



# GOVERNANCE MATURITY CHECKLIST

## DRIVING SUCCESS WITH A DIGITAL TRANSFORMATION



The technology, processes and skills that today's companies need are evolving as quickly as the business landscape. Organizations must be all at once more informed, more secure, more collaborative and more purpose driven.

In order to fully meet these rising standards, business leaders must have a grasp of all the workflows, insights, policies, stakeholders and moving parts that make up an organization and its activities. Without it, leaders may fail to make the right decisions at critical times and can expose their organizations to extremely costly governance deficits and operational risks.

The following checklist, organized into four core competencies of modern governance, will help you identify potential governance deficits and provide recommendations to solve them.



**Board & Committee Effectiveness**



**Security & Communication**



**Risk & Compliance**



**Data & Intelligence**

---

“Modern governance is being adaptable, responsive, and decisive. Those are the three key pieces to moving forward in a modern world.”

**Heidi Schedler**  
General Counsel & Corporate Secretary,  
Halifax Water

---



## BOARD & COMMITTEE EFFECTIVENESS

To future-proof the organization for the challenges ahead, board performance and composition are key. Board members and their skill sets must be diverse in ways that mirror the organization's long-term strategy. Digitizing board processes also plays an important role in shifting the time and energy of governance teams from administrative processes to more strategic outputs.

### Board Efficiency

- Our board and leadership team are equipped to operate virtually with all the necessary capabilities to support virtual meetings, virtual voting and signatures, and secure file sharing.
- All routine board tasks have been digitized: board evaluations, D&O questionnaires, voting and signatures.
- All routine corporate secretary tasks have been digitized: board meeting preparation and book building, board material dissemination, board book edits, questionnaires and analysis, and meeting minute-taking.
- To ensure sensitive information remains in a closed loop, we have a secure alternative to email and text messaging for confidential documents, data and conversations.

### Board Composition

- We conduct regular board evaluations to ensure the board has the right mix of skills.
- We routinely benchmark board composition (e.g., gender diversity, average tenure, age dispersion) against industry peers and investor standards.
- We leverage a governance technology solution to identify red flags and improvement areas related to our board composition.
- We leverage a governance technology solution to build a diverse pipeline of board candidates, extending our reach beyond the board's social network.

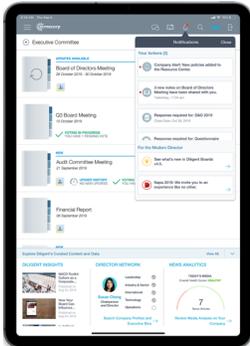
- We regularly discuss diversity and inclusion in the boardroom and recognize the connection between board and company diversity.
- We are prepared to discuss board composition with our investors and stakeholders – specifically around our strengths, weaknesses and process.

### Board Performance

- We conduct regular board evaluations to track director performance across core competencies.
- We have appropriate succession plans in place should a director, board committee member or CEO leave the company or change roles.
- We have an up-to-date crisis response plan that covers all essential aspects of the business.
- We have a corporate purpose statement in place and use it to guide decision-making.
- We leverage an Enterprise Risk Management (ERM) framework to assess potential risks and opportunities.
- We have an onboarding program in place for new directors that helps them get up to speed quickly and effectively.
- We have a board education program that ensures the ongoing professional development of our directors.

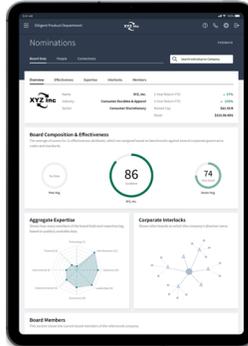


# Key Features of Diligent’s **Board & Leadership Collaboration** Solution



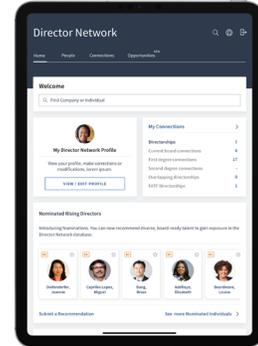
## Digitize all board preparation and meeting processes

With Diligent Boards, organizations can digitize board processes and collaborate more seamlessly in a virtual world.



## Examine your board through a shareholder’s lens

With Diligent Nominations, boards can view composition and other performance indicators through the eyes of their shareholders – accessing the same data used by proxy advisor Glass Lewis.



## Leverage technology to build a diverse candidate pipeline

With Diligent’s Director Network, boards have access to 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.



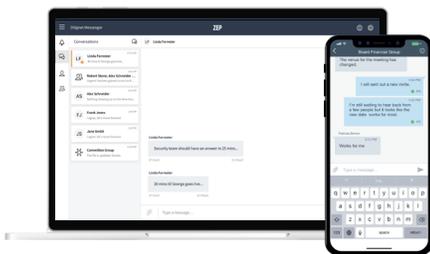
## SECURITY & COMMUNICATION

Maintaining security without sacrificing effective communication is a foundational element of modern governance best practices. Boards, executives and governance teams all regularly handle sensitive data and nonpublic information. Consequently, directors and officers require collaboration tools that protect confidential data while mirroring the way they work: on the go, across departments and with third parties.

- We have provided directors and officers with a secure alternative to email (i.e., a dedicated, encrypted channel for sensitive communication).
- We leverage encrypted workflows when preparing materials for the board or other sensitive meetings, resolving challenges with security and version control.
- We use encrypted workflows and virtual data rooms when sharing sensitive information with trusted third parties (e.g., auditors, consultants, outside counsel).
- Our current tools have advanced settings for privacy shielding, user permissions and data storage.
- Our current tools have the ability to remotely wipe data on devices that are lost or stolen.
- We have provided directors and officers with a dedicated channel for communicating in a crisis.

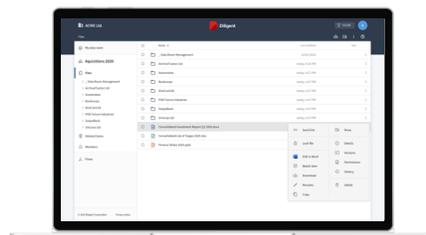


## Key Features of Diligent's **Board & Leadership Collaboration Solution**



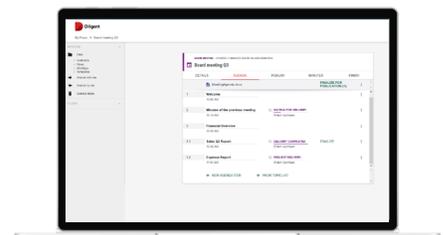
### Secure all sensitive communication

With Diligent Messenger, organizations can mitigate the risks of email and text messaging with an encrypted messaging app that mirrors the way leaders actually work.



### Safeguard communication with third parties

With Diligent Secure File Sharing, sensitive information can be shared securely with trusted third parties – particularly in cases of M&A, external audits, and legal or compensation discussions.



### Lock down meeting workflows

With Diligent Secure Meeting Workflow, documents are centralized and secured as internal teams collaborate for sensitive meetings, also eliminating pain points around version control.



## RISK & COMPLIANCE

Expanding regulations, political uncertainty and cyber threats all contribute to a heightened profile of organizational risk. A modern governance solution enables timely access and reporting across departments, as well as visibility and confidence in the organization's compliance across jurisdictions.

### Regulatory Compliance

- ❑ The organization's departments (e.g., legal, tax, finance and treasury) collaborate to manage one central corporate record or "single source of truth."
- ❑ We leverage automated compliance workflows to meet all legal, regulatory and contractual obligations across the business.
- ❑ We leverage software to identify compliance gaps and track corrective action.
- ❑ We can visualize our group structure across entities and access real-time information on subsidiary directors and officers.
- ❑ Our board of directors is satisfied with their level of visibility into the organization's regulatory compliance.

### Policy Adherence

- ❑ Within my organization, all required organizational policies have been defined and documented.
- ❑ Organizational policies are reviewed and updated at least annually.
- ❑ Organizational policies are distributed and communicated to all employees and relevant parties.
- ❑ Adherence to organizational policies is formally and objectively measured and reviewed.
- ❑ Policy adherence is linked to regulatory compliance requirements (as appropriate).

### Risk Management

- ❑ My organization uses a formally defined risk framework based on industry best practice, such as ISO 31000.
- ❑ Policies, standards and procedures for managing risk are formally defined and documented.
- ❑ The organization has formally defined or specified the amount and type of risk it is willing to take, relative to its strategy, requirements and objectives.
- ❑ Reviews are regularly performed to identify new or emerging risks.
- ❑ Risks are assessed and treatment plans are made in accordance with the organization's objectives, risk criteria and available resources.



## Key Features of Diligent's **Operational Governance** Solution



### **Increase visibility into compliance obligations**

With Diligent Compliance, organizations can automate scheduling and notification of reviews, map and record evidence for obligations, and analyze compliance posture in real time.



### **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**

With Diligent Entities, organizations can act swiftly when presented with organic or inorganic growth opportunities, knowing that their corporate record and subsidiary data is accurate and up to date.



## DATA & INTELLIGENCE

Visibility is critical to good governance. Not only must organizations have the ability to benchmark themselves against their peers and competitors, but they also need clear lines of sight into stakeholder sentiment and reputational health. Organizations that practice modern governance are leveraging technology and data solutions for everything from board recruiting to ESG reporting to compensation benchmarking.

### Environmental, Social & Governance (ESG)

- We frequently discuss ESG goals and initiatives at the board/management level.
- My board/organization leverages existing frameworks (e.g., SASB, GRI) to better understand ESG components and materiality.
- My board/organization brings in speakers, consultants or subject matter experts to learn more about how other companies are approaching ESG.
- My board/organization measures and reviews data on various ESG components to identify red flags and areas for improvement.

### Environmental Scanning

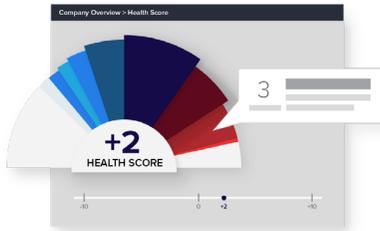
- Directors and officers receive snapshots of global news coverage about our company.
- Directors and officers receive snapshots of global news coverage about our competitors.
- We actively monitor company “health scores” based on news sentiment and social media.
- Our GC/corporate secretary curates articles about regulatory updates and industry trends for the board.
- My organization has excellent shareholder intelligence with tools to spot potential red flags.

### Executive Compensation

- My board/organization annually reviews peer group data from proxy advisory firms and makes adjustments where appropriate.
- The Compensation Discussion & Analysis (CD&A) section of our proxy statement clearly communicates the board’s compensation philosophy and “reasons why.”
- My board/organization has access to an external market compensation database, which can be accessed and analyzed with or without the compensation consultant.
- My board/organization has access to tools that enable pay-for-performance analysis and peer group modeling, which can be accessed with or without the compensation consultant.
- My board has begun to implement (or at least seriously discuss) ESG metrics as part of executive compensation packages.



# Key Features of Diligent's **Advanced Governance Analytics** Solution



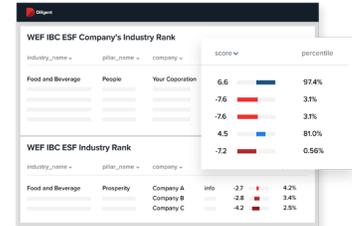
## Operationalize ESG goals

With Diligent's ESG Solutions, organizations can track progress against standard ESG frameworks, monitor for regulatory developments and benchmark governance practices against their peers.



## Access the same data as investors and proxy advisors

Through Diligent data partner CGlytics, organizations have access to the same governance data and compensation tools used by proxy advisor Glass Lewis.



## Deliver insights and information to the board

With Diligent Governance Intel, governance professionals can curate important news and resources directly into their board management software.



## Achieving Modern Governance, Risk and Compliance Best Practices

Achieving the best practices outlined in this checklist is an ongoing effort made easier when all solutions and tools are provided by vendor. Consolidating governance, risk and compliance activities into one platform enables significant efficiencies, cost savings and a clear view of your organization's governance maturity.

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 MEETING](#)

### About Diligent

Diligent is leading the way in modern governance and is relied on by more than 19,000 organizations and 700,000 leaders in over 90 countries. Diligent empowers leaders to turn governance into a competitive advantage through unparalleled insight and highly secure, integrated SaaS applications. Thrive and endure in today's complex global landscape with Diligent.

Learn more and explore our solutions at [Diligent.com](https://Diligent.com)

**95%** Client Retention Rate

**\$15m** in 2019 R&D Spend

**24/7/365** Award-Winning Support