

This briefing was produced by the Institute of Directors Ireland.

IoD Ireland is a not-for-profit organisation. We are the leading membership body for directors and business leaders in Ireland, with membership across all sectors and industries.

Our Vision is for Ireland to be an exemplar of corporate governance. Our Purpose is to instil stakeholder trust and confidence in organisations by educating, informing, and supporting directors and business leaders to lead successfully.

Due diligence checklist for prospective board members

This essential due diligence checklist equips aspiring non-executive directors with the insight needed to make informed decisions before joining a board. Prior to accepting a directorship, it is recommended that prospective non-executive directors carry out a thorough review of the organisation to ensure they are confident in its integrity and that it aligns with their expertise and values.

POINTS TO CONSIDER INCLUDE:

- What is the company's current financial health, and how has it performed financially over the past three years?
- Are there critical dependencies (such as regulatory permissions or essential licences) that underpin the business?
- What is the company's track record on corporate governance?
- If the business is underperforming, does it have realistic prospects for improvement — and do I have the time, motivation and skills to help drive this?
- What precisely are the company's business activities?
- Who currently sits on the board, both executive and non-executive? What are their backgrounds, how long have they served, and what is their track record?
- How is the board structured — in terms of size, committees, and the dynamics between the chair, the board and senior management?
- Who owns the company? Who are the main shareholders, and how has the shareholder profile evolved recently?
- How does the company engage with its shareholders, and what is its general stance towards them?
- Is there any significant litigation underway or threatened, whether initiated by or against the company?
- Has the company clearly identified the qualities, skills and experience it needs to enhance the existing board?
- What directors' insurance cover and indemnities are in place?
- Do I possess the required knowledge, experience and time to make a meaningful contribution to this board?

- How closely do I fit the desired profile, and am I likely to meet the board's expectations?
- Are there aspects of the company's activities that could raise ethical concerns or present unacceptable risks for me personally?
- Am I assured that the company's internal controls and governance framework are robust, and that I can work effectively within them?
- Does the composition and structure of the board allow me to contribute effectively?
- Could accepting this role create any conflicts of interest?

SOURCES TO CONSULT

To support this due diligence, the following resources are valuable:

- The company's annual reports and financial statements, and any recent prospectuses
- Analyst and media reports
- Information available on the company's website
- Corporate responsibility or sustainability reports
- Assessments by rating agencies
- Reports from proxy or voting advisory services

While published information may not reveal misconduct, a lack of openness should be treated as a potential red flag.

REFERENCES

Drawing from the principles outlined in the Higgs Report (Higgs, 2003), the Financial Reporting Council (FRC) issued 'Good Practice Suggestions from the Higgs Report' in 2006, later superseded by its 'Guidance on Board Effectiveness' in 2018. These publications highlight the importance of a rigorous assessment by individuals before agreeing to join a board.

- Higgs, D. (2003) 'The independent review of non-executive directors'. [Available online](#)
- FRC (2006) 'Good practice suggestions from the Higgs report'. [Available online](#)
- FRC (2018) 'Guidance on board effectiveness'. [Available online](#)

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