

BY-LAWS

INDEPENDENT
DIRECTORS
ASSOCIATION

In PAPUA NEW GUINEA

14 July 2021

Table of Contents

1. Interpretation 2

2. Membership 2

2.1 Membership Committee 2

2.2 Membership Classes 2

2.3 Criteria for Membership 3

2.4 Method of Admission and Duration of Membership 8

2.5 Membership Application Determination 9

2.6 Professional Director Development 9

1. Interpretation

- 1.1 In these By-Laws, a reference to the Association means the Independent Directors Association in Papua New Guinea Incorporated 5-110580.
- 1.2 Any term used in these By-Laws and not otherwise defined has the same meaning given to it in the Constitution of the Association.
- 1.3 A reference to the Constitution of the Association is a reference to the Constitution as it may be varied, amended or substituted from time to time.
- 1.4 In the event of any inconsistency between any provision contained in these By-Laws and any Constitution of the Association, such Constitution will prevail to the extent of such inconsistency.

2. Membership

2.1 Membership Committee

The role of the Membership Committee is to vet candidates for admission to any of the levels of membership of the Association. Once this screening process is completed, the Membership Committee shall present their candidate evaluation to the Board of Directors for final assessment and approval.

The Membership Committee may seek advice from the Board of Directors on matters of interpretation of the criteria for membership or other matters delegated to the Membership Committee by the Board.

2.2 Membership Classes

The Association is comprised of seven membership classes, namely:

- (a) Associate Member;
- (b) Professional Member;
- (c) Chartered Member;
- (d) Chartered Fellow;
- (e) Distinguished Fellow;
- (f) Retired Fellow; and
- (g) Retired Member.

2.3 Criteria for Membership

2.3.1 Associate

- (a) To be eligible for membership of the Association as an Associate Member an applicant must meet the following criteria:
 - (i) Demonstrate an interest in the affairs of the Association, or aspire to become a Member of the Association, or to enrol in workshops organised by the Association; or
 - (ii) Be a full-time student at a Tertiary Education institution in Papua New Guinea.
- (b) The Mandatory PDD Requirement does not apply as a prerequisite for eligibility to admission into, or for membership renewal in, the class of Associate Member.

2.3.2 Professional Member

- (a) To be eligible for membership of the Association as a Member an applicant must meet at least one of the following criteria:
 - (i) Have been a director or alternate director of a company or companies for two or more years (concurrent directorships may not be added together in determining years of experience);
 - (ii) Be a senior executive with managerial responsibilities equivalent to those of an executive director (for example, chief financial officer or chief operating officer) or a member of local Boards of Advice of companies;
 - (iii) Be a partner or sole proprietor of a professional practice (for example, a legal, accountancy, architectural or stockbroking practice) or unincorporated business, or a senior person with professional qualifications employed by a body corporate (for example, an in-house senior legal counsel); or
 - (iv) Be an academic at the level of (or equivalent to) professor, or the head of a relevant faculty (for example, business or law) at a Tertiary Institution registered and regulated under the Department of Higher Education, Science, Research and Technology (DHERST) and/or the National Training Council (NTC) in Papua New Guinea.

- (b) To be eligible to renew their membership of the Association into the class of Member an existing Member must fulfil the Mandatory PDD Requirement (but is not required to demonstrate continuous compliance with the requirements set out in By-Law 2.3.2(a)) and must pay any applicable membership fee.

2.3.3 Chartered Member

- (a) To be eligible for membership of the Association as a Chartered Member, an applicant must have successfully completed the Chartered Member Assessment and meet at least one of the following criteria:
 - (i) Have been a director or alternate director of a company or companies for two or more years (concurrent directorships may not be added together in determining years of experience);
 - (ii) Be a senior executive with managerial responsibilities equivalent to those of an executive director (for example, chief financial officer or chief executive officer) or a member of local Boards of Advice of companies;
 - (iii) Be a partner or sole proprietor of a professional practice (for example, a legal, accountancy, architectural or stockbroking practice) or unincorporated business, or a senior person with professional qualifications employed by a body corporate (for example, an in-house senior legal counsel); or
 - (iv) Be an academic at the level of (or equivalent to) professor, or the head of a relevant faculty (for example, business or law) at a Tertiary Institution registered and regulated under the Department of Higher Education, Science, Research and Technology (DHERST) and/or the National Training Council (NTC) in Papua New Guinea.
- (b) To be eligible to renew their membership of the Association into the class of Graduate Member, an existing Graduate Member must fulfil the Mandatory PDD Requirement (but is not required to demonstrate continuous compliance with the requirements set out in By-Law 2.3.3(a)(i) to (iv)) and must pay any applicable membership fee.

2.3.4 Chartered Fellow and Distinguished Fellow

2.3.4.1 Fellow

Admission

- (a) **(General)** Admission as a Fellow of the Association is by application or invitation only. Applications for admission as a Fellow must be made to the Association (in the manner set out in these By-Laws and the Fellow Guidance Note) for consideration by the Membership Committee. Subject to By-Law 2.1, the Board of Directors will determine an application for admission as a Fellow. Any determination by the Board is final and not subject to review.
- (b) **(By application):** The Membership Committee considers the applicant satisfies the following criteria in (i) to (iv) as at the date of the application or determination (as the case may be):
- (i) Has been a **Member** of the Association for at least the last three consecutive years; and
 - (ii) Has provided **References** from three current Fellows of the Association; and
 - (iii) Has been a **Director** on the **Board** of an **Eligible Organisation** and/or a **Senior Government Official** of a **Significant Government Entity** for a minimum of either:
 - (A) **Six Years** as follows:
 - (I) In one role for a minimum of six consecutive years; or
 - (II) Within a eight year period, in one role for a minimum of three consecutive years and a second role for the balance of six years, and has successfully passed the IDAPNG Chartered Member Assessment or its Corporate Governance Exam; or completed the AICD Company Directors' course.

OR
 - (B) **Ten Years** as follows:
 - (I) Within a twelve year period, in one role for a minimum of six consecutive years and a second role for a minimum of three consecutive years; or
 - (II) Within a twelve year period, in one role for a minimum of six consecutive years, in a second role for a minimum of

two consecutive years and in a third role for a minimum of one year;

and

- (iv) In the opinion of the Membership Committee, having regard to the information in the application (including supporting material submitted) and any other relevant considerations, the applicant has the requisite knowledge, experience, good standing and professionalism befitting a member of the class of Fellow of the Association.
- (c) **(By invitation):** The Board of Directors may at any time, by resolution, invite a person to become and admit such person as a Fellow on the grounds that the person has the requisite knowledge, experience, good standing and professionalism befitting a member of the class of Fellow of the Association.

Fellow Members and Board of Directors Discretion

- (d) A person who is a current member of the Association in the class of Fellow and who was admitted as a Fellow of the Association prior to 1 October 2021 is not required to satisfy the admission requirements set out in this By-Law 2.3.4.1.
 - (i) The inaugural Board of Directors will automatically be admitted in the class of Chartered Fellow on incorporation of the Association.
- (e) Where a person was a member of the Association in the class of Fellow, ceases to be a member and then later seeks to be admitted again to membership of the Association as a Fellow, the Board of Directors may in its absolute discretion admit the person to the class of Fellow in unusual or exceptional circumstances notwithstanding that person does not fulfil the requirements for admission to the class of Fellow set out in this By-Law 2.3.4.1. When deciding whether to apply its discretion under By-Law 2.3.4.1(e), the Board of Directors will refer to the Fellow Guidance Note to determine whether it will apply its discretion.
- (f) The Board of Directors must maintain a register of instances in which it has applied its discretion under By-Law 2.3.4.1(e).

Renewal

- (h) To be eligible to renew their membership of the Association into the class of Fellow, an existing Fellow must satisfy the Mandatory PDD Requirement (but is not required to demonstrate continuous compliance with the admission

requirements set out in this By-Law 2.3.4.1) and must pay any applicable membership fee.

Definitions and Interpretation

Definitions:

Fellow Guidance Note means the guide on the process for admission as a Fellow of the Association and interpretation of certain matters in By-Law 2.3.4.1 as in force from time to time.

Interpretation:

In By-Law 2.3.4.1(b):

- (a) Any term commencing with a capital letter and in bold has the meaning given to it in the Fellow Guidance Note;
- (b) Any term commencing with a capital letter and not defined in the Fellow Guidance Note has the meaning given in these By-Laws; and
- (c) If the roles referred to By-Laws 2.3.4.1(b)(iii)(A)(II) or 2.3.4.1(b)(iii)(B)(I) or (II) are served wholly or partly concurrently any concurrent period may only be counted once for the purposes of the criteria.

2.3.4.2 Distinguished Fellow

By Board invitation only, the Board of Directors may appoint as a Distinguished Fellow of the Association any person who has:

- (i) been eminent in the field of directorship;
- (ii) provided distinguished service to the Association; and
- (iii) contributed greatly to Papua New Guinea governance.

2.3.5 Retired Fellow

- (a) The Association may offer the class of Retired Fellow to a Chartered Fellow or Distinguished Fellow who has been a Fellow of the Association for at least five years and who, having reached the age of 65, has relinquished all directorships and offices (of a nature referred to in By-Law 2.3.2) other than 'non-trading'

family investment companies or unpaid directorships (for example, directorships of charities or educational institutions).

- (b) The annual subscription fee for membership in the class of Retired Fellow will be 50% of the normal subscription fee.
- (c) Members admitted to the class of Retired Fellow will retain all rights and privileges.
- (d) The Mandatory PDD Requirement does not apply as a prerequisite for eligibility to admission into, or for membership renewal of, the class of Retired Fellow.

2.3.6 Retired Member

- (a) The Association may offer the class of Retired Member to any member who has been a member in any class of the Association for at least five years and who, having reached the age of 65, has relinquished all directorships and offices (of a nature referred to in By-Law 2.3.2) other than 'non-trading' family investment companies or unpaid directorships (for example, directorships of charities or educational institutions).
- (b) The annual subscription fee for membership in the class of Retired Member will be 50% of the normal subscription fee.
- (c) Members admitted to the class of Retired Member will retain all rights and privileges.
- (d) The Mandatory PDD Requirement does not apply as a prerequisite for eligibility to admission into, or for membership renewal of, the class of Retired Member.

2.4 Method of Admission and Duration of Membership

Definition:

Form means the form for admission, renewal or upgrade as a member of the Association (as the case may be) from time to time, including in electronic form.

- (a) Persons seeking membership of the Association in any class of membership must complete and sign the Association's Membership Form, and otherwise satisfy the applicable criteria for the relevant class of membership in the form and substance specified by the Association.
- (b) Membership is for a period of 12 months commencing on the date the person's

application for admission is determined and accepted, and lapses if not renewed.

Renewal of membership is subject to:

- (i) A Member completing and delivering the Association's Membership Renewal Form within the time (if any) determined by the Directors;
- (ii) The payment of any fee determined by the Directors; and
- (iii) Fulfilment of any applicable Mandatory PDD Requirement.

2.5 Membership application determination

A Membership Committee must determine, having regard to the criteria set out in these By-Laws, the Form and any applicable guidance note, the acceptance or rejection of an application for membership or for renewal or upgrade of membership of the Association within a reasonable time following the Membership Committee's receipt of the relevant application but no later than 90 days following receipt by the Membership Committee. The period of 90 days shall be suspended for the duration of any period when an application is referred to the Membership Committee for consideration and response.

2.6 Professional Director Development

Definitions:

Annual Renewal Date means the date on which a member's annual renewal of their membership of the Association falls due.

Compliance Audit means an audit in respect of a member conducted by the Association before the end of the relevant membership year to determine whether that member, having been identified either by the Association on a Random Audit or by themselves at the time of the renewal of their membership as not fulfilling the Mandatory PDD Requirement at the last renewal date, or otherwise being a member subject to By-Law 2.6.9(b)(ii), has fulfilled the PDD Make Good Requirement.

Mandatory PDD Requirement means the minimum number of PDD Units to be completed for admission into, and membership renewal within, a membership class prescribed by the PDD Guidelines.

PDD means Professional Director Development.

PDD Activities means those courses, conferences, briefings programs or activities prescribed by the PDD Guidelines.

PDD Guidelines means the guidelines relating to PDD published by the Association from time to time.

PDD Make Good Requirement means, in respect of a member, obtaining sufficient PDD Units to address the deficiency in their Mandatory PDD Requirement for the period ending on the last date of renewal of that member’s membership prior to that point in time, together with obtaining such additional PDD Units to meet the Mandatory PDD Requirement for the relevant membership class to permit the member to obtain renewal in that class.

PDD Units means the number of units ascribed to a particular PDD Activity by the PDD Guidelines.

Random Audit means an audit conducted under By-Law 2.6.4(a).

2.6.1 Mandatory PDD Requirement

- (a) Subject to By-Law 2.6.7 each member of the Association (other than a member admitted to the class of Associate Member, Retired Fellow or Retired Member) must fulfil the Mandatory PDD Requirement as a prerequisite to their admission into a different membership class (where applied for by the member) or the renewal of their membership into their existing membership class.
- (b) A member may fulfil their Mandatory PDD Requirement by obtaining the requisite number of PDD Units from any combination of PDD Activities.
- (c) Each member required to fulfil the Mandatory PDD Requirement is:
 - (i) Responsible for keeping their own records evidencing their compliance with the Mandatory PDD Requirement; and
 - (ii) Required to indicate at the time of the renewal of their membership that they have fulfilled the Mandatory PDD Requirement prior to the Annual Renewal Date for the purpose of their admission into a different membership class or the renewal of their membership into their existing membership class.

2.6.2 Renewal into Existing Member Class

Subject to By-Law 2.6.4 and the fulfilment of any other requirement for membership (including the payment of any membership fee), if at the time of the renewal of their membership a member indicates (in the manner set out in the PDD Guidelines) that

they have complied with the Mandatory PDD Requirement, their membership will be automatically renewed into their existing membership class.

2.6.3 Failure to Fulfil the Mandatory PDD Requirement

Subject to By-Law 2.6.7, if at the time of the renewal of their membership a member indicates that they have not fulfilled the Mandatory PDD Requirement, then the member will be ineligible to renew their membership into their existing membership class and will instead be eligible to apply only for renewal into the class of Associate Member.

2.6.4 Random Audit

- (a) The Association may, in its absolute discretion, make enquiries of any member to which the Mandatory PDD Requirement applies to determine whether the member has fulfilled the Mandatory PDD Requirement.
- (b) Any Random Audit will be conducted according to the procedure set out in the PDD Guidelines.
- (c) Subject to clause 2.6.5, if, following a Random Audit, a member is found not to have fulfilled the Mandatory PDD Requirement, then the member will be ineligible to renew their membership into their existing membership class and will instead be eligible to apply only for renewal into the class of Associate Member.

2.6.5 Period of Grace

- (a) If:
 - (i) On their Renewal Form, a member indicates that they have not fulfilled the Mandatory PDD Requirement; or
 - (ii) Following a Random Audit, a member is found not to have fulfilled the Mandatory PDD Requirement, then (subject to By-Law 2.6.5(c));
 - (iii) A period of grace will apply during which the member will be renewed into their existing membership class and will have the opportunity to accrue additional PDD Units to address the shortfall;
 - (iv) A Compliance Audit will be performed; and

- (v) The period of grace referred to above will continue until the Compliance Audit is performed.
- (b) If as a result of the Compliance Audit referred to in By-Law 2.6.5(a) the member is found to have:
 - (i) Fulfilled the PDD Make Good Requirement, then their membership will be renewed into their existing membership class;
 - (ii) Not fulfilled the PDD Make Good Requirement, then the member will be ineligible to renew their membership into their existing membership class and will instead be eligible to apply only for renewal into the class of Associate Member.
- (c) Each member is entitled to only one period of grace under By-Law 2.6.5(a) during their membership of the Association.

2.6.6 Elevation to a Different Membership Class

Where a person who has been renewed as an Associate Member under By-Law 2.6.3 or By-Law 2.6.4(c) seeks elevation to a different membership class, that member must fulfil the Mandatory PDD Requirement that would apply to a member seeking renewal of membership in that other class (having been a member of the class for not less than three years) before they will be eligible for renewal into that class.

2.6.7 Lapses of Membership

- (a) A person whose membership has lapsed for more than six months may re-apply for membership of the Association and in that circumstance the person:
 - (i) Must satisfy the membership criteria set out in By-Law 2.3 for the class of membership they wish to apply for;
 - (ii) Must pay the prescribed joining fee; and
 - (iii) Has no Mandatory PDD Requirement until the period referred to in By-Law 2.6.8 and on the third anniversary of the member's new membership having been accepted, that member will be subject to an automatic Compliance Audit unless the Board of Directors otherwise determines.
- (b) If a person's membership lapses for six months or less and is subsequently reinstated, then their PDD history and Mandatory PDD Requirement continue as if no such lapse occurred.

2.6.8 Foundation Period

The Mandatory PDD Requirement does not apply to a member in any membership class until the later of:

- (a) The third consecutive Annual Renewal Date for that member's membership occurring after 1 September 2024; or
- (b) The third consecutive Annual Renewal Date occurring after that member's first admission as a member of a membership class to which the Mandatory PDD Requirement apply.

2.6.9 Discretion of the Board of Directors

- (a) Administration of the Mandatory PDD Requirement remains wholly at the discretion of the Board of Directors (or, where the Board of Directors delegates some or all of that discretion to the Membership Committee, at the discretion of the Membership Committee.
- (b) The Board of Directors (or, where the Board of Directors delegates some or all of that discretion to the Membership Committee) may, at any time, waive (in whole or in part) the Mandatory PDD Requirement that would otherwise apply to a member seeking either admission into or renewal into a membership class.
- (c) Any person to whom a Membership Committee has delegated discretion under By-Law 2.6.9(a) or 2.6.9(b) must:
 - (i) If the discretion has been delegated under By-Law 2.6.9(a), report regularly to the Board of Directors with respect to the administration of the Mandatory PDD Requirement;
 - (ii) If the discretion has been delegated under By-Law 2.6.9(b), advise the Board of Directors of any proposal to waive (in whole or part) the Mandatory PDD Requirement in respect of a member.