

Guide for SME's appointing Non-Executive Directors

1. Define Board Needs

- Identify the specific skills, experience, and diversity (in terms of background and perspectives) required on the board.
- Consider industry knowledge, strategic planning, financial acumen, legal expertise, and governance experience.

2. Recruitment Process

- Develop a clear job description outlining the role, responsibilities, expectations, and time commitment.
- Utilize professional networks, recruitment agencies, industry associations, and personal referrals to identify potential candidates.

3. Candidate Evaluation

- Conduct thorough interviews and due diligence on candidates' qualifications, experience, reputation, and compatibility with the board and company culture.
- Consider their track record, references, boardroom etiquette, independence, and ability to challenge constructively.

4. Alignment with Strategy

- Ensure that NED appointments align with the company's strategic goals, vision, and long-term objectives.
- Evaluate how each candidate's expertise can contribute to addressing current challenges and supporting future growth.

5. Board Dynamics

- Assess the dynamics and composition of the existing board to determine how new NEDs will complement and enhance the board's effectiveness.
- Consider diversity, skills gaps, succession planning, and the balance between executive and non-executive members.

6. Legal and Governance Compliance

- Ensure compliance with legal requirements, regulatory standards, and corporate governance best practices regarding board appointments.
- Review board charters, bylaws, and relevant policies to ensure transparency and accountability in the appointment process.

7. Onboarding and Integration

- Develop an onboarding process to familiarize new NEDs with the company's operations, culture, stakeholders, and strategic priorities.
- Facilitate interactions with key executives, provide access to relevant information, and encourage active participation in board activities.

8. Performance Evaluation

- Establish clear performance criteria and mechanisms for evaluating NEDs' contributions, effectiveness, and adherence to board responsibilities.
- Conduct regular assessments, feedback sessions, and peer reviews to enhance board performance and accountability.