New Director Onboarding

What New Directors Need to Know in Their First Ninety Days

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01 Board Basics

The first weeks are about how the board works and what it governs

THE BOARD AND ITS COMMITTEES

- The structure of the board and its committees
- Committee charters, membership, and chairs
- Meeting cadence and how work reaches the board
- Key management contacts and advisers

THE FIRST NINETY DAYS

- Review governance documents and minutes
- Meet management and fellow directors
- Understand strategy and the risk profile
- Complete certifications and disclosures

02 Fiduciary Duties

Every director owes duties of care, loyalty, and oversight

DUTY OF CARE AND LOYALTY

- Act on an informed basis and in good faith
- Put the company ahead of personal interests
- Devote the time the role requires
- Rely reasonably on management and experts

THE OVERSIGHT DUTY

- Ensure reporting systems exist
- Act on the red flags that surface
- Oversight failures can create liability
- Recent Delaware cases have raised the bar

In re Caremark Int'l Inc. Derivative Litig., 698 A.2d 959 (Del. Ch. 1996); *Marchand v. Barnhill*, 212 A.3d 805 (Del. 2019).

03 Governance and Protections

The board directs; management runs the business

BOARD VERSUS MANAGEMENT

- Delaware law vests management of the company in or under the direction of the board
- The board directs; management operates
- Involvement scales with risk and significance
- Governance guidelines set the boundaries

PROTECTIONS FOR DIRECTORS

- Indemnification to the fullest extent of the law
- Expense advancement before final judgment
- Side A D&O insurance as a backstop
- The business judgment rule protects informed decisions

Del. Code Ann. tit. 8, § 141(a).

04 Personal Conduct Rules

A few obligations apply the moment a director joins

INSIDER TRADING

- No trading on material nonpublic information
- Observe blackout periods and preclearance
- Understand what makes information material
- Tipping carries the same liability

DISCLOSURE AND RELATIONSHIPS

- Related-party transactions need approval
- Conflicts of interest must be disclosed
- External communications flow through set channels
- Regulation FD limits selective disclosure

The New Director’s Checklist

Five things to master in the first ninety days

1. **Learn the Board** Understand committees, charters, and process.
2. **Know Your Duties** Internalize care, loyalty, and oversight.
3. **Understand Protections** Know indemnification, D&O, and the business judgment rule.
4. **Follow Trading Rules** Observe insider-trading and preclearance rules.
5. **Manage Conflicts** Disclose conflicts; route related-party matters.