The Governance Solutions Group

BQs: 4.2016 Board Questions to Ask Today

Board Education Programs

Most directors understand that to be an effective overseer, they must continually update their knowledge of the organization, the industry and the environment in which their company operates. But ... how do you make that happen when directors are busy, meeting agendas are action-packed and sometimes it's unclear who has responsibility for initiating education activities. To help meet director needs, many companies are instituting formal director education programs.

1. What are the types of director education?

- A. New director orientation
- B. In-board meeting management reports
- C. In-board meeting advisor presentations
- D. In-board meeting third party presentations
- E. Guest speakers at board dinners
- F. Third-party conferences (including on-line webinars and podcasts)
- G. Publications
- H. Membership in an outside board governance support organization

2. What are the benefits of director education?

- A. Fulfills the director's fiduciary duty to be fully informed about company matters and about best practices in corporate governance.
- B. Enhances the leadership capability and skills of directors.
- C. Offers an opportunity to hear fresh, independent perspectives on substantive and board governance matters.
- D. Provides a forum to ask questions in a safe environment.
- E. Helps directors overcome specific challenges by introducing processes that assist in fulfilling their oversight role.
- F. Demonstrates responsiveness and accountability to shareholders and stakeholders.
- G. Optimizes board effectiveness.

3. Should we have a board education policy?

Many companies are instituting formal education policies. A sample policy is printed at the end of this article.

4. Who coordinates the board education?

Board education should be a responsibility of the governance committee. The CEO, directors and management should be encouraged to suggest potential independent opportunities and to suggest speakers they could discuss a topic at a board dinner or be scheduled for a presentation during a board meeting. The corporate secretary can be helpful in organizing and scheduling.



5. Should we track director education?

Policies that require directors to attend one event (or more) each year, require tracking. However, because board education happens in a variety of ways, most policies don't require individual director tracking, but do require that the corporate secretary remind, suggest and periodically report to the board on what education events have taken place and who has attended what

6. What should directors do after attending an independent workshop?

It is helpful if, when a director attends a third-party education session, that he or she spend a few minutes at the next board meeting relating key insights the session provided, followed by a board discussion.

ABC Company Director Education Policy (A template that should be amended to represent your board culture.)

At ABC Company, we understand that directors must continually update their skills and knowledge to be effective overseers of the Company. This education begins with a fulsome new director orientation process that includes individual talks with ABC's board chair, its chief executive officer and other key leaders; along with conversations with the Company's outside auditor and legal counsel.

Director education continues at each board meeting, through internal reports and presentations by Company executives and the sharing of information among directors.

Additionally, given today's complex and rapidly changing business, regulatory and governance environment, the board of directors recognizes the value of independent development and learning. Therefore, at most board meetings, the Company will include a discussion of an important topic facilitated by an independent leader, or an outside speaker may address the board at a dinner prior to the board meeting.

The board also encourages directors to periodically participate in third party facilitated board education sessions. In the reference section of the board materials for each regularly scheduled board meeting, the corporate secretary will include a list of qualified director education programs. The Company will pay these costs, including all fees and expenses associated with attending the program, not to exceed \$10,000 per director in any fiscal year. At the board meeting following the directors' participation in such a seminar, the director is expected to comment on the education session and share key learnings.