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SOCIETY *for* Corporate Governance

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Board Practices Quarterly

Director onboarding and orientation

Onboarding and orientation are critical processes that can help integrate new board members into the governance structure and culture of an organization—equipping them with the necessary knowledge, insights, and resources to fulfill their oversight role and supporting their ability to contribute meaningfully to board discussions and decision-making from the outset of their term. While specific onboarding and orientation practices vary across companies, done effectively, they can help set the appropriate tone for a new director's experience and promote critical engagement with the board, management, and other key stakeholders of the organization.

This *Board Practices Quarterly* presents findings from a survey of members of the Society for Corporate Governance that focused on their company director orientation and onboarding processes, including materials provided, management participation, practices and activities, and engagement of external providers.

Findings

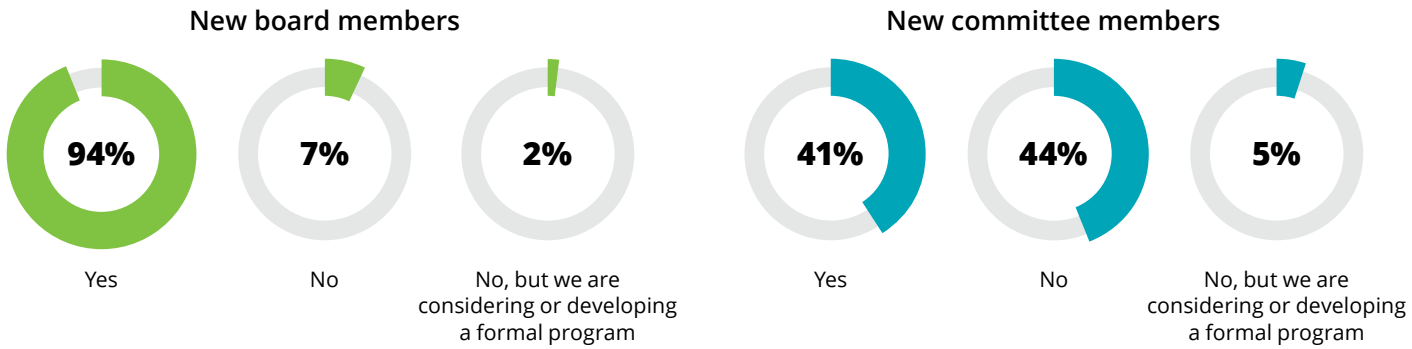
Respondents—primarily corporate secretaries, in-house counsel, and other in-house governance professionals—represent 113 public companies of varying sizes and industries,[1] and the findings pertain to these companies. The actual number of responses for each question is provided. Some survey results may not sum to 100% as questions may have allowed respondents to select multiple answers. Where applicable, commentary has been included to highlight differences among respondent demographics and to highlight comparisons to any similar questions asked in our *2018 Board Practices Report*.

Access results by company size and type.

Does your board have a formal orientation and onboarding program for new board and committee members? (111 responses)

Virtually all public companies provide a formal orientation and onboarding program for new directors; however, this occurs less often at the committee level. Onboarding and orientation for new committee members was reported by 53% of large-caps and 29% of mid-caps.

Responses were fairly consistent with a similar question in our *2018 Board Practices Report,* wherein 89% and 40% reported having programs for new board members and new committee members, respectively.



Note: *No respondent answered "Don't know".*

If external providers are engaged in aspects of director onboarding and orientation, specify type of service and nature of involvement. (97 responses)

Some participants provided comments to specify the type of external provider. The most common responses were external or independent auditors and compensation consultants for new audit committee and compensation committee members, respectively. Other comments included a director recruiting firm to help with building/maintaining a director pipeline and outside counsel to provide an overview of fiduciary duties.



1. Sizes include 52% large-cap (which includes mega- and large-cap) (> $10 billion); 45% mid-cap ($2 billion to $10 billion); and 3% small-cap (which includes small-, micro-, and nano-cap) (< $2 billion). Respondent industry breakdown: 33% financial services; 26% consumer; 24% energy, resources, and industrials; 12% technology, media, and telecommunications; and 6% life sciences and health care.

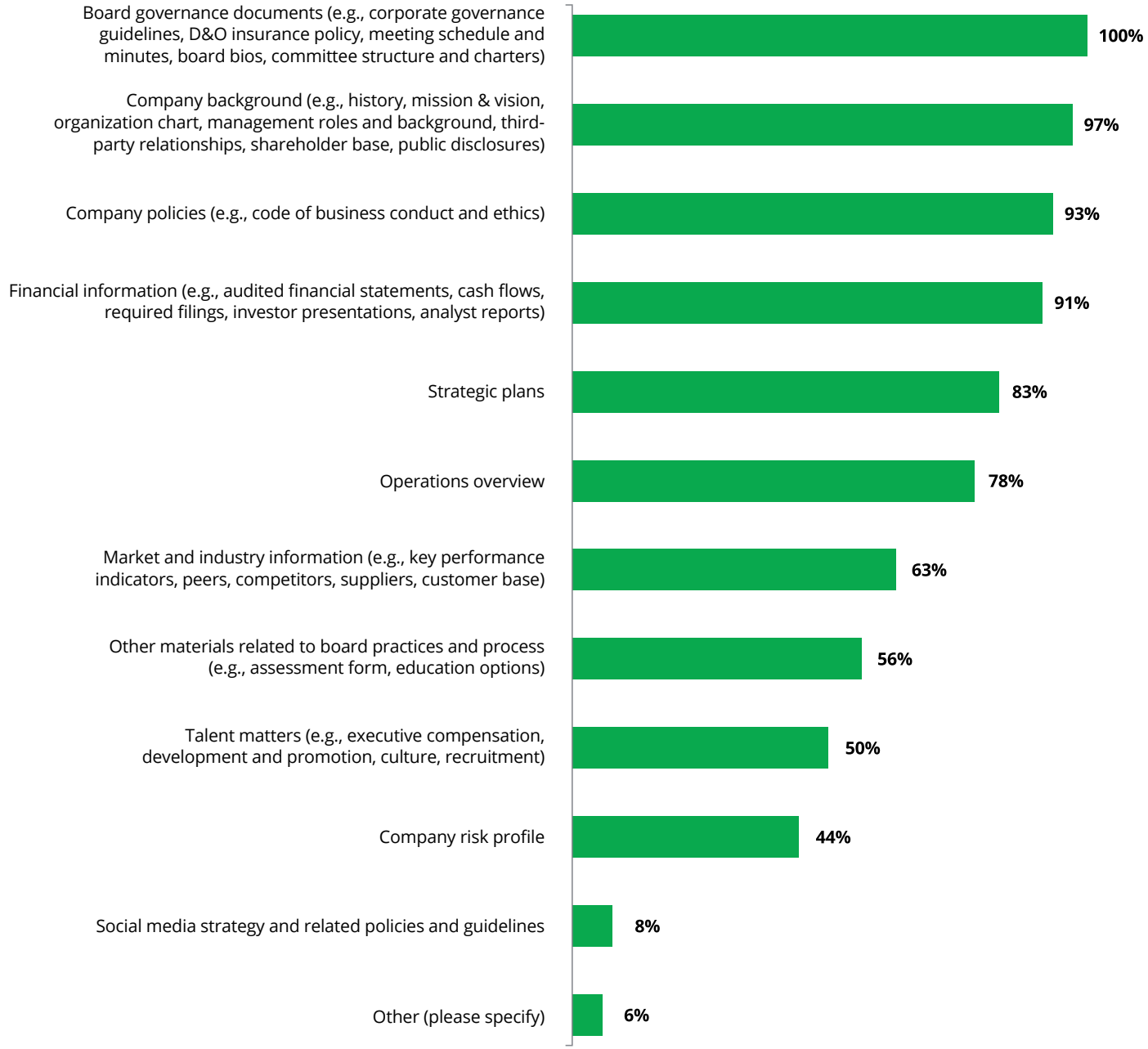
   The overall public company responses include small-cap responses. However, specific small-cap and private company findings have been omitted from this report due to limited respondent population.

Which of the following materials are provided to new directors as part of their orientation and/or onboarding program (whether formal or informal)? [Select all that apply] (105 responses)

Across market caps, notable differences in materials were:

- Market and industry information (e.g., key performance indicators, peers, competitors, suppliers, customer base)—58% large-caps; 69% mid-caps
- Other materials related to board practices and process (e.g., assessment form, education options)—64% large-caps; 50% mid-caps
- Talent matters (e.g., executive compensation, development and promotion, culture, recruitment)—64% large-caps; 33% mid-caps
- Company risk profile—55% large-caps; 33% mid-caps

While overall responses were fairly consistent with a similar question in our *2018 Board Practices Report*, in 2018, 57% of mid-caps reported providing market and industry information.



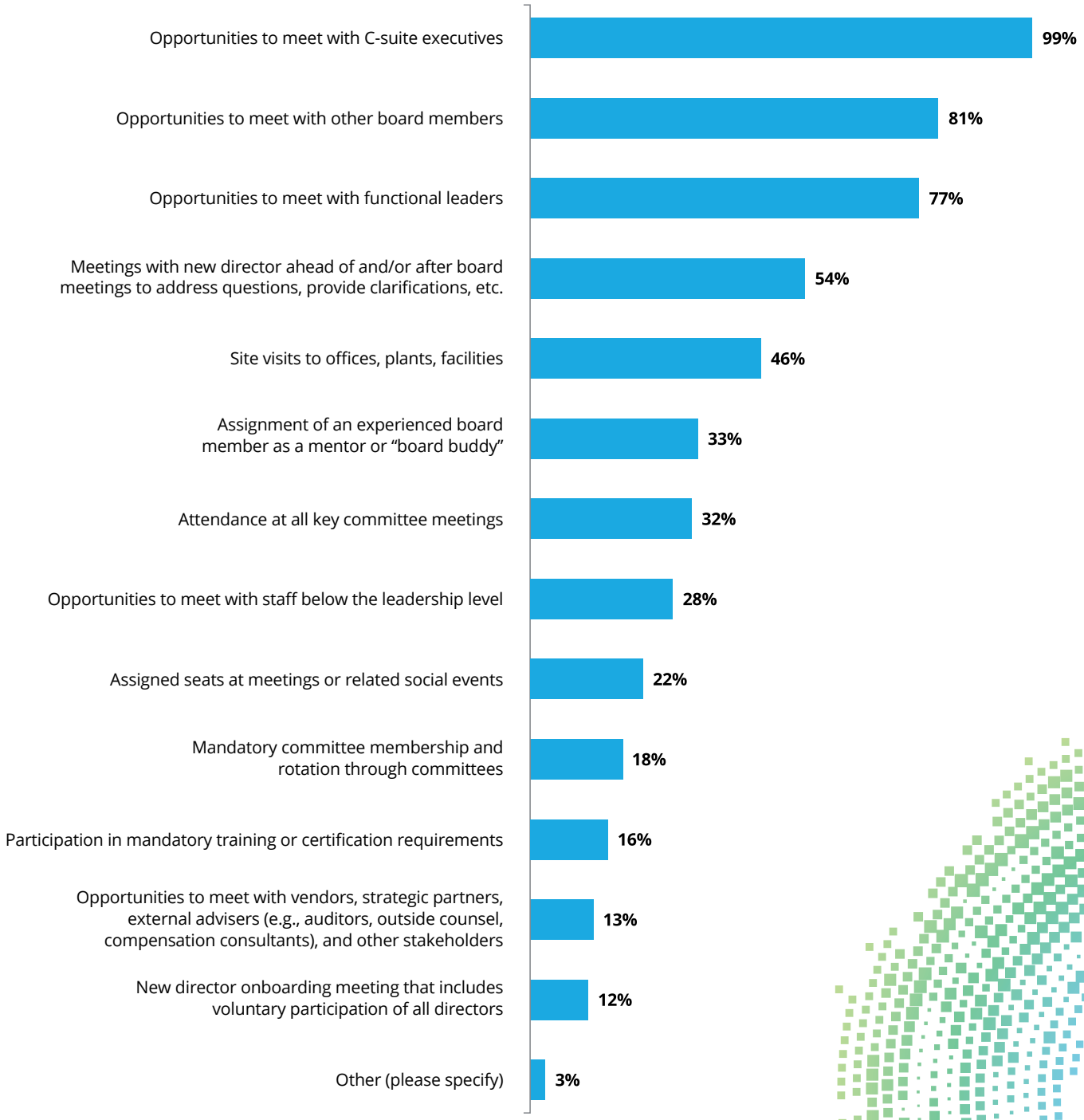
Note: *No respondent answered "Don't know".*

Your board's orientation and/or onboarding process (whether formal or informal) for new directors includes: [Select all that apply] (103 responses)

Across market caps, notable differences were:

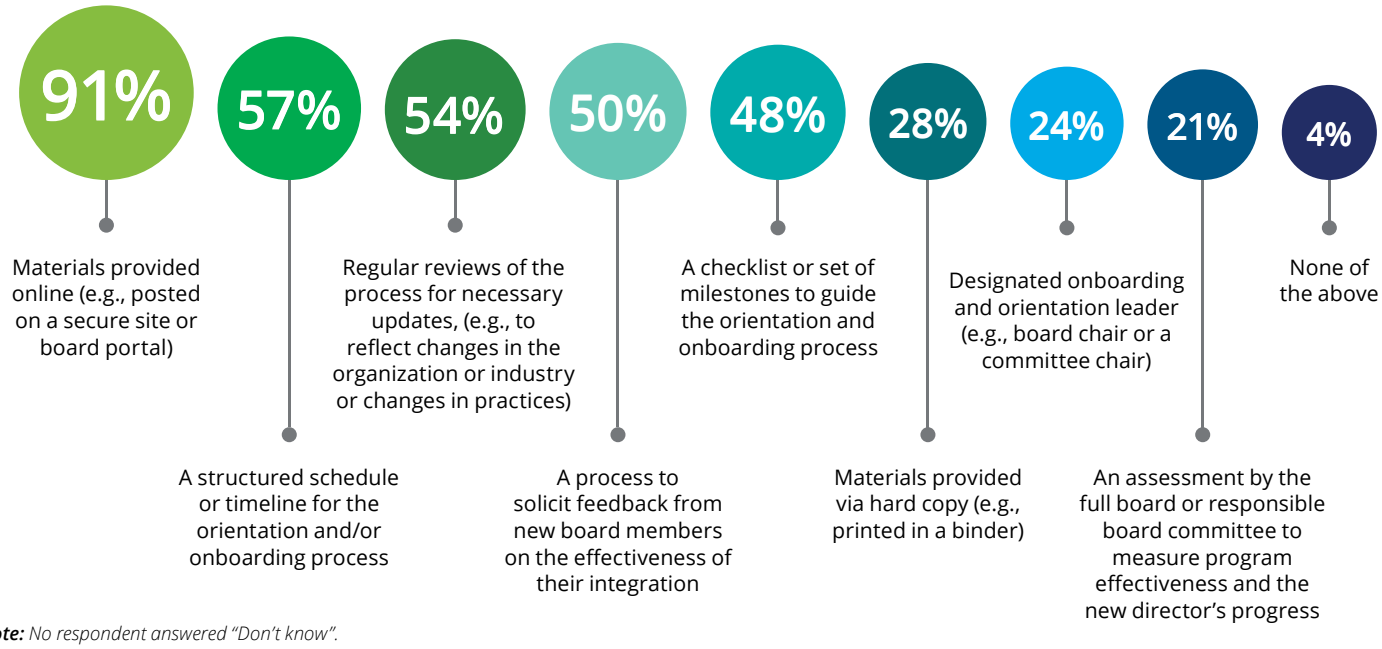
- Opportunities to meet with other board members—89% large-caps; 70% mid-caps
- Assignment of an experienced board member as a mentor or "board buddy"—40% large-caps; 26% mid-caps
- Meetings with new director ahead of and/or after board meetings to address questions, provide clarifications, etc.—62% large-caps; 48% mid-caps

In comparison, a similar question in our *2018 Board Practices Report* found a few notable differences. In 2018, 59% reported site visits to offices, plants, facilities (61% large-caps and 57% mid-caps); 79% reported opportunities to meet with other board members (77% large-caps and 82% mid-caps); and 13% reported the assignment of an experienced board member as a mentor (14% large-caps and 12% mid-caps).



Indicate whether your company's board orientation and onboarding program incorporates any of the following practices. [Select all that apply] (101 responses)

Providing materials online was definitively the most common practice indicated by 91% of respondents; just 28% provide materials in hard-copy format. The largest difference between market caps was whether the program included a checklist or set of milestones to guide the orientation and onboarding process in which 52% of large-caps and 42% of mid-caps reported doing so.



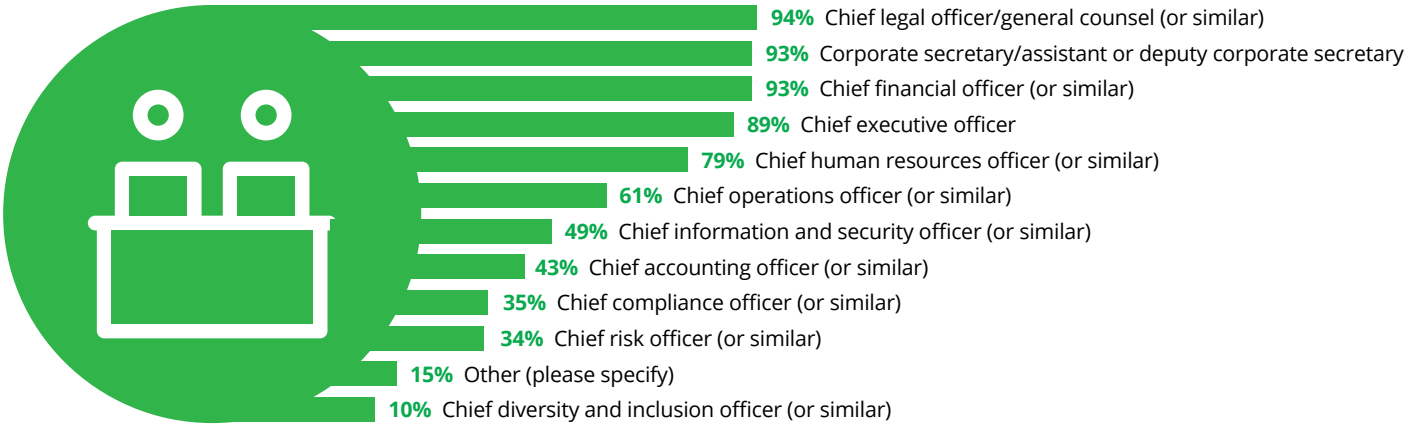
Note: *No respondent answered "Don't know".*

Indicate which members of management regularly participate in director onboarding and orientation. [Select all that apply] (100 responses)

Almost all companies (at least 93%) reported the chief legal officer, chief financial officer, and corporate secretary (or similar positions) as management that regularly participates in director onboarding and orientation. Least involved is the chief compliance officer, chief risk officer, and chief diversity and inclusion officer (or similar positions).

Across market caps, notable differences were found across these (or similar) positions:

- Chief human resources officer—85% large-caps; 73% mid-caps
- Chief information and security officer—55% large-caps; 42% mid-caps
- Chief accounting officer—57% large-caps; 29% mid-caps



Note: *No respondent answered "Don't know".*

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Founded in 1946, the Society is a professional membership association of more than 3,700 corporate secretaries, in-house counsel, outside counsel, and other governance professionals who serve approximately 1,000 public companies of almost every size and industry.

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Deloitte's Center for Board Effectiveness helps directors deliver value to the organizations they serve through a portfolio of high-quality, innovative experiences throughout their tenure as board members. Whether an individual is aspiring to board participation or has extensive board experience, the Center's programs enable them to contribute effectively and provide focus in the areas of governance and audit, strategy, risk, innovation, compensation, and succession.

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