

# PwC's Governance Insights Center

## New director orientation to the board

When a new director is added, it is important to give him or her an orientation to the company and the board. This will help the new director contribute to board deliberations quickly.



## Board orientation

A board orientation would likely include meetings with the following people, to the extent the roles exist:

- C-suite executives including the CEO, CFO, COO, general counsel and others
- Other executives that may include: business unit leaders, chief risk officer, ethics officer, chief information security officer (CISO), chief compliance officer (CCO), financial managers, external and internal auditors
- The board chair and other directors

### The orientation program could cover

Areas of responsibility	Possible individuals involved
The company's industry, strategy, competitors, and market position	CEO, CFO, COO, board chair
Organizational structure, operations and key personnel	CEO, COO, board chair
Key business issues, risks, and legal matters	CEO, chief risk officer, board chair
Key regulators and their area of focus	CEO, general counsel, board chair
Related parties	General counsel, board chair
Board operations, legal requirements and duties, committee structure and charters, typical meeting schedule, and the rhythm or cadence of meetings	General counsel, corporate secretary, board chair
Review of director duties of care and loyalty, and the business judgment rule	General counsel, corporate secretary, board chair
Board chair and committee chair roles	General counsel, corporate secretary, board chair, committee chairs
Policies that impact directors (ethics, conflicts of interest, etc.)	General counsel, corporate secretary, board chair
Directors and officers (D&O) insurance and indemnification	General counsel, corporate secretary
Management financial reports, critical accounting policies, capital structure, and liquidity	CFO, CAO, controller, AC chair
Earnings trends, earnings guidance practices and analyst interactions, and existing shareholder base	CFO, controller, investor relations, AC chair

## **Director orientation manual**

Some companies create an orientation manual for directors that could be in hard copy or located on its board portal. The manual typically includes:

- *Director and senior executive bios*
- *Schedule of board and committee meetings*
- *Director and executive contact list*
- *Director compensation*
- *Directors and officers insurance*
- *Insider trading policy*
- *Corporate governance guidelines*
- *Committee charters*
- *Bylaws*
- *Proxy*
- *Form 10-K / Annual Report*
- *Recent investor presentations*
- *Recent press releases and analyst reports*

An effective orientation may include meetings with management and visits to key operating sites. Some boards provide other support to help guide new directors through their first year on the board. For example, some assign another director—a “board buddy”—to answer questions and discuss matters before and after meetings. Some companies assign a key member of management to the new director as a resource.

Depending on their background and exposure/experience, individual directors may need different levels of orientation. For example, new directors may already have:

- Director experience which provides an understanding of the legal requirements and duties
- Industry experience, so an industry deep dive might not be necessary
- Experience working with the board of their company, so they understand how a board operates

### **How PwC can help with a director orientation program**

Often, when a company adds a new director (especially if the person will be on the audit committee) executives will ask PwC to help the new director’s transition. In such cases, there are a few approaches we can offer:

- 1.** The lead engagement partner can meet with the new director to discuss PwC’s role and key areas of financial reporting, internal control, and audit focus. This discussion might also cover the way PwC leverages internal audit and works with other groups within the company.
- 2.** PwC’s Governance Insights Center (GIC) team can meet with the new director to provide an update on emerging governance issues.
- 3.** We can provide relevant publications and ensure the new director receives our governance materials, including:

#### **a) Board Effectiveness—What Works Best**

Written by PwC GIC and published by the Institute of Internal Auditors Research Foundation. The book is available for download from the [IIARF website](#) using promotion code pwcgift. Read the executive summary [here](#). Hard copies are also available.

#### **b) Governance Insights**

A biweekly electronic publication that brings you the latest corporate governance and investor news—covering the intersection of shareholders and directors. It is also the launching point for new governance publications. Sign-up [here](#).



### c) Annual Corporate Directors Survey

Each year the survey draws close to 800 respondents. The results bring insight into what fellow directors think about key issues in the boardroom. Results are shared each fall. The 2016 survey results are available [here](#).

### d) Directors and IT

This recently updated guide helps directors bridge the “IT confidence gap” by helping them focus on IT risks and strategy. The core is the “IT Oversight Framework,” a six-step system that directors can follow to best meet their IT oversight responsibility. It also discusses “cybermetrics” including a menu of baseline metric information and other possible metrics. Click [here](#) to download.

### e) Risk Oversight Series

This series offers practical advice for directors on how they can add value when it comes to risk matters and provides a series of board actions that can be taken to help influence and oversee the culture a company adopts. Click [here](#) to download any issue in this series.

### f) Five Megatrends and Possible Implications—Directors Edition

The concept of megatrends is not new, but megatrends today are more complex and interconnected. They have potential implications on business—now and in the future. The five global megatrends that are shaping the world, driving markets and business, include:



Rapid urbanization



Shift in global economic power



Demographic and social change



Climate change and resource scarcity



Technological breakthroughs

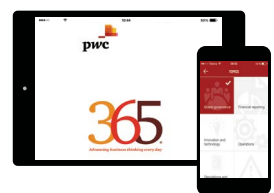
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*PwC's Governance Insights Center (GIC) maintains a website for directors and investors that you can visit at: [www.pwc.com/us/governanceinsightscenter](http://www.pwc.com/us/governanceinsightscenter)*

The website has information on key governance issues, audit committee resources, publications, director education, and more. And while on the site register for our mailing list for the latest updates and archives on corporate governance issues.

## ***Other considerations***

A new director may also be appointed to one or more committees, and will need committee specific orientation. See the **toolkit** on orientation for audit committee members.

## ***Contacts***

### **Paula Loop**

*Leader, Governance Insights Center*

+1 (646) 471 1881

paula.loop@pwc.com

### **Catherine Bromilow**

*Partner, Governance Insights Center*

+1 (973) 236 4120

catherine.bromilow@pwc.com

### **Terry Ward**

*Partner, Governance Insights Center*

+1 (612) 326 2066

terrence.j.ward@pwc.com

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