

# What to Know After You IPO: A Governance Checklist for Public Companies

Taking a company public is a tremendous achievement — and a big relief. However, investors and other stakeholders will continue to keep a close eye on your disclosures as you operate as a public company. Maintaining compliance, avoiding fines, accessing capital and protecting shareholder value continue to depend on strong governance. How can you ensure your systems and controls are up to the challenge? The following checklist, focused on seven priority areas, will help you spot red flags and ensure ongoing resilience.

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## 1. ESG Disclosures

Environmental, social and governance issues are constantly evolving — and so should your systems for reporting and oversight. To stay ahead of shareholder and regulator expectations, your team should:

- ☐ Compile the data required to understand expectations and anticipate stakeholder reactions to new goals by comparing the company's non-financial objectives and performance to peer organizations
- ☐ Track progress on a variety of ESG goals in a single source of truth
- ☐ Have a solution capable of reporting against a variety of ESG reporting frameworks

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## 2. Executive Compensation

Shareholder opposition to executive compensation proposals at S&P 500 companies is at an all-time high. To design a plan that will win shareholder support, take steps to secure data that:

- ☐ Supports the compensation committee's ability to select a meaningful peer group to justify executive compensation decisions
- ☐ Helps you anticipate how institutional investors and proxy advisors will respond to executive compensation proposals before going to a vote at the annual general meeting
- ☐ Helps key decision-makers understand how peer organizations are using different performance metrics to incentivize leadership to focus on achieving the right goals

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## 3. Board Composition

Successful companies need a board with the right mixture of expertise, independence and diversity: in tenure, age, gender and talent. Technology can assist in building and maintaining a diverse board with the skills and knowledge required to deliver long-term shareholder value by:

- ☐ Helping the organization easily maintain a current and comprehensive skills matrix, evaluate current and desired board composition, and identify gaps
- ☐ Providing access to a network potential board candidates that possess the experience and diversity to support the company's strategy
- ☐ Making it easy to cultivate and share relevant information on an ongoing basis to quickly ramp new board members

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## 4. Security

Stakeholders from investors to regulators want to see strong security practices and sustained vigilance, starting at the board level. Make sure the company has secure communication tools to:

- ☐ Keep board members and management teams engaged with an uncluttered, easy-to-use channel specifically for important information-sharing and discussions
- ☐ Centralize critical documents and memos to specific user groups like executive team members or the board
- ☐ Understand the company's exposure to cyber risk, how it compares to peer organizations, and the steps required to improve cybersecurity posture

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## 5. D&O Questionnaires

Gathering information from directors to prove independence and identify potential conflicts of interest is an annual requirement. You can make the process less cumbersome for all parties involved with a solution that enables:

- ☐ Quick access and the ability to replicate responses to last year's questionnaires
- ☐ Surveys to auto-save so board members don't have to complete D&O questionnaires in a single sitting
- ☐ Board members to complete questionnaires in a fully digital fashion on the device of their choosing

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## 6. Sarbanes-Oxley (SOX) Compliance

Keeping up with the many requirements of the Sarbanes-Oxley Act of 2002 is resource-intensive, and penalties for noncompliance are severe — creating a perfect storm for post-IPO trouble. New issuers can avoid potential turbulence with technology that:

- ☐ Offers the ability to create a strong control environment to improve relationships with external auditors and reduce the risk of penalties and fines
- ☐ Can integrate risk and control definitions, assessments and testing to gain a better understanding of SOX compliance efforts
- ☐ Helps maintain consistency across the entire program with pre-configured SOX templates and frameworks
- ☐ Provides executives with immediate insight into SOX compliance status

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## 7. Entity Management

Keeping track of subsidiaries, joint ventures, limited liability companies and other entities can quickly produce an administrative burden and increase your organization's vulnerability to noncompliance and fines. Create efficiencies and a single source of truth with a solution that can:

- ☐ Centralize and organize current and historical documents related to subsidiaries for easy access and reporting
- ☐ Effortlessly compare internal subsidiary data against trusted 3rd party providers to simplify company health checks
- ☐ Enable you to submit electronic filings in key jurisdictions
- ☐ Create easy access to meetings (agendas, board books, minutes and resolutions) across committees and subsidiaries to help ensure compliance across all subsidiaries in the corporate structure

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## Get Governance Right, Right From the Start

Diligent makes it easy for newly public companies to quickly put governance, risk, compliance and ESG best practices into place:

1. Centralize ESG data, track and disclose progress on ESG goals, and benchmark against peers
2. Create effective executive compensation plans tied to company strategy
3. Access a broad network of board candidates with diverse skill sets and backgrounds
4. Secure board and executive communications, and see the company's cybersecurity posture at a glance
5. Quickly and easily complete D&O questionnaires
6. Efficiently maintain SOX compliance, with full visibility across the organization
7. Consolidate entity, subsidiary and other vital data into a single source of truth

**Set up a meeting with Diligent to learn how to achieve compliant, confident governance in your publicly listed company.**

**REQUEST A MEETING**

### About Diligent Corporation

Diligent is the leading governance, risk and compliance (GRC) SaaS provider, serving more than one million users from over 25,000 organizations around the globe. Our modern GRC platform ensures boards, executives and other leaders have a holistic, integrated view of audit, risk, information security, ethics and compliance across the organization. Diligent brings technology, insights and confidence to leaders so they can build more effective, equitable and successful organizations.

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