



NACD DIRECTORSHIP CERTIFICATION® EXAM SYLLABUS AND RESOURCES

DECEMBER 2024



INTRODUCTION

Congratulations on your pursuit of attaining the NACD Directorship Certification®. The purpose of this document is to help you understand the makeup of the exam syllabus, including the exam domains and topics within each domain. This document ultimately helps you prepare for your exam.

The NACD Directorship Certification Exam comprises five domains. These domains were determined through a large job-task analysis process and vetted by NACD® members who are active NACD.DC® holders. From this work, the following domains were identified on the exam syllabus.

- ▶ Domain 1 – Provide Governance and Management Oversight
- ▶ Domain 2 – Ensure Effective Board Governance and Succession Planning
- ▶ Domain 3 – Advise Executive Management
- ▶ Domain 4 – Review, Approve, and Oversee Corporate Vision, Mission, and Strategy
- ▶ Domain 5 – Conduct CEO Selection, Evaluation, Compensation, and Succession Planning

Each domain consists of **tasks** that a director would be expected to perform competently to successfully execute their role as a member of a board of directors.

Further, each domain consists of **knowledge, skills, and abilities** (KSA's) a director needs to perform the identified tasks. As you review the list of KSAs, you will notice that some items will indicate "NEW" or "REMOVED" next to them. This is your indication that a topic was added to the exam syllabus or has been removed from the syllabus. Items with no indicator next to them have been carried over from the previous version of the exam.

Finally, each domain will contain a list of resources that an individual should consider reviewing when preparing to sit for the examination. These resources were used by the writers of the exam questions.

DEFINITION OF BOARD EXPERIENCE

The exam syllabus has been targeted to individuals who have board experience. Board experience is defined by serving or having served as a director on a public, private, or other board of a legal entity.

Corporate directors represent the interest of the shareholders in a public company or stakeholders in nonpublic companies. They provide guidance and oversight to management on a wide range of strategic and financial issues and analyze and challenge management's assumptions. They ensure corporate compliance with regulatory requirements and corporate policies and monitor the organization's risk exposure.

Corporate directors have a working understanding of the fiduciary, governance, succession planning, risk, strategy, and financial corporate-governance requirements of a business entity. They also have the integrity and courage required to challenge management and to ensure the appropriate direction for the company.

DOMAIN 1 – PROVIDE GOVERNANCE AND MANAGEMENT OVERSIGHT

Percent of the exam: 30%

Description: The focus of this domain is on an organization's culture and operations and the board's oversight, roles, and responsibilities.

DOMAIN 1 - TASKS

Monitor reputational risk to the organization (for example, allegations of board, officer, director, and/or employee misconduct; the organization's social responsibility practices; and etc.).

Review the effectiveness of crisis-management plans (including business continuity plans, cybersecurity plans, etc.).

Review Code of Conduct and whistleblower policies.

Monitor compliance with Code of Conduct and whistleblower policies, reports, and disposition.

Define the roles and responsibilities of the board, board chair, chief executive officer (CEO), and management.

Monitor management's performance against agreed upon financial objectives.

Monitor management's performance against agreed upon nonfinancial objectives (for example, workforce diversity, equity, and inclusion (DE&I); corporate culture; employee engagement; and etc.).

Assess/benchmark, approve, and monitor agreed-upon key performance indicators (KPIs) and corrective actions.

Assess the effectiveness of internal controls.

Monitor CEO engagement with stakeholders (such as shareholders, employees, customers, and community).

Review and monitor regulations and associated compliance programs.

Review and approve the recommendations of the audit.

DOMAIN 1 – KNOWLEDGE, SKILLS, AND ABILITIES

Existing	Knowledge of typical components of an organization’s code of conduct
	Knowledge of the roles of external advisors to the board (e.g., compensation consultant, external auditor, outside counsel, etc.)
	Knowledge of the proxy voting process
	Knowledge of the legal implications of shareholder communications
	Knowledge of the investor–relations function
	Knowledge of the board’s role in shareholder engagement and communication
	Knowledge of the audit process (including roles and responsibilities of audit committees, external auditors, internal auditors, etc.)
	Knowledge of required disclosures to investors
	Knowledge of regulatory bodies and processes impacting an industry
	Knowledge of organization valuations (such as book value, intrinsic value, discounted cash flow, comparable multiples, etc.)
	Knowledge of nonfinancial business performance metrics
	Knowledge of key performance indicators and benchmarks and their use by the board in assessing management performance
	Knowledge of financial statements
	Knowledge of emerging cybersecurity threats
	Ability to assess the strategic synergy between potential M&A targets and the organization
	Ability to assess the organization’s competition
Ability to assess the alignment between the organization’s mission, values, and strategy	
Ability to assess and interpret financial statements	
Ability to assess an organization’s performance against that of peer groups and goals	
New	Knowledge of various organizational structures (functional, divisional, matrix, etc.)
	Ability to provide independent thought leadership
Removed	Knowledge of various organizational enterprise models
	Ability to identify emerging trends and their potential impact on the organization (including regulatory issues, technology, and macroeconomic issues such as privacy disclosures)
	Ability to identify current conditions and trends in an industry, including the current and future competitive landscape

Suggested Resources

[SEC Securities Exchange Act of 1934](#)

[SEC Sarbanes–Oxley Act of 2002](#)

[SEC Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010](#)

[SEC Statutes and Regulations](#)

[New York Stock Exchange Rules](#)

[2024 Governance Outlook Report](#)

[Audit Committee Blueprint](#)

[NACD Blue Ribbon Commission Report on the Board and Long-Term Value Creation](#)

[NACD Director’s Handbook on Cyber-Risk Oversight](#)

[Getting Behind the Numbers](#)

[The Future of the American Board Report](#)

[The Inclusion–Driven Boardroom: Incorporating Inclusion to Realize the Benefits of Diversity](#)

[“The Board’s Role in the Review of Renewable Energy”](#)

[“Many Boards Are Playing Catch-Up on ESG and Green Issues”](#)

[Overcoming Challenges: Lessons from the 2023 NACD DE&I Awards](#)

[“How Directors Can Optimize Shareholder Engagement in 2023”](#)

[How Directors Can Help Companies Reach ESG Maturity](#)

[Director Essentials: Unionization on the Rise: What Boards Should Know](#)

[Complying with the SEC’s Final Rule on Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure by Public Companies](#)

[Harnessing the Power of DE&I: A Boardroom Discussion Guide](#)

[Understanding Nonfinancial Metrics](#)

DOMAIN 2 – ENSURE EFFECTIVE BOARD GOVERNANCE AND SUCCESSION PLANNING

Percent of the exam: 25%

Description: The focus of this domain is on the board’s culture and how it manages itself.

DOMAIN 2 - TASKS

Conduct overall board performance evaluation.

Conduct peer-to-peer board member assessments.

Conduct self-assessment of own performance on the board.

Encourage an inclusive, ethical, and collaborative board culture.

Develop a board succession/refreshment plan based on a skills matrix that is aligned with the strategy.

Set expectations for continuous board education.

Review and conduct an onboarding process for new board members.

Review and conduct nominations and refreshment processes for board members, board officers, committee members, and committee chairs.

Review and update board policies, committee charters, and bylaws.

Exercise fiduciary responsibilities of board members (including Duty of Care and Duty of Loyalty).

DOMAIN 2 – KNOWLEDGE, SKILLS, AND ABILITIES

Existing	Knowledge of US and international regulatory issues (such as the Foreign Corrupt Practices Act (FCPA) and United Kingdom (UK) Bribery Act)
	Knowledge of types (Sides A, B, and C) and risk coverage provided by Directors & Officers (D&O) liability insurance
	Knowledge of the different responsibilities of the board, board chair, CEO, and management team
	Knowledge of fiduciary responsibilities of boards and board members (Duty of Care, Duty of Loyalty)
	Skill in developing mutual trust and respect between board members and management
	Ability to respond appropriately to misconduct
	Ability to contribute productively to the board evaluation process
New	Knowledge of the Business Judgment Rule
	Ability to prepare and contribute to board discussions and decisions
	Ability to promote and engage in continuing board education
	Ability to objectively assess the director's own board performance
	Ability to objectively assess overall board and committee performance
	Ability to objectively assess fellow board members' board performance
	Ability to establish nomination and onboarding processes
	Ability to effectively listen to and engage with other board directors
	Ability to develop a board succession plan
Ability to contribute to an inclusive, ethical, and collaborative board culture	
Removed	Knowledge of the key business performance metrics
	Ability to assess nonfinancial metrics

Suggested Resources

[*Report of the NACD Blue Ribbon Commission on Adaptive Governance*](#)

[*Fit for the Future: An Urgent Imperative for Board Leadership*](#)

[*Nominating and Governance Committee Blueprint*](#)

[*The Future of the American Board Report*](#)

[*The Role of the Board vs. the Role of Management*](#)

DOMAIN 3 – ADVISE EXECUTIVE MANAGEMENT

Percent of the exam: 15%

Description: The focus of this domain is on each board member’s responsibility to participate and be fully engaged.

DOMAIN 3 – TASKS

Review the board pack prior to board meetings.

Prepare questions and actively participate in board meetings based on materials provided, presentations, and board discussion.

Review, discuss, and approve major management recommendations (such as mergers and acquisitions (M&A), dividend policies, capital expenditures, restructuring, and changes in capital structure).

Review and update the directors and officers (D&O), errors and omissions (E&O), and other insurance policies / coverages, and indemnification agreements.

Encourage an environment of openness and dialogue between management and the board.

DOMAIN 3 – KNOWLEDGE, SKILLS, AND ABILITIES

Existing	Knowledge of potential disruptive risks (e.g., anything that has a significant effect on an organization’s revenues, profits, competitive position, or reputation)
	Ability to interpret and synthesize information provided by management
	Ability to identify issues that could impact the reputation of the organization
	Ability to assess the cultural health of an organization
	Ability to assess opportunities and risks associated with a proposed M&A transaction
	Ability to assess management’s human capital strategy
	Ability to assess effectiveness of the organization’s management of regulatory risk
	Ability to assess crisis management plans (including business continuity plans, cybersecurity incident response plans, etc.)
	Ability to assess the effectiveness of an organization’s DE&I programs
Removed	Knowledge of director liability and risk
	Ability to assess an organization’s crisis preparedness
	Ability to assess the significance of business-model risk

Suggested Resources

[*Culture as the Foundation: Building a High-Performance Board*](#)

[*Report of the NACD Blue Ribbon Commission on Adaptive Governance*](#)

[*Report of the NACD Blue Ribbon Commission on Culture as a Corporate Asset*](#)

[*Report of the NACD Blue Ribbon Commission on Talent Development*](#)

[*Director Essentials: AI and Board Governance*](#)

[*Harnessing the Power of DE&I: A Boardroom Discussion Guide*](#)

[*Nominating and Governance Committee Blueprint*](#)

[*The Inclusion-Driven Boardroom: Incorporating Inclusion to Realize the Benefits of Diversity*](#)

[*Overcoming Challenges: Lessons from the 2023 NACD DE&I Awards*](#)

[*Director Essentials: Unionization on the Rise: What Boards Should Know*](#)

DOMAIN 4 – REVIEW, APPROVE, AND OVERSEE CORPORATE VISION, MISSION, AND STRATEGY

Percent of the exam: 16%

Description: The focus of this domain is on oversight and evaluation of the organization’s strategic plan, objectives, risk awareness, and risk appetite.

DOMAIN 4 – TASKS

- Evaluate and approve the company’s strategic plan.
- Monitor progress toward the strategic plan objectives.
- Review and evaluate enterprise risk assessment, mitigation, strategy, and response.
- Review and approve the organization’s risk appetite.

DOMAIN 4 – KNOWLEDGE, SKILLS, AND ABILITIES

Existing	Knowledge of change-management strategies and processes
	Knowledge of strategy development and execution process
	Knowledge of M&A strategy and execution
	Ability to assess the proposed execution of a strategic plan
	Ability to assess the effectiveness of leadership in driving change
	Ability to ensure alignment between short-term and long-term objectives
	Ability to assess whether a change in organizational strategy is needed
	Ability to evaluate the organization’s risk appetite
New	Ability to evaluate the effectiveness of risk-mitigation plans
	Ability to identify strengths, weaknesses, opportunities, and threats (SWOT) and their potential impact on the company
Removed	Knowledge of the board’s operations, such as annual board calendars
	Knowledge of behavioral issues in organizational governance and management

Suggested Resources

- [*Report of the NACD Blue Ribbon Commission on Board-Shareholder Communications*](#)
- [*Governing Digital Transformation and Emerging Technologies*](#)
- [*Risk Committee Blueprint: Guidance for Board Risk Oversight*](#)
- [*“Strategy and Long-Term Value Creation”*](#)
- [*Board Oversight of Emerging Technologies*](#)
- [*The Growing Spotlight on Biodiversity: Why Boards Should Pay Attention*](#)

DOMAIN 5 – CONDUCT CEO SELECTION, EVALUATION, COMPENSATION, AND SUCCESSION PLANNING

Percent of the exam: 14%

Description: The focus of this domain is on evaluating CEO and executive-officer performance, compensation plans, and succession planning.

DOMAIN 5 – TASKS

Select, hire, and (if necessary) terminate the CEO.

Review and discuss succession planning for the organization’s leadership.

Evaluate the performance of the CEO and other named executive officers.

Review and provide oversight of the organization’s human-capital strategy.

Determine the organization’s executive total-compensation philosophy (base salary/incentives/benefits/perks).

Approve the compensation plan design and incentive payouts for the CEO and executive officers.

Conduct executive sessions and provide CEO feedback.

Suggested Resources

[*Compensation Committee Blueprint*](#)

[*Success at the Top: CEO Evaluation and Succession*](#)

[*Preparing the Board for Shareholder Activism*](#)

[*Strengthening Compliance and Ethics Oversight*](#)

[*CEO Activism: What’s the Board’s Role?*](#)

[*2022–2023 Director Compensation Report*](#)

DOMAIN 5 – KNOWLEDGE, SKILLS AND ABILITIES

Existing	Knowledge of CEO recruitment and succession-planning process
	Ability to contribute to effective CEO succession planning
	Ability to assess the performance of the CEO against defined objectives and metrics
	Ability to assess the leadership pipeline
	Ability to assess and interpret executive pay plan design and payout decisions
	Ability to provide candid feedback to the CEO and executive team
New	Ability to suggest/guide professional growth and development opportunities to the CEO and executive team
	Knowledge of elements of executive total compensation (base salary/incentives/benefits/perks)
	Ability to identify inappropriate behavior within the organization
Removed	Knowledge of the roles of the management team

NACD DIRECTORSHIP CERTIFICATION EXAM DEVELOPMENT

The NACD Directorship Certification exam is developed following credentialing industry leading practices and standards with the support of NACD members who hold the NACD Directorship Certification and external professionals, referred to as psychometricians, who specialize in this type of work.

EXAM NONDISCLOSURE

The NACD Directorship Certification exam is an undisclosed examination, which means that current exam questions and answers will not be published or divulged.

NOTE: Exam topics and/or format are subject to change as approved by the NACD Corporate Directors Institute® and NACD.

General Resources

Additionally, there are some general suggested resources that individuals may find helpful when preparing for the exam, such as these:

NACD Directorship Certification Study Guide, Second Edition (2021), NACD

Corporate Director's Guidebook, Seventh Edition (2020), ABA Book Publishing

["Director FAQ and Essentials"](#)

["Governance Resources"](#)

- ▶ Committees and Roles
- ▶ Core Oversight Topics
- ▶ Trending Oversight Topics

["Blue Ribbon Commission Reports"](#)

[Director Handbooks](#)

["Governance Outlook Reports"](#)

[The Future of the American Board Report](#)

[SEC Statutes and Regulations](#)

[New York Stock Exchange Rules](#)

[NASDAQ Rulebook](#)