

The Corporate Secretary's Guide to Modern Governance

The corporate governance landscape today presents several challenges and opportunities for the corporate secretary. Uniquely positioned between the board, the management team and the shareholders, the corporate secretary's job is to make sure all these voices come together in the boardroom and beyond.

As the ramifications of the COVID-19 pandemic continue to reverberate, what opportunities do corporate secretaries have to drive change across the organization? How can they position themselves as an advisor to the board amid a landscape of emerging and unforeseen risks? This evolution starts by recognizing that traditional governance frameworks are no longer sufficient.

Addressing Governance Deficits

Consider for a moment how today's business landscape has evolved. The world we live in is digital and on-demand. The pandemic has sequestered entire workforces in their homes. Cyberattacks can originate from anywhere in the world. Social media amplifies the voice of every customer and employee. Activists are challenging company strategy and competencies. Globalization is introducing layers of regulatory and ethical complexity. In a world where seconds count, old governance practices aren't just out of date; they're exposing today's organizations to the kinds of risks that can lead to crises.

A governance deficit is a blind spot. And it can take many forms:

- Board members don't have the right information at the right time to ask the right questions.
- The board lacks visibility into the company, across the industry, and into the future.
- Organizational data and communication systems are disparate and insecure, hindering collaboration and exposing their users to potential cyber risk.

There's no one better positioned than the corporate secretary to rectify the governance deficit—a practice we call modern governance.

What Does Modern Governance Look Like?

Modern governance is the practice of empowering leaders with the technology, insights and processes required to fuel good corporate governance.

Modern governance equips boards with the information they need to ask questions and address red flags. It protects an organization's most important data. It enables transparency, yet secures the flow of information. And it transforms the corporate secretary from a minute-taker to a thought leader—from a secretary to a trusted advisor.

What does modern governance look like in action? In this guide, we highlight three key roles of the corporate secretary and offer checklists and tools for each:

- 1. Driving Board Effectiveness**
- 2. Mitigating Risk in an Evolving Landscape**
- 3. Powering Better Decision-Making**



1. Driving Board Effectiveness

Among the corporate secretary's primary responsibilities is to equip the board with the tools and processes it needs to be effective. That includes adopting technology that makes the board more efficient and ensures the flow of information is secure at all times. The corporate secretary is also responsible for working with board leadership to ensure necessary governance practices and processes are in place (board evaluations, new director onboarding, effective meeting and agenda structures, etc.).

Best Practices Checklist:

- All **routine board tasks** have been effectively automated (e.g., evaluations, D&O questionnaires, virtual voting and signatures).
- All **routine corporate secretary tasks** have been effectively automated (e.g., book building, board material dissemination and edits, questionnaire collection and analysis, meeting minute-taking).
- I work closely with board leadership to ensure our **board evaluation process** produces clear and actionable insights.
- I tailor the **onboarding process** for each new director that joins, extending beyond a stack of reading materials and a few management meetings.
- I frequently revisit our board's **meeting and agenda structure** (working closely with the CEO and chairman) to find opportunities to optimize and improve.
- I've equipped my board to **operate virtually**, including virtual meetings, secure chat and file sharing.

Tools:**Diligent Boards**

Diligent's core board management software, which offers the technology foundation boards need to be both effective and secure.

**Diligent Board Assessment Tool**

An application for conducting board assessments (and analyzing the responses) securely through your Diligent software.

**Diligent D&O Questionnaires**

An application for conducting and compiling D&O compliance data securely in one location.

**Diligent Minutes**

A secure and collaborative application to efficiently manage, review and finalize minutes.

“[Diligent is] the right product to be using in 2020. It cuts out inefficient historical practices and makes life more efficient for our directors. From a governance perspective, it’s a really great tool.”

Andrew Aspital,
Operations Director, Big Society Capital

Empower your board to be more effective.

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2. Mitigating Risk in an Evolving Landscape

The risks facing today's businesses are becoming immensely more complex—and it's the corporate secretary's job to ensure board members are prepared. Cyber threats, expanding regulations, pandemic ramifications, and global and political uncertainty all contribute to a heightened profile of organizational risk. The corporate secretary must ensure entity and subsidiary data is accurate and accessible; that directors understand the factors impacting their personal liability; and that even regulatory filings like the proxy statement are being leveraged to tell the board's story.

Best Practices Checklist:

Regulatory & Compliance

- We use our **proxy statement** effectively to communicate how the long-term strategy is driving board composition, executive compensation, risk prioritization and oversight.
- My organization has a "single source of truth" for all **compliance, entity and subsidiary information**, which ensures both visibility and data accuracy.
- Upon request, I can easily **access data and provide reports** on compliance for our board of directors.

Board Liability

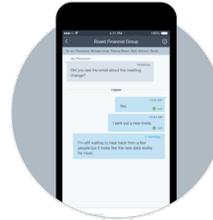
- I have educated my board on matters related to **board or personal liability** (e.g., notetaking during meetings, communicating with shareholders, speaking to members of the media).
- I have a process for effectively educating the board on new **regulatory or legal developments**.
- I have the tools I need to effectively **educate myself** on new regulatory and legal developments.
- My board management software gives me the ability to wipe directors' meeting notes and other meeting information to maintain **control over discoverability**.

Secure Communication

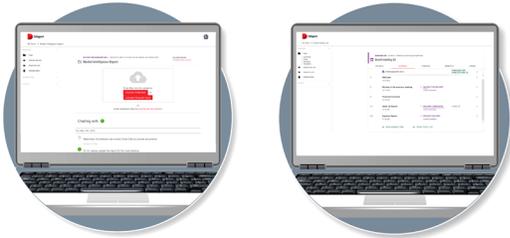
- I have equipped my board with **secure alternatives to email** for messaging and communicating with one another.
- When preparing board materials, I have access to a **secure collaboration platform** that allows me to collect and share information with permissioned users.
- My board has access to a **secure file sharing platform** that enables us to share documents with trusted third parties (e.g., consultants, auditors, outside counsel).

Tools:**Diligent Compliance & Entities**

Software that allows organizations to monitor regulatory obligations and maintain a central corporate record, both for seamless entity management and reporting. (Also integrates with Diligent Boards.)

**Diligent Messenger**

A secure messaging application that functions like text messaging and enables file sharing between board members.

**Diligent
Secure File Sharing & Meeting Workflow**

Document sharing and workflow tools, which enables information flow and collaboration between permissioned users within the organization or with trusted third parties.

“With Diligent, we found that we could achieve the level of comfort and confidence about security that we needed.”

**Company Secretary,
Leading Financial Services Brand**

Start mitigating risk today.

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3. Powering Better Decision-Making

A modern corporate secretary is not simply an enabler of the board, but a strategic asset. With more data and information available than ever before, an effective company secretary helps the board cut through the noise and delivers the kind of insights that inform both risk oversight and strategy. In the simplest terms, modern governance is equipping company leaders with the right information at the right time so that they can make the right decisions.

Best Practices Checklist:

- My board has a high level of **internal visibility** across the organization into critical areas like cyber risk, ESG and corporate culture.
- My board has access to **environmental scanning tools** and insights to stay informed on the competitive landscape and industry trends.
- I work closely with Investor Relations and the management team to improve the board's **knowledge of our shareholder landscape**.
- In the event of a crisis, my board has the tools to **monitor company reputation** and developments across media outlets around the world.
- I've equipped my board with tools to **compare** executive compensation, board composition and governance practices **across peer groups**—and identify areas where they may be considered an outlier.
- I have equipped my board with access to an extensive **database of board candidates** to aid in the director succession planning and search process.
- Between meetings, I ensure the board has access to **resources and thought leadership** to support ongoing training and education goals.

Tools:**Diligent Governance Intel**

An AI-powered application that enables environmental scanning, advanced news aggregation, and trend analysis for your industry, company and competitors.

**Diligent Nominations**

An application that offers a health check on your board composition and effectiveness compared to other companies—and allows you to search an extensive database of qualified board candidates.

**Diligent Insights**

Diligent's thought leadership application offering articles, episodes and research from industry leading content partners like NACD, PwC's Governance Insights Center, Spencer Stuart, and The Diligent Institute.

**CGLytics**

A Diligent partner offering executive compensation data and analysis tools—and the official data provider for Glass Lewis' proxy papers and custom policy engine service.

“Diligent Governance Intel became an integral part of our company’s business research process.... We now use Governance Intel to manage and deliver business intelligence and current awareness to just about every key department throughout the company.”

**Competitive Intelligence Director,
\$200 Million Multinational Company**

The right data helps you make the right decisions.

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Fuel Good Governance with Diligent



Board & Management

- Centralize and secure all board materials on one encrypted platform
- Conduct evaluations, D&O questionnaires, voting and resolutions all through the Diligent app
- Access board intelligence tools: executive compensation analysis, environmental scanning, governance benchmarking and board recruiting tools



Secure Collaboration

- Secure all aspects of organisational communication (messaging, file sharing, workflows) with encrypted platforms
- Grant access to board members, executives and team members throughout the organisation who handle sensitive information
- Mitigate the risk of cyber hacks by keeping all classified and confidential information out of email



Virtual Meetings

- Share video conference links securely through the Diligent Boards calendar (keeping sensitive meeting details out of email)
- Leverage split-screen technology to display your video conferences alongside your board materials
- Protect board meeting materials as they're being created with secure workflow tools



Crisis Response

- Establish a secure, central repository for all crisis management plans accessible by board members, executives and legal teams
- Centralize crisis communications across the organisation through one dedicated, secure messaging channel
- Monitor crisis-related news and track company media coverage with sentiment analysis

About Diligent

Diligent's cloud-based applications streamline the day-to-day work of board management and committees, support secure collaboration, manage subsidiary and entity data, and deliver insights that empower company leaders. With the largest global network of corporate directors and executives, **Diligent is trusted by more than 16,000 organizations and 650,000 leaders in over 90 countries.** With award-winning customer service across the globe, Diligent serves more than 50% of the Fortune 1000, 70% of the FTSE 100 and 65% of the ASX.

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