

# Ensuring continual improvement of directors' skills and capabilities.

DIRECTOR PROFESSIONAL DEVELOPMENT GUIDELINES





# Everything you need to know about Director Professional Development (DPD).

## **MANDATORY DIRECTOR PROFESSIONAL DEVELOPMENT REQUIREMENT**

All Australian Institute of Company Directors (AICD) members other than Affiliate Members, Retired Members and Life Fellows are required to undertake 60 units of Director Professional Development ('DPD') over each rolling three-year cycle for the duration of their membership ('Mandatory DPD Requirement').

## **WHAT IS DPD?**

DPD means activities (including both formal and informal learning) undertaken to improve directors' skills and capabilities within the areas identified in the Company Directors Corporate Governance Framework™ ('Framework') attached as Appendix 1.

A member may fulfil their Mandatory DPD Requirement by obtaining the requisite number of DPD units from:

- Activities offered by AICD
- Professional development activities undertaken through external providers of appropriate professional standing (provided the activities relate to the practice of directorship and governance, as identified in the Framework) or any combination of the two.

Set out in Appendix 2 are the various kinds of DPD activities we will recognise as contributing towards the fulfilment of a member's Mandatory DPD Requirement, and the DPD units ascribed to each of those activities.

## **TIME FRAMES AND MAINTENANCE OF DPD**

Members are required to maintain at least 60 DPD units on a three-year rolling basis: calculated with reference to the current year ending on the date the member's annual membership renewal falls due, plus the preceding two years.

Set out in Appendix 3 is an example illustrating how a member might comply with their Mandatory DPD Requirement over a rolling three-year period.



### RECORDING OF DPD UNITS

DPD units for courses and events offered by AICD are recorded automatically on completion of each activity. Members can view their personal DPD unit tally through their [Member Portal](#).

Members are required to keep their own record of all DPD units obtained through:

- Self-directed activities
- Activities sourced from external providers.

This DPD can be recorded in your Member Portal.

Members are required to keep sufficient details of the DPD they have undertaken to enable AICD to determine whether they have fulfilled the Mandatory DPD Requirement. These details may include receipts (as proof of purchase) completion certificates, emails from event organisers confirming attendance, papers and/or a log book to record professional reading.

Please note, members will need to demonstrate the professional development activities undertaken are aligned with an element of practice from the Company Directors Corporate Governance Framework™.

It is a member's responsibility to be aware of the DPD units they have attained, both through AICD and through external providers. For more information about how to record DPD units online go to [Director Professional Development](#).

### AUDIT PROCESS

A small number of members are selected to determine whether, at the time of auditing, the associated member has fulfilled the Mandatory DPD Requirement.

If, as a result of an audit, AICD determines that a member has not fulfilled the Mandatory DPD Requirement then (subject to the Period of Grace, discussed on page 5) the member will be ineligible for renewal in any membership class other than Affiliate Member.

### MEMBERSHIP RENEWAL AND DPD UNITS

Members will be reminded of their Mandatory DPD Requirement over the course of their DPD three year period.

When a member applies to renew their membership, the member will be required to confirm that they have fulfilled the Mandatory DPD Requirement. The member will also be reminded that they may be included in an audit that will require them to have evidence of their self-logged and external DPD activities.

If at the time of their membership renewal, a member indicates that they have not fulfilled the Mandatory DPD Requirement, an AICD staff member will contact the member to provide assistance and address their concerns. If they are selected for the audit (subject to the Period of Grace, outlined on page 5) the member will be ineligible at their following renewal date to renew in any membership class other than Affiliate member.



### **BREAKS IN MEMBERSHIP AND DPD UNITS RECORDS**

Members carry their accumulated DPD units across any gaps in membership of six months or less. As soon as a person's membership is reactivated financially, their DPD record will also be reactivated.

Members whose membership has lapsed for six months or less will still be subject to the Mandatory DPD Requirement.

Past members returning after a gap of more than six months will be required to pay a new membership fee and must satisfy the membership criteria for the class of membership they wish to apply for. Such members will commence a new three-year period for DPD, at the end of which they will be subject to a compliance audit.

### **PERIOD OF GRACE**

Any member who has either indicated at the time of their renewal or been identified on an audit as having not fulfilled the Mandatory DPD Requirement will be entitled to a 'Period of Grace'.

A member is entitled to only one Period of Grace during their association with AICD (notwithstanding any lapse of membership at any time or for any period).

During the Period of Grace, a member will be renewed into their existing membership class until a compliance audit is conducted before their DPD Period of Grace End Date, three months before the end of the relevant membership year. This compliance audit will determine whether the member has 'made good' the deficiency in their DPD units and fulfilled their current Mandatory DPD Requirement.

The audit will take into account completed DPD units plus any DPD activities that have been formally scheduled and are to take place in the final weeks before renewal.

For example:

*A member has acquired 45 DPD units in three years, of which 20 units were in the first year, so there is a 15 DPD unit shortfall. In year four the member retains their member level (Period of Grace), makes up the shortfall of 15 DPD units, and in addition undertakes another 20 DPD units such that at the end of the Period of Grace they have accumulated 60 units over the previous three years.*

During the Period of Grace, a member will receive advice and support from AICD to ensure they are properly recording their professional development activity, to assist them to fulfil the Mandatory DPD Requirement. The advice and support of a Membership Partner will also be available to the member to assist in this process.





If, following a compliance audit, a member is found to have addressed the deficiency in their DPD units and fulfilled their current Mandatory DPD requirement, then the member will be renewed into their existing membership class.

Alternatively, if a member is found not to have addressed the deficiency in their DPD units then the member will be renewed as an Affiliate Member.

#### **EXCEPTIONS TO THE MANDATORY DPD REQUIREMENT**

Any member may request AICD to renew them into their existing membership class even though they have not fulfilled the Mandatory DPD Requirement. AICD may agree to such a request in exceptional circumstances. Such exceptional circumstances may include the following:

- An extended period of illness
- An outstanding period of work challenge/ adjustment (not including being located internationally)
- A personal trauma
- Full-time study
- Extended travel overseas (for leisure and not work-related)
- Parental leave

#### **PRIVACY AND ACCESS TO INFORMATION**

Our privacy policy applies to all aspects of the DPD process. Only members will have access to DPD records. Information with respect to DPD activities undertaken through AICD will also be available to member support staff.

#### **AMENDMENT**

AICD reserves the right to amend these Guidelines at any time.

# Appendix 1:

\*Size of segments has no relation to importance. The values encircle the practices of directors, boards, their organisations and interactions with stakeholders

## COMPANY DIRECTORS CORPORATE GOVERNANCE FRAMEWORK™



### 4. STAKEHOLDER

- 4.1 Member Engagement
  1. Communication
  2. Compliance & legal standards
  3. Accountability
- 4.2 Reporting (members & markets)
- 4.3 Stakeholder Relations
- 4.4 Society & Community
  1. Image & reputation

### 3. ORGANISATIONAL

- 3.1 Governance
  - 3.1.1 Compliance
    1. Constitution
    2. Operating environment
  - 3.1.2 Governance policies & assurance
    1. Reporting framework
  - 3.1.3 Culture
- 3.2 Management Relations
  - 3.2.1 Executive team
    1. Selection
    2. Appointment
    3. Evaluation
    4. Succession
    5. Remuneration
    6. Diversity
- 3.3 Performance
  - 3.3.1 Strategy
    1. Development & approval
    2. Monitoring
  - 3.3.2 Risk
    1. Analysis
    2. Investigation
    3. Monitoring
  - 3.3.3 Corporate Outcomes
    1. Financial
    2. Other

### 1. INDIVIDUAL

- 1.1 Role
- 1.2 Directors' Duties
  1. Fiduciary duty
- 1.3 Competence
  1. Knowledge
  2. Experiences
  3. Skills
  4. Development
- 1.4 Leadership
  1. Decision making
  2. Behavioural exemplar
- 1.5 Behaviours
  1. Relationships
- 1.6 Chair
  1. Responsibilities
  2. Style

### 2. BOARD

- 2.1 Role
- 2.2 Board & Committees
  1. Structure
  2. Membership
  3. Selection
  4. Appointment
  5. Performance
  6. Succession
- 2.3 Meetings
  1. Procedures & processes,
  2. Including agenda & minutes
  3. Deliberations
  4. Decision making, including role of advisors
- 2.4 Board Dynamics
  1. Respect
  2. Diversity
- 2.5 Board Competencies
  1. Development, including induction
  2. Evaluation
- 2.6 Legal Standards
  1. Understanding
  2. Compliance

# Appendix 2:

## DPD UNIT VALUES TABLE

DPD activities undertaken externally must relate to the practice of directorship and governance as identified in the **Company Director Corporate Governance Framework™**.

Members must identify the quadrant of the Framework with which their externally sourced DPD activity aligns.

The DPD units ascribed to particular activities take into account:

1. the depth of participant engagement expected,
2. activity time frames, and
3. DPD activities undertaken through appropriate external providers attract the same number of DPD units as similar activities offered by AICD.

Refer to the Professional Development **Handbook** for more descriptions of activity.

AICD Programs and Courses	DPD unit value	Logging DPD units
<b>Short Course – Half day</b> Intensive interactive discussion, drilling into specific director focused topics.	5	Automatic
<b>Short Course – Full day</b> Intensive interactive discussion, drilling into specific director focused topics.	10	Automatic
<b>In-House</b> Programs and courses delivered to your board.	Unit value per course	Automatic
<b>Foundations of Directorship™ and International Foundations of Directorship</b> Three one-day courses of interactive discussion and group work.	30	Automatic
<b>Company Directors Course™ and International Company Directors Course</b> Extensive pre-reading. Coursework includes 5 days of intensive interactive discussion, group work and applied learning in face-to-face or online formats.	50 (amortised over 2 years)	Automatic
<b>Company Directors Course Update</b> Facilitator-led intensive, interactive discussion to maintain currency post Company Directors Course.	20	Automatic
<b>Boardroom Mastery™</b> Three extended days of experiential and intensive discussion based on applied learning.	40 (amortised over 2 years)	Automatic

AICD Programs and Courses	DPD unit value	Logging DPD units
Chair's Mentoring program: Masterclass (Mentees)	10	Automatic
Chair's Mentoring program: Community of Practice Sessions x 2 (Mentors)	5 each	Automatic
Chair's Mentoring program: Boardroom Persona Workshop (Mentees)	5	Automatic
Chair's Mentoring program: ASX Lunches x 4 (Mentees)	5 each	Automatic
Chair's Mentoring program: Mentoring sessions x 12 (Mentors and Mentees)	30	Automatic
Total Mentee DPD Units 50-65 Total Mentor DPD Units 30-40		

AICD Events, Conferences, and Summit	DPD unit value	Logging DPD units
<b>Luncheon/Breakfast/Dinner</b> Expert speakers provide perspectives on topics of interest including Q&A session(s).	5	Automatic
<b>Essential Director Update</b> Extended expert presentation plus Q&A and resource materials. Free to members.	10	Automatic
<b>Specialist sector conference</b> One day of presentations, Q&As, discussion and sharing learning and perspectives.	10	Automatic
<b>AICD Annual Governance Summit</b> Two days of presentations, Q&As, discussion and sharing learning and perspectives.	20	Automatic

AICD Assessment Awards	DPD unit value	Logging DPD units
Foundations of Directorship™ & International Foundations of Directorship Assessment Award	5	Automatic
Company Directors Course™ & International Company Directors Course Assessment Award	10	Automatic

AICD Online Learning	DPD unit value	Logging DPD units
<b>Webinar (&lt;60 minutes)</b> Facilitator and expert-led online discussions on director-focused issues. Selected topics free to members.	3	Automatic
<b>Webinars (60 minutes - Discussions and downloads)</b> Facilitator and expert-led online discussions on director-focused issues. Selected topics free to members.	5	Automatic
<b>Essential Director Update Webinar</b> 1.5 hours of extended expert presentation plus Q&A and resource materials. Free to members.	10	Automatic
<b>Online Courses</b> Facilitated online learning with virtual classes and director focused topics	10	Automatic
<b>eLearning Courses</b> Self-paced online learning and director-focused topics	5	Automatic
<b>Boardroom Conversations Podcasts</b> Candid conversations with a prominent company director available on the AICD website	5 per episode	Self-log



AICD Briefings, Workshops and Reviews	DPD unit value	Logging DPD units
<b>Directors' Briefing</b> Briefings from experts including Q&A session.	5	Automatic
<b>Seminar or Workshop</b> Expert-led discussions on topics of interest.	5	Automatic
<b>Round Table</b> Expert-led small group discussions.	5	Automatic
<b>Expanding Your Thinking</b> Guidance sought on governance and directorship. A template for this activity is available on the <a href="#">AICD website</a> .	5	Self-log
<b>Reflecting on valuable experiences</b> Undertaking a reflective post-scenario review. A template for this activity is available on the <a href="#">AICD website</a> .	10	Self-log
<b>Boardroom Mastery pre-course phone call session</b>	5	Automatic
<b>Boardroom Mastery post-course phone call session</b>	5	Automatic

AICD Resources and Publications	DPD unit value	Logging DPD units
<b>Self-assessment Tool</b> Members can self-assess their current director capability against a framework of practice derived from the Company Directors Corporate Governance Framework™. Free to members.	5 per completion (max 10 per year)	Automatic
<b>Board Review</b> A focused, compact review tool for boards with an existing appreciation of good governance to assess core aspects of board performance considering the AICD's Corporate Governance Framework™ as a foundation for reference.	5 Review  10 Review and Workshop	Automatic  Automatic
<b>Not-for-Profit Diagnostic Tool</b> A review tool for NFP boards looking to assess their performance using the AICD's Not-for-Profit Governance Principles as a supporting frame of reference	5 Review  10 Review and Workshop	Automatic  Automatic
<b>Professional reading</b> Journals, publications, online materials, Company Director magazine and books. AICD online materials and magazine are free to members. &/or LinkedIn – The Australian Institute of Company Directors Member Group and Member Sub Groups Reading and discussions. The LinkedIn Member Group is free to members.	Max 10 each year	Self-log

Voluntary contribution to AICD director development	DPD unit value	Logging DPD units
Writing an article	10	Self-log
Writing and delivering a presentation	15	Self-log
Member interviews for magazine, website or Boardroom conversations podcasts	15	Automatic
Representation on an AICD professional committee	5 per meeting	Automatic

Third Party director professional development guidelines	DPD unit value	Logging DPD units
Half-day course, briefing, conference, round table, seminar, workshop	5	Self-log
Full day course, briefing, conference, round table, seminar, workshop – Full day * Multiple day events accrue 10 DPD units per day up to 50 DPD units for a 5 day event.	10	Self-log
eLearning Course	5	Self-log
Webinar	5	Self-log
Professional reading (per year) **	10	Self-log
Professional Writing (per article)	10	Self-log
Writing and delivering a presentation	15	Self-log
Mentoring session 1 or more hours (mentors and mentees)	5	Self-log
Book or PhD thesis (entire work is relevant to framework)	50 (amortised over 2 years)	Contact your Membership Partner
Book or PhD thesis (part of work is relevant to framework)	30	Contact your Membership Partner

\* The AICD recognises third-party learning opportunities that are undertaken to improve directors' skills and capabilities within the areas identified in the Company Directors Corporate Governance Framework™. Self-logged learning must include evidence of the learning.

\*\* NB there is a maximum 30 DPD units which can be claimed per 3-year period for professional reading which includes both AICD and third-party professional reading.

# Appendix 3:

## THREE-YEAR ROLLING CYCLE

### HOW DOES IT WORK?

- Fellows, Graduates and Members are required to accrue a total of 60 DPD units and maintain that total over a continuous three-year rolling period
- We recommend that members accumulate 20 units per year as the best way to maintain the required 60 units over a three-year rolling period

### EXAMPLE

John Smith joined on 1 June 2017, the start of his foundation period. He accrued 15 units in the first 12 months (Year 1), 25 units in his second year (Year 2) and 20 units in his third year (Year 3), which equals 60 units over three years. In the following rolling period the units from Year 1 no longer count and he will need to accrue at least 15 units to maintain the required 60 units total.

## THE THREE-YEAR ROLLING PERIOD

	1st Yr	2nd Yr	3rd Yr	4th Yr	5th Yr	6th Yr
Foundation period						
Rolling period 1						
Rolling period 2						
Rolling period 3						

An example of a member maintaining the 60 units over the three year rolling-period:

	2017	2018	2019	2020	2021	2022
Foundation period	15 units	25 units	20 units			
Rolling period 1		25 units	20 units	25 units		
Rolling period 2			20 units	25 units	15 units	
Rolling period 3				25 units	15 units	20 units



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