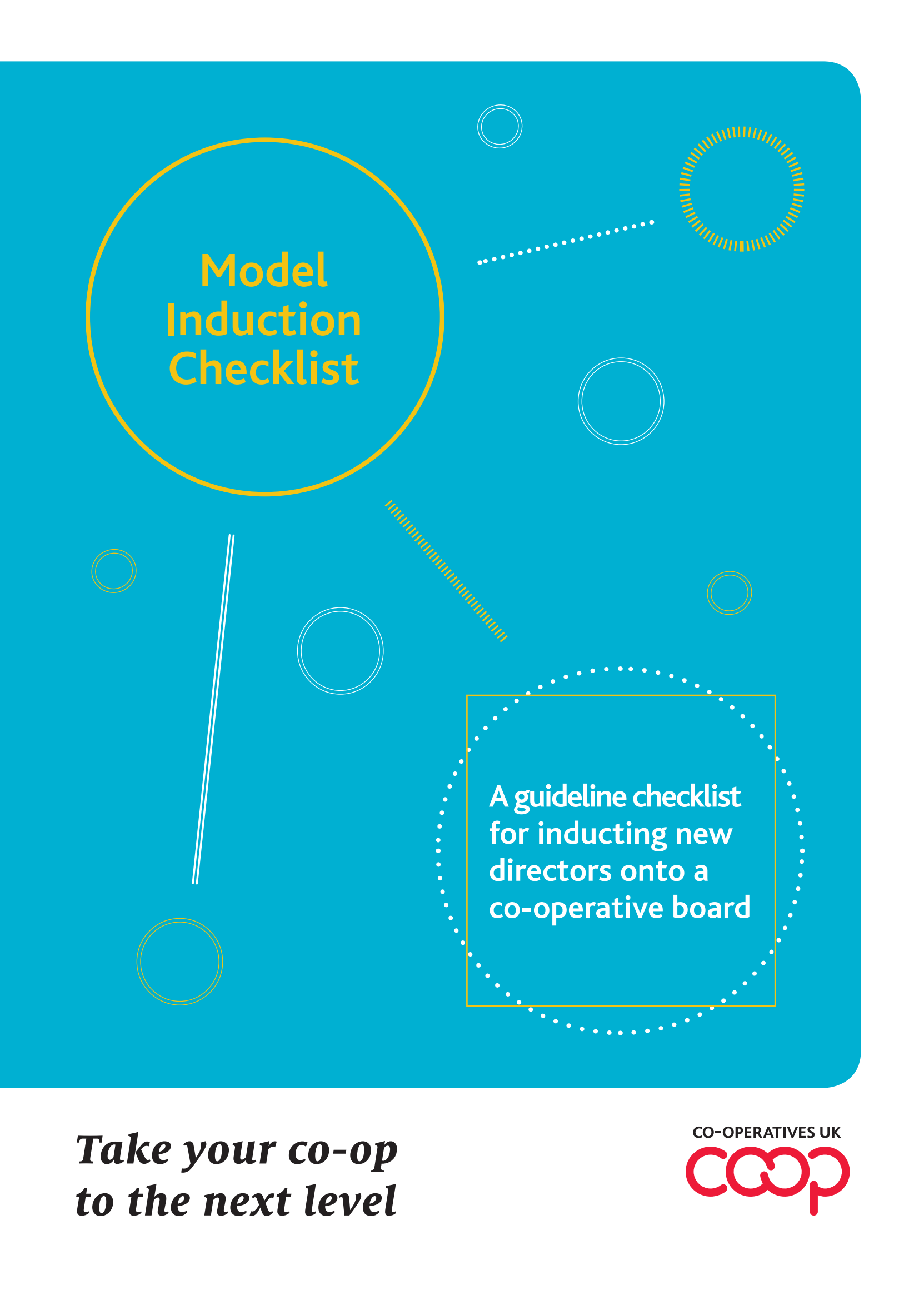




Model Induction Checklist

A guideline checklist
for inducting new
directors onto a
co-operative board

***Take your co-op
to the next level***

Model Induction Checklist

Directors should be properly inducted into their role as a board member of the co-operative that they are joining. Every co-operative should develop its own comprehensive, formal induction programme that is tailored to the needs of the co-operative and individual directors that must be completed by each director within an agreed timescale. As a general rule a combination of selected written information together with presentations and activities such as meetings and site visits will help to give a new appointee a balanced and real-life overview of the co-operative. Care should be taken not to overload the new director with too much information. The new director should be provided with an overview of the induction programme so that they may ask for information as and when required.

The following guidelines might form the core of an induction programme and are taken from the ICSA guidance on induction of directors¹.

Purpose of induction

To educate the director such that he or she can become as effective as possible, as quickly as possible, in the new role² and to build an understanding of the nature of the co-operative, its business and the markets in which it operates.

Approach to Induction

Inductions should be tailored to the prevailing needs of the co-operative and the individual directors. An induction programme may need to be flexible to ensure that new directors receive the right level of information for them at the appropriate times. If possible devise the induction programme in conjunction with the director to enable the induction to be as useful as possible to them and cover any additional information they may request.

If possible plan the induction programme with reference to director training and ongoing development as one should transition smoothly into the other. Where possible try to ensure that the new director is provided with first-hand experience of the co-operative to enable them to understand the work and ethos of the co-operative.

It is important to review the induction programme at a mid-way point to seek feedback as to whether the director's, and the co-operative's, needs are being met. Such feedback may also be helpful to use to build on any future inductions for new directors.

What to include in an induction programme

Broadly an induction should cover:

¹ ICSA Guidance Note I20606; June 2012.

² Section L, page 17, Corporate governance code for consumer co-operative societies.

- The co-operative's products or services and trading areas.
- Details of the co-operative's vision and strategy, and key performance indicators.
- Any lower tier membership structure, area and regional committees, subsidiaries and joint ventures.
- The co-operative's governing document and associated documents – including a Code of Conduct for Directors, board procedures and protocols, matters reserved for the board and details of any board committees.
- Summary details of the co-operative's principal assets, liabilities, significant contracts and major competitors.
- The co-operative's major risks and its internal risk management strategy.
- Regulatory constraints.
- Building links with the co-operative's people including meeting the management executive and other key staff (if applicable), site visits away from the head office, details of member groups and employee committees.
- Building understanding of the co-operative's main relationships including its members, major stakeholders, suppliers and auditors.

What information should be shared during the induction programme?

It is often easy to bombard new directors with lots of information in order to ensure that they are equipped to carry out their role. However, it is useful to supply information at regular intervals so that a director can absorb information at a steady pace.

It is suggested that information sharing can be divided into 3 parts:

1. Essential and immediate
2. Important and necessary
3. Desirable and useful.

1. Essential and Immediate

This is information that needs to be given to the director prior to the first board meeting. Methods of delivery vary, some of the information needs to be sent to the director with his/her appointment letter; some could be deferred until a meeting after the board papers have been issued, so that the secretary can review the board pack with the director before the first meeting to highlight any relevant issues. Others could be provided through the use of webinars or other online learning tools.

a. Directors' Duties

An outline of the role of a director and a summary of his/her responsibilities and ongoing obligations outlined in the Code of Conduct for Directors under legislation, regulation and best practice.

b. The co-operative's position on:

- Matters reserved for the board.
- Delegated authorities.
- The policy for obtaining independent professional advice for directors.
- Directors' fees and the co-operative's expenses policy and method of reimbursement.
- Other standing orders, protocols, policies and procedures of which the director should be aware.

c. Conduct and behaviour

An outline of the expectations of the board in terms of its output and behaviours and guidance on the co-operative's culture, values and ethics as outlined in the Code of Conduct for Directors.

d. Aspects of the business, including:

- Current strategic plan, business plan and key performance indicators, market analysis and budgets for the year with revised forecast, and three/ five year plan.
- Latest annual report and financial statements, and interim statements as appropriate.
- List of subsidiaries and joint ventures (if appropriate).
- Summary details of insurance policies including director and officer liability insurance.
- Status of the co-operative's pension plans, including any deficits.
- Marketing and branding.
- Details of any major litigation, either current or potential, being undertaken by the co-operative or against the co-operative.
- Key governance issues affecting the co-operative **[including any areas of non-compliance with an appropriate Corporate Governance Code]**.
- Funding position and arrangements.
- Dividend policy (if appropriate).
- The International Co-operative Alliance's Statement of Identity.
- Any other mission statements and reports issued by the co-operative such including a summary of the main events (such as transfers of engagements, mergers, divestments, introductions of new products, diversification into new areas, restructuring etc.) over the last three years.

e. Board Issues, including:

- An up to date copy of the co-operative's governing document and associated documents.
- Minutes of at least the last 3 board meetings.

- Schedule of dates, times and venues of future board meetings and board committees, if appropriate.
- Description of board procedures covering details such as when papers are sent out, the normal location of meetings, how long they last and an indication of the routine business transacted.
- Brief biographical and contact details of all directors of the co-operative, the secretary and key members of the management executive (if appropriate). This should include their dates of appointment and any board committees upon which individual directors sit.
- Training in the use of any board portal or online board paper facility.
- Details of board committees together including any terms of reference, a schedule of the membership of each committee and, if the new director has been appointed/elected to a committee, copies of the minutes of meetings of that committee during the previous 12 months.

2. Important and necessary

The following information is necessary in order to assist the director to develop his/her knowledge of the co-operative, its operations and staff.

It is suggested that this information is provided to him/her on request, or within three months of appointment. This could include:

- Copies of any recent media coverage concerning the co-operative itself or any associated suppliers/stakeholders.
- The co-operative's risk management procedures and relevant disaster recovery plans.
- An introduction to the an appropriate Code of Governance and the co-operative's reporting requirements against it.
- A brief history of the co-operative including any major mergers, transfers of engagements, acquisitions and other significant events during its history.
- Details of any general meetings held in the last 3 years where significant decisions have been taken.
- The organisational chart and management succession plans.
- A copy of all management accounts prepared since the co-operative's last audited accounts.
- The co-operative's member engagement policy and details of any non-member investors.
- Details of the five largest suppliers to the co-operative, including CRTG (if appropriate).
- Policies including commitments relating to:
 - a. Health & Safety
 - b. Corporate Social Responsibility
 - c. Environment

d. Ethics and Whistleblowing

e. Bribery

f. Tendering

g. Equality and Diversity

- Charitable, co-operative and political donations.
- Glossary of co-operative/co-operative movement terminology and acronyms.

It would also be appropriate for the director to meet the members of the management executive (if appropriate), and other key members of staff, during the induction programme so that the director begins to get a view of the depth of management available.

3. Desirable and Useful

The following is additional information the director may find useful and will differ for each co-operative. The secretary should use his/her experience and knowledge to pass on information to enable the director to become accustomed to the business as soon as possible.

- Informal protocol and procedures for board and members meetings, formal dinners, social occasions, site visits etc.
- Details of the co-operative's professional advisers (lawyers, bankers, auditors, registrars etc.), both internal and external, with the name of the partner dealing with the co-operative's affairs.
- Procedures for:
 - a. Financial statements sign off;
 - b. Trading results announcements;
 - c. Items requiring approval outside of scheduled board meetings.

Example Board Induction Pack Contents

Welcome • Directors Code of Conduct • Hospitality and Gifts Policy • Expenses policy and forms	1
Strategic • Strategic Plan • Three year budget • Annual Report & Financial State-ments	2
Meetings • Meeting dates & practical ar-rangements • Minutes of previous 3 meetings • Standing orders for Board meetings	3
Board of Directors • The Board of Directors – extract from Annual Report/website • Director contact list • Details of insurance in place	4
Internal • Staff structure chart • Contact list • Logo and brand guidelines	5
Governance • Governance Structure • Rule book 2015 • Statement of Co-operative Identity (ICA)	6

Essential reading

This is part of a series of resources making up the **Directors Toolkit** accessed via www.thehive.coop/governance

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