

When there are risks around every corner, organizations must be all at once more informed, more secure, more collaborative and more purpose-driven.

Consequently, directors and executives must have a firm grasp on all the workflows, policies, stakeholders and moving parts that have a governance impact. These leaders need technology that can evolve as quickly as the business environment. Otherwise, they may fail to make the right decisions at critical times, and expose their organizations to costly risks.

It's a lot to keep up with. But with this checklist, organized into four key competencies of a mature governance practice, you can drastically improve your organization's efficiency — and always be ready to transform challenges into opportunities.

"Good governance is ultimately what is right for the long-term health of the company."

Marc Hodak

Partner Farient Advisors

Governance maturity is built on:

01

A diverse board that can securely and effectively work from anywhere

02

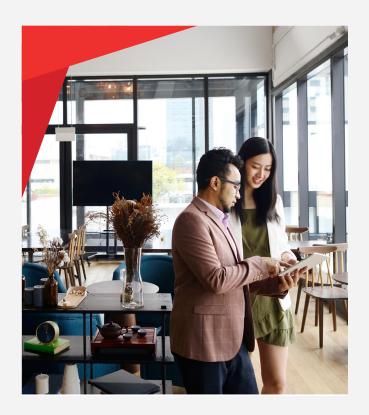
Seamless entity and subsidiary management

03

Efficient, always-updated equity and cap table management

04

Curated market and compensation intelligence



Assemble a diverse board that can work securely and efficiently from anywhere

To future-proof your organization against potential risks, you need a board that's as diverse as the challenges you face. But those directors must be able to communicate effectively and securely - or they can't provide effective oversight.

By digitizing board processes and securing lines of communication, your organization can shift time and energy from administrative chores to more strategic outputs. Your board will thank you.

Boost board efficiency

- □ Acquire board technology that can support virtual meetings, virtual voting and signatures, and secure file sharing.
- ☐ Digitize routine board tasks including board evaluations, D&O questionnaires, voting and signatures — to boost efficiency and promote secure collaboration.
- ☐ Digitize all routine corporate secretary tasks, including board meeting preparation, book-building, board material dissemination, board book edits, questionnaires and analysis, and minute-taking.

- ☐ Replace text messages and corporate or personal email with a secure messaging platform that centralizes all board and executive communications.
- □ Power better decision-making by providing directors with dashboards and data visualizations that offer a 360-degree view of risk, compliance, audit, ESG and corporate culture.
- ☐ Maintain an up-to-date crisis response plan that covers all essential aspects of the business.

Diversify board composition to accelerate performance

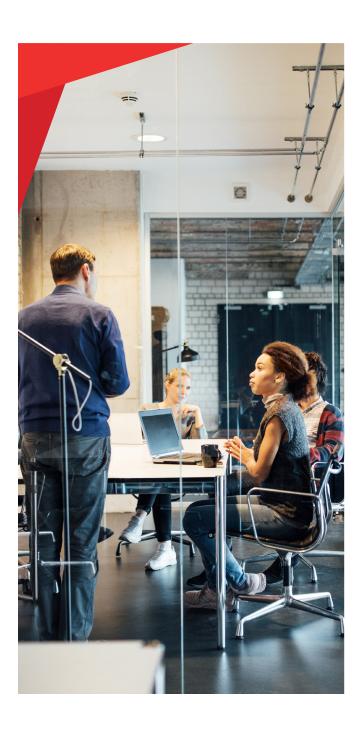
- ☐ Regularly evaluate your board to ensure it has the right mix of skills to meet today's expanding challenges, including cybersecurity risks, sustainability initiatives, and customer and employee demands regarding diversity and corporate culture.
- ☐ Establish a board education program that allows directors to upgrade their skills.
- ☐ Routinely benchmark your board composition (e.g., gender diversity, average tenure, age dispersion) against industry peers and investor standards.
- ☐ Use a governance technology solution to identify red flags related to board composition and extend your reach beyond the board's social network, so you can choose from a diverse range of candidates.

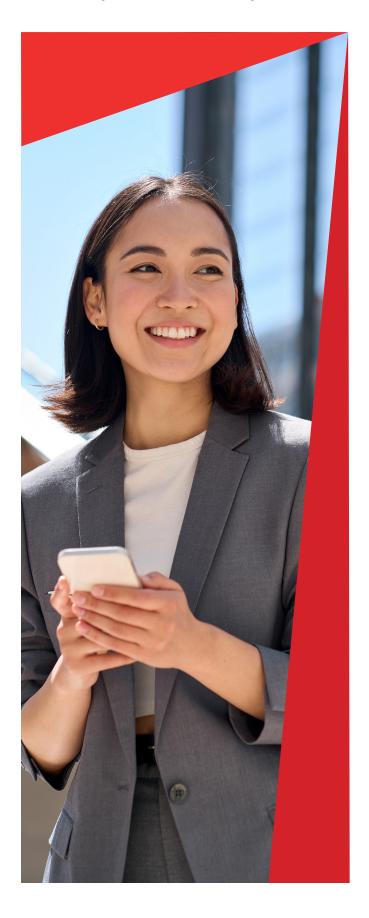
- □ Recognize the connection between board and company diversity, and regularly discuss diversity and inclusion in the boardroom.
- □ Be prepared to discuss board composition with your investors and stakeholders specifically around your strengths, weaknesses and process.
- Conduct regular board evaluations to track director performance across core competencies.
- ☐ Use an enterprise risk management (ERM) framework to assess potential risks and opportunities.
- □ Put appropriate succession plans in place should a director, board committee member or CEO leave the company or change roles.

Keep the board's data and communication secure

- ☐ Provide directors and officers with a secure alternative to corporate or personal email (i.e., a dedicated, encrypted channel for sensitive communication), so confidential data or messages don't go astray.
- ☐ Use encrypted workflows when preparing materials for the board and committee meetings, and when sharing information with trusted third parties.
- Make sure current tools have advanced settings for privacy shielding, user permissions and data storage.
- ☐ Use tools that can remotely wipe data on devices that are lost or stolen.

- ☐ Create a dedicated channel for directors and officers to communicate with one another during a crisis.
- ☐ Maintain an up-to-date crisis response plan that covers all essential aspects of the business.





How Diligent can help

Digitize all board preparation and meeting processes

Easily digitize board processes including building agendas and board books, recording minutes and voting, so you can save time and so directors can collaborate seamlessly from anywhere.

Secure all board and third-party communication

Mitigate the risks of email and text messaging with Diligent Messenger, an encrypted messaging app, and safely share information with trusted third parties using Diligent Secure File Sharing.

Examine your board's KPIs through a shareholder's lens

View composition and other performance indicators through the eyes of your shareholders — accessing the same data used by proxy advisor Glass Lewis.

Build a diverse candidate pipeline

When you need to fill an open board seat, use the Diligent Director Network to unlock a vast database of qualified candidates. Nom/gov committees can search based on their desired criteria and even identify the "shortest referral path" to candidates, saving time and resources.

02

Enable seamless entity and subsidiary management

If your organization manages multiple entities, you have a lot of information to keep track of. From compliance requirements to filing deadlines, staying on top of key details is essential in order to avoid fines and penalties. How do mature organizations juggle it all? By centralizing their entity data into a single, reliable source of truth.

- ☐ Adopt a secure information-sharing system that allows your corporate secretary, general counsel and paralegals to quickly access the documents and data they need.
- ☐ Closely monitor media, sanctions and watchlists to stay on top of potential risks related to your entities.
- ☐ Foster a culture of collaboration by organizing corporate information into a centralized data library that approved users can access at any time.
- ☐ Increase efficiency by pre-assigning reviews of critical documents.
- ☐ Use calendars, reminders and workflows to automatically prompt periodic reviews of each record and maintain accuracy.
- ☐ Carefully track filing and reporting requirements for taxes and changes in ownership.

How Diligent can help

Save time on entity data management

Spend up to 70% less time gathering, entering and managing entity and subsidiary data by replacing manual spreadsheets with automated workflows.

Spend less on outsourced legal work

With a single, organization-wide platform for entity and subsidiary management, reduce costs related to outsourced entity management by up to 90%.

Improve stakeholder confidence

Increase transparency by giving your authorized stakeholders immediate access to accurate company records via a centralized and reliable single source of truth.

Enable self-service data requests

With Diligent Entities, organizational departments — including tax, accounting, compliance, legal and finance — can access the information they need, when they need it, from one central corporate record.

Position the organization for strategic growth — or strategic divestitures

Use Diligent Entities to act swiftly and speed up due diligence when presented with organic or inorganic growth or divestiture opportunities. Be confident your corporate record and subsidiary data is accurate and up-to-date.

03

Simplify and speed up equity and cap table management

Your cap table provides a clear picture of your company's worth, so it's critical that the data be up to date and accurate at all times — especially as your business grows and ownership becomes more complex. In addition, your cap table should include equity shares, preferred equity shares, warrants and convertible equity.

By customizing the cap table based on your business's needs, you can help your board make better decisions.

- ☐ Make sure your cap table is accurate, contains the most up-to-date information and is easily reportable.
- ☐ Give relevant, approved parties access to the cap table so they can add in their updates without delays.
- ☐ Migrate away from spreadsheets and manage your cap table with a secure, centralized system that minimizes human errors.

How Diligent can help

Ensure accurate cap tables

Using Diligent Cap Table Management, ensure that your cap table is accurate and easily reportable for new funding rounds, warrants and option plans.

Ditch the spreadsheets

Manage your cap table calculations on a secure, cloud-based system that saves time and eliminates errors. Easily issue electronic certificates and model scenarios in minutes.

Get support from trained paralegals

Receive expert support for seamless onboarding and easy implementation.

04

Make better decisions with exclusive market and compensation intelligence

Today's boards are faced with tough decisions related to ESG, cybersecurity, company culture and executive compensation. To remain competitive, mature organizations benchmark themselves against their peers — leveraging clear lines of sight into stakeholder sentiment and their own reputational health.

Monitor progress against ESG initiatives

- ☐ Regularly measure your organization's progress toward its ESG goals and keep detailed, auditable reports of your ESG data. This is especially critical if your organization is subject to any formal reporting requirements, such as the recently enacted CSRD or the SEC's pending disclosure rule.
- ☐ Measure and review data on various ESG components to identify red flags and areas for improvement.
- ☐ Leverage existing frameworks (e.g., SASB, GRI) to better understand ESG components and materiality.

Scan for risks

- Provide directors and officers with curated snapshots of global news coverage about the company and its competitors.
- ☐ Actively monitor company "health scores" based on news sentiment and social media.
- ☐ Ask your general counsel and/or corporate secretary to curate articles about regulatory updates and industry trends for the board.

Craft executive compensation plans that will satisfy stakeholders

- ☐ Use trusted tools to obtain trustworthy shareholder intelligence and spot potential red flags in compensation plans.
- ☐ Review peer group compensation data from proxy advisory firms on an annual basis, and make adjustments where appropriate.
- ☐ Ensure the Compensation Discussion & Analysis (CD&A) section of your proxy statement clearly communicates the board's compensation philosophy and "reasons why."
- ☐ Enable access to an external market compensation database, which can be analyzed with or without a compensation consultant.
- ☐ Use tools that allow pay-for-performance analysis and peer group modeling, which can be accessed with or without the compensation consultant.
- □ Implement ESG metrics in executive compensation packages.



How Diligent can help

Measure progress on ESG goals

Track progress against standard ESG frameworks, monitor for regulatory developments and benchmark governance practices against your peers.

Get exclusive access to the same data as investors and proxy advisors

Access the same governance data and compensation tools used by proxy advisor Glass Lewis.

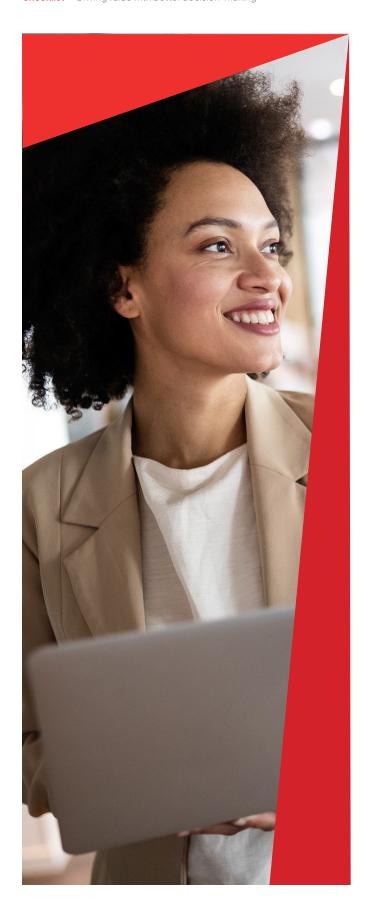
Deliver insights and information to the board

Curate important news and resources directly from your board management software.

"You don't want to make [executive] compensation decisions in isolation."

Shai Ganu

Managing Director Willis Towers Watson



Use governance best practices to build a more resilient organization

No organization achieves governance maturity overnight. The best practices outlined in this checklist require an ongoing effort, but one that is made easier with the right tools and knowledge.

By consolidating your governance activities into one digital platform, you can achieve significant cost savings, promote efficient and secure collaboration, and track your progress—ensuring your organization can face any challenge that comes its way.

To achieve governance best practices, book time with a Diligent Governance Advisor to discuss current challenges and map out your organization's path forward.

Schedule a demo today 🕨

"Establish the governance structure you will need. Align your strategic objectives to these areas of impact. Institute policies and controls to withstand market scrutiny. The time to act is now."

Kristen Sullivan

Partner, U.S. Sustainability and ESG Services Leader Deloitte & Touche LLP



About Diligent

Diligent is the global leader in modern governance, providing SaaS solutions across governance, risk, compliance, audit and ESG. Empowering more than 1 million users and 700,000 board members and leaders with a holistic view of their organization's GRC practices so they can make better decisions, faster. No matter the challenge.

For more information or to request a meeting:

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