of board performance and effectiveness.
9	Delegation to management and oversight of operations and performance	Knowledge of appointment of executives and roles thereof, delegation of authority, succession planning. How to ensure role clarity between the board and management and the effective exercise of authority and responsibilities.
10	Risk governance	Knowledge of risk tolerance and appetite setting, risk management, and overall risk governance best practices. How to govern risk within the organisation in a way that supports it in setting and achieving its strategic objectives.
11	Technology and information governance	Knowledge of TI charters and policies; TI governance framework; TI risks – Investments and Expenditure; Protection of information assets; Assurance; Disclosure. How to govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.
12	Remuneration governance	Knowledge of the components of remuneration; Linkage to performance; Ethical dimension of remuneration; Policy; Measurement; Reporting; Shareholders 'say on pay'. How to ensure that the organisation remunerates fairly, responsibly and transparently on all levels so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.
13	Combined assurance	Knowledge of responsibilities of various assurance providers and how these are leveraged to provide assurance to the Board. How to ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.
14	Stakeholder and shareholder governance	Knowledge of methods and tools for effective stakeholder management & inclusivity; reputational risk. How to practice shareholder engagement and understand shareholder dynamics in various contexts.
15	Compliance governance	Knowledge of compliance universe; compliance framework and process; integration into risk process. Laws, regulations and codes applicable to your industry/sector. How to govern compliance with applicable laws, and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

B Personal attributes and behaviour
(directors should possess or develop)

Components

1	Integrity	Act in good faith and in the best interest of the organisation; avoid conflicts of interest; act ethically beyond mere legal obligations and set the tone for ethical organisational culture.
2	Competence	Act with due skill, care and diligence and take reasonably diligent steps to become informed about matters for decision; take continual steps to become competent in leading effectively.
3	Responsibility	Collective responsibility taken for steering and setting direction for organisation; taking risks and capturing opportunities in a responsible manner and to the best interest of the organisation; take responsibility for potential negative outcomes of the organisation's activities by anticipating, preventing or ameliorating it; attend meetings as necessary and devote sufficient time to prepare for those meetings; Act as the custodian of good corporate governance.
4	Accountability	Be willing to answer for the execution of responsibilities, even if delegated, and be held accountable for such actions.
5	Fairness	Adopt a stakeholder-inclusive approach in the execution of role and responsibilities; direct the organisation in such a manner that it does not adversely affect the natural environment, society or future generations.
6	Transparency	Act in a transparent manner in the exercising of governance role and responsibilities.
7	Courage	Be willing to disagree and take an independent stance in the face of dissenting views and to potential personal detriment in the best interest of the organisation. Courage to take risks associated with directing and controlling a successful sustainable organisation.
8	Ability to read people and situations	Understand others' perspectives and taking an active interest in their concerns; reading the currents, decision networks and politics at organisational level; recognising and meeting staff, client and member needs.
9	Critical analysis and synthesis of information	Assimilate and synthesise financial, technical and qualitative information and simplify complex information and the ability to connect abstract, disparate ideas to deepen understanding, create new ideas and reflect on past decisions
10	Decision making	Make decisions, even in the face of uncertainty; taking calculated risks through appropriate business judgment in support of the organisation's strategy; respond to business challenges in a constructive and creative manner. Contribute to an atmosphere of mutual respect, trust, candour and open debate for optimal decision-making; show respect for collective decisions made by the Board and where disagreeing, appropriately dissent from the decision.
11	Strategic and visionary thinking	Ability to propose alternative options and present creative solutions and innovations that will lead to the best possible outcomes for the organisation, displaying a high performance mind-set and focus, being agile and resilient.
12	Constructive challenge and conflict resolution	Challenge others in a forthright but respectful manner and manage conflicts and facilitate compromise when necessary to achieve an acceptable outcome.
13	Effective Communication	Listen attentively and dispassionately; display transparency, frankness and openness wherever possible, and communicate clearly and concisely.
14	Independence of mind	Having a questioning mind, practice professional scepticism and being alert to anything that may indicate misstatement due to error or fraud. Ability to ask questions even in areas outside of expertise to obtain clarity and challenge information presented as well as necessary assurance in order to make a decision.
15	Commitment to personal and professional growth	Knowing own strengths and limitations and actively identify and participate in personal development and lifelong learning; including directorial role training and development.

How to use this Framework

1) Awarding of IoDSA Designations

The assessment criteria for the IoDSA designations and particular for the Chartered Director (SA)[®] designation is based on this Framework. In respect to the CD(SA)[®] designation, candidates will need to show evidence via various forms of their knowledge and experience in competence areas covered. See below and the [CD\(SA\)[®] Handbook](#) for more details.

Chartered Director (SA)[®]

Become part of the growing number of Chartered Director (SA)[®] members who take their career as a professional director seriously. If you consider yourself a master at being a director, apply now to be evaluated for this coveted designation.

Becoming a Chartered Director (SA)[®] holds the following benefits:

- **Competence** – through attaining this designation, you signal to the marketplace that you are a competent and professional director
- **Confidence** – being a CD(SA)[®] provides you with confidence as a director as well as providing your board and the organisation you serve with an assurance of your ability and competence
- **Code of Conduct** – subscribing to the IoDSA Code of Professional Conduct provides assurance that you are being held accountable for your practice as a professional director. It also offers you recourse should you be accused unfairly of misconduct
- **reCognition** – the CD(SA)[®] designation raises your profile as a professional director and sets you apart as a master director amongst your peers
- **Continual Professional Development** – participating in the compulsory annual CPD requirement provides your boards and the organisations you serve with assurance that your competence and knowledge are up to date and current

Certified Director[®]

The IoDSA can assist you to become a confident and skilled director no matter what your background or industry is. Attend the Certified Director[®] pathway programmes to learn the craft from experienced directors whose talent and ability has been proven in the marketplace. The Certified Director[®] designation is perfect for aspiring or new directors as it will equip you with all the relevant knowledge you need to perform your duties as a director with the necessary skill and care.

Although it is not a pre-requisite, the Cert.Dir designation is an entry point for becoming a professional director and its training provides a good way of sharpening the knowledge that you need to display when being assessed for CD(SA). Once sufficient experience has been achieved, a Cert.Dir can then apply for the CD(SA) designation.

For more information:

Phone: 011 035 3000

Email: certification@iodsa.co.za

www.iodsa.co.za

2) Nomination, selection and appointment of directors onto the board

Boards and organisations can use this Framework (which sets out the core/key competencies required for an individual to serve as a director) as a basis to assess potential candidates for board vacancies. In addition, boards should also consider the following pieces of guidance as part of its nomination and selection process:

- [Director Due Diligence](#)
- [NED Nominations Process Research Report](#)
- [NED interview guide](#)
- [Director Misconduct](#)

In terms of King IV™, Principle 7, “the governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.” As such boards need to collectively, from the individuals it appoints, have all the key technical knowledge areas covered as is required from a governance perspective and the specific organisation’s business and industry in which it operates. Its nomination criteria process should consider, in light of its skills matrix and required skills on the Board, which skills are missing.

3) Self Assessment for development areas

Individual directors can use this Framework to assess their own areas for development and help them in their directorship career. It will also assist with any Continuous Professional Development activity identification.

4) Individual director performance evaluation

This Framework can be used to guide the performance evaluation for individual directors in respect to their contribution on the Board. Other areas also need to be considered but this provides a good starting basis. Get in touch with the IoDSA Board Performance Evaluation Team via corporateservices@iodsa.co.za for more assistance on the evaluations we can provide your Board and see our freely available [IoDSA Director Peer Evaluation Template](#).