



INDIVIDUAL

Position description for a chair

The chair is the person chosen to lead and manage the meetings and affairs of the board.

The chair is accountable to the board for the performance of his/her role. The chair also has an important role in:

- representing the board in its accountability to members and shareholders including at, and between, member and shareholder meetings;
- cooperating with the CEO and representing the public face of the organisation to its broader stakeholders and the community.

There is scant legislative or regulatory recognition of the position of a chair. The role and basis of appointment of a chair is usually set out in the organisation's constitution or in its governance or board charter.

Usually, chairs are elected to office by their fellow board members although the constitution of some organisations may provide otherwise:

- In the not-for-profit/community sector, chairs are sometimes elected directly by the members of the organisation;
- In the public sector, such as government business enterprise and government-owned organisations, chairs are often appointed directly by the responsible minister(s) of government.

Boards often also appoint deputy chairs to cover/step in for the chair when the chair is absent or otherwise indisposed.



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A sample general description of the role and responsibilities of a chair and deputy chair that might be found in a governance or board charter:

Chair

- (a) The chair is responsible for leadership of the board including:
- facilitating proper information flow to the board;
 - facilitating the effective functioning of the board including managing the conduct frequency and length of board meetings;
 - communicating the views of the board, in conjunction with the CEO, to the organisation's members, security holders, broader stakeholders and to the public; and
 - setting the tone, promoting and monitoring to the organisation's culture.
- (b) In performing his/her role, the chair's responsibilities also include:
- (in consultation with the CEO/company secretary):
 - setting the agenda for the matters to be considered by the board;
 - seeking to ensure that the information provided to the board is relevant, accurate, timely and sufficient to keep the board appropriately informed of the performance, finances, affairs, opportunities and challenges of the organisation, and of any developments that may have a material impact on it; and
 - seeking to ensure that communications with stakeholders, regulators and the public are timely, accurate and relevant;
 - facilitating open and constructive communications amongst board members and encouraging their contribution to board deliberations;
 - overseeing and facilitating board, committee, board member and CEO evaluation reviews and succession planning;
 - liaising and interfacing with the CEO as the primary contact between the board and management; and
 - liaising with and counselling, as appropriate, board members.

- (c) Subject to the terms of the constitution, the chair is appointed by the board from amongst its members and holds office at the discretion of the board until removed from office by the board or until the chair resigns from office or is no longer a board member.
- (d) In the absence of the chair, the deputy chair (if there is one appointed by the board) or the senior or lead independent director, should assume the role that otherwise would be performed by the chair if the chair was present.
- (e) It is preferable that the chair be an *independent*, non-executive board member and the chair role should not be exercised by the CEO, except in special circumstances approved of by the board.

Deputy chair (or senior independent director if a deputy chair is not formally appointed)

- (a) The deputy chair (if one is appointed), or the senior independent director if a deputy chair is not formally appointed, is responsible for:
- performing the role and functions of the chair in the absence of the chair for any reason (for instance, when the chair has a conflict of interest on matters being discussed at the board meeting);
 - being available to facilitate the following matters when and as appropriate and required:
 - chair succession planning;
 - approvals and actions required to be performed by the chair, where the chair actually or potentially may be compromised due to personal or other conflict of interest;
 - supporting the chair (at the chair's request) in performing the role and function of the chair, such as chairing the board committee or board meetings, or sharing the burden of work and travel commitments.
- (b) It is preferable that the deputy chair be an independent non-executive board member and should not also be the CEO.

The process of appointing a chair

Unless the organisation's constitution otherwise provides, chairs are usually elected from amongst the cohort of board members. Alternative methods for appointing a chair include appointment by the responsible minister(s) of government or by the parent company of a subsidiary company.

Assuming the board has pursued sound succession planning processes for the position of chair, commonly the deputy chair or another board member with appropriate skills and attributes will succeed a retiring chair with the support of the other board members.

When this is not possible, it may be necessary for the board to seek to recruit a new board member, perhaps to fill a casual vacancy arising from the retirement of the chair, but with the express expectation of that new board member then being elected by the board to assume the role of chair. Due to the importance of the role of chair, special care will then be needed in the recruitment and selection process of that person, possibly led by the board nomination committee.

Aspects to be considered in electing a chair

Boards should ensure the selection process considers the following key aspects of the role of chair and any prospective candidate's ability to meet them.

General competencies expected of chairs

- **Relationship building** – maintaining an effective working relationship with the CEO;
- **Time management** – willingness to deliver the expected time commitment required by the role for: preparing for and participating in board meetings, board committee meetings and board/director/CEO evaluations; preparing for and participating in member/shareholder meetings; acting as spokesperson for the board and the organisation (as appropriate in co-operation with the CEO); regular meetings with the CEO and other senior executive officers; and representing the organisation at industry and community gatherings;

- **Soft skills** – balancing the numerous personal traits required of an effective chair, such as tact and diplomacy, the ability to reconcile opposing views and the power/ability to influence.

Business-related competencies expected of chairs

- **Knowledge of corporate governance** – the ability to facilitate the governance processes and ensure regulatory compliance;
- **Leadership facilitation** – the ability to inform and brief fellow directors on current organisational matters and strategies and the ability to lead constructive and timely discussion and debate, drawing on the expertise of the board;
- **Business acumen** – having a strong understanding of the organisation's business and financial model and key elements which drive their performance;
- **People skills** – experience in motivating, managing and dealing with people including evaluating performance, succession planning and executive remuneration.

Personal competencies expected of chairs

- **Integrity** – meeting fiduciary duties and responsibilities, acting ethically, having appropriate independence, putting the organisation's interests before personal interests;
- **Collaborative leadership** – the ability to inspire the individual contribution and participation of each board member and senior executive to fully utilise their collective expertise to set the aims, strategies and policies of the organisation;
- **Effective communication** – the ability to engage and effectively communicate with all stakeholders;
- **Emotional intelligence** – as well as self-awareness and self-management, the chair needs to be able to motivate and be able to empathetically manage situations where strong emotions are present;
- **Commercial astuteness** – demonstrates good business instinct and acumen;
- **Engaged commitment** – a willing participant with genuine interest in the organisation and its business.

What functions does an effective chair perform?

- Convenes board meetings;
- Oversees the agenda for board meetings;
- Oversees the adequacy, timeliness and appropriateness of information provided to directors;
- Oversees the quality, sufficiency and relevance of financial information and non-financial information (for example, risk management data, complaints, public announcements, correspondence with key shareholders and regulators, etc.) made available to the board;
- Runs board meetings including:
 - Ensuring the business of the meeting is dealt with effectively and efficiently;
 - Ensuring board's decisions are consistent with the organisation's purpose and values and are for the best interests of the organisation;
 - Encouraging participation in deliberations by all board members so that the benefit of each member's perspectives and contribution can be shared and considered;
 - Setting standards of behaviour and engagement at board meetings and discouraging behaviour inconsistent with those standards;
 - Supporting effective and robust discussions by encouraging board members to raise constructive questions with management;
 - Maintaining the meeting's focus on strategic and other priority matters;
 - Keeping the meeting's focus on the subject matter to hand.
- Oversees aspects of board engagement including:
 - Developing a culture of respect and inclusion amongst board members and the executive;
 - Counselling board members and the CEO;
- Facilitating board and director evaluations and reviews;
- Facilitating director, board, board committee (as applicable), CEO and chair succession planning and its execution;
- Keeping board members well informed in between board meetings.
- Oversees the quality, sufficiency and relevance of board meeting minutes. Ensures progress and completion of actionable items set in previous board meetings.
- Exemplifies the organisation's agreed values and standards of behaviour;
- Maintains an open, frank and transparent working relationships with the CEO. Provides guidance to the CEO without interfering with day-to-day operation.
- Acts as the board's representative in communications between the board and the:
 - shareholders or members (as applicable) and broader stakeholders (such as regulators, community representatives, industry leaders);
 - CEO; and
 - management and employees.
- Effectively and fairly represents the organisation, in co-operation with the CEO, in the organisation's communications with its broader stakeholders, respecting the primacy of the CEO's role in this regard;
- In alignment with the CEO, is visible at times of crisis where trust and confidence in the ability of the board and management to respond to the crisis is important;
- Chairing shareholders or members meetings, annual and extraordinary general meetings (AGMs and EGMs).

What attributes and skills are considered desirable in an effective chair?

- The ability to foster a stimulating and challenging boardroom environment with full and frank debate on issues as well as leading the board to making a decision in a timely manner after all relevant perspectives have been contributed;
- Being respectful, yet candid and decisive, in facilitating board, board committee, director and CEO evaluations, reviews and succession planning;
- Being open and engaging and having good interpersonal skills enabling the chair to communicate effectively with and gain the trust and confidence of his/her intended audience;
- Having good public and private speaking, and listening, attributes to enhance his/her ability to effectively fulfil the roles and responsibilities of the office of chair;
- Treating other directors with respect and make clear that the contributions of all directors are valuable, while finding ways to deal tactfully, yet effectively, with directors who may otherwise be disruptive;
- Being approachable and impartial in their dealings with directors, officers, key shareholder or member representatives and others in the best interests of the organisation;
- Being aware of the powers entrusted to him/her by the organisation's constitution, governance/board charter and at general law, including with respect to the conduct and running of meetings (board, board committee and shareholder/member);
- Through the chair's displayed skills, experience, knowledge, inter personal skills, values and conduct, gaining the trust and confidence of the directors, the CEO and the shareholders or members of the organisation so as to garner sufficient informal power and authority to properly represent the board and to discharge the responsibilities expected of a chair;
- Being respectful of the responsibilities of the office of chair and the limitations of his/her powers and authorities, so as not to bring the office of chair into disrepute or overstep those limitations of power/authority.

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