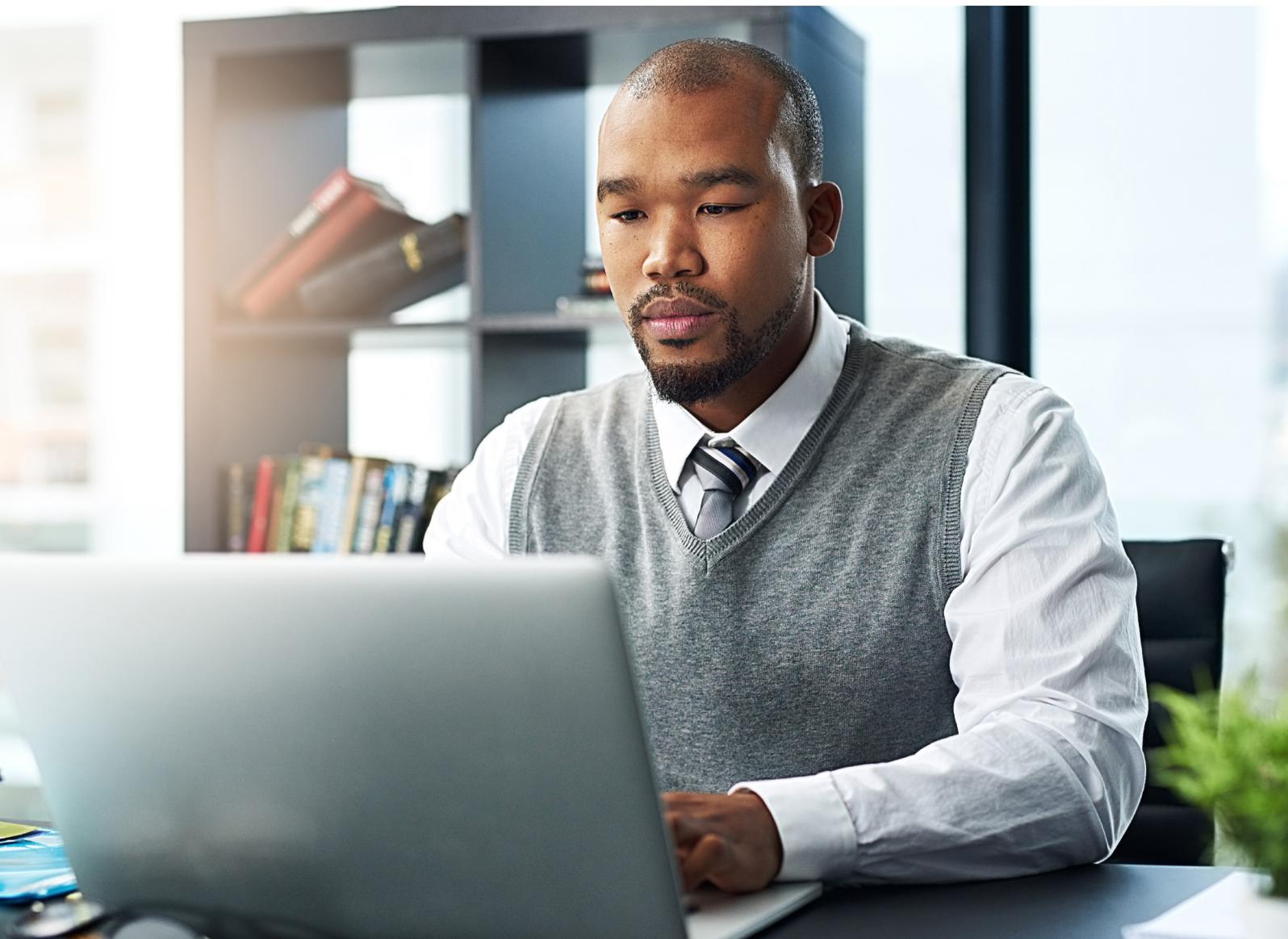

Modern Governance in Action:

EXAMPLES FROM
THE DILIGENT COMMUNITY



Consider for a moment the current business landscape. As a result of the global pandemic, organizations are navigating unprecedented challenges that span operations, finance and employee relations. The threat of cyberattacks has been compounded in a work-from-home world. At the same time, global regulations are evolving. Activists are getting smarter and are equipped with better data and information.

In times of uncertainty, the most effective organizations have one thing in common: a foundation built on strong governance.

Defining Modern Governance

Simply put, modern governance is the practice of empowering leaders with the tools, processes and insights required to fuel good governance.

The technology and practices that today's companies need are evolving with the business landscape. Organizations must be all at once more informed, more secure, more transparent and more purpose-driven. Modern governance provides the infrastructure — the tools, data and practices — that support corporate resilience, whether in times of economic vitality or volatility.

Common Governance Deficits

Lack of Visibility:

What red flags have your shareholders identified?

Lack of Security:

Are your confidential materials and conversations secure?

Lack of Speed:

What is your action plan in the event of a corporate crisis?

Who Practices Modern Governance?



Modern boards have the information they need to ask the right questions and identify red flags.



Modern executives are equipped with the data and technology they need to pivot strategies and protect sensitive workflows.



Modern governance professionals deliver board efficiencies and the insights needed to serve as trusted advisors to the board.



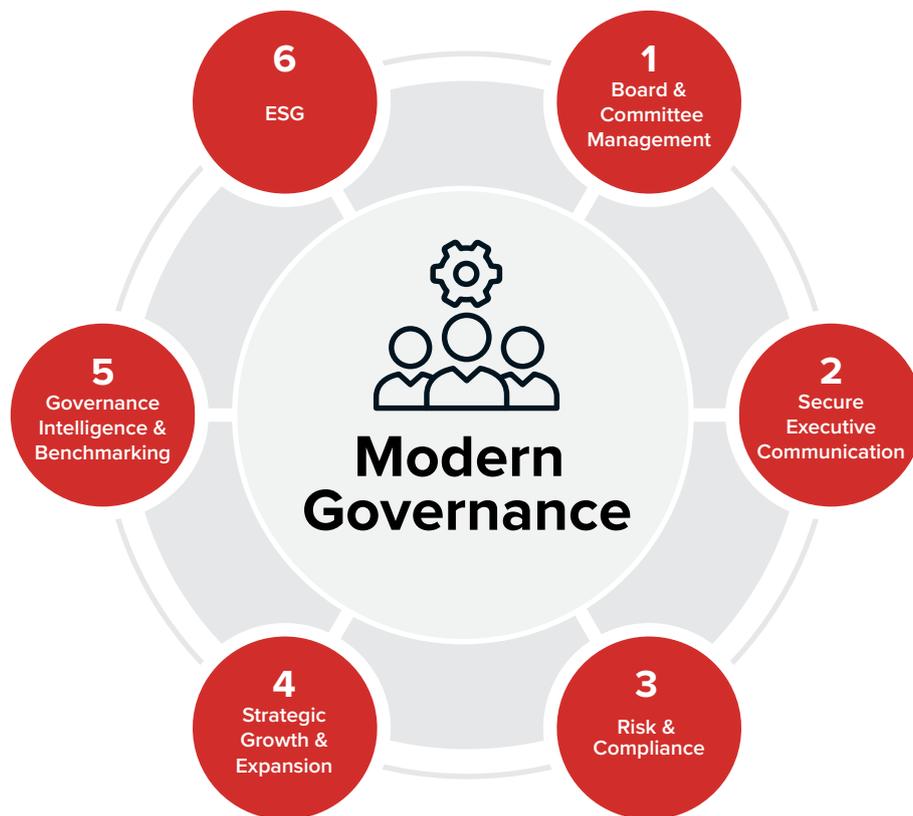
Modern legal, risk & compliance departments operate from a central corporate record to monitor risk, model regulatory scenarios and inform decision-making.



Modern IT & security teams ensure all these functions operate within one encrypted, secure system that enables collaboration internally and with trusted third parties.

What Does a Modern Governance Solution Look Like?

Modern governance is holistic in nature. It extends across the organization touching various roles, functions and processes — all working toward the same goals: better visibility, security, collaboration and insights. In practice, modern governance is supported by the following areas:



In the following pages, we share stories from real Diligent customers — a global community that's shaping and redefining how their companies operate and communicate.

1. Board & Committee Management

The role of the corporate board has evolved significantly in the digital age, taking a much more active stance in shaping strategy, managing risk and ensuring organizational resilience. Yet most boards and committee leaders lack the technology needed to keep pace with increased demands. Many are still relying on unsecure tools like email or other manual, inefficient processes that make it difficult to ask informed questions, spot risks or act on opportunities.

Customer Story: CRICO

CRICO is a leader in medical professional liability (MPL), with decades of experience protecting the Harvard medical community's clinicians and organizations. The CRICO board of directors comprises 40 directors who are committed to the company's mission of protecting providers and promoting safety.

Prior to implementing Diligent Boards, CRICO used a legacy process that combined physical documents, encrypted PDFs and FTP sharing to compile and disseminate board books. Aside from demanding a substantial time commitment, the process also lacked a centralized information repository and fell short of the organization's security and compliance expectations. According to CRICO's Compliance Program Manager **Jay Joynes**, the fluctuating needs of the board just adds another layer of complexity:

“We need to make sure that the information we're sharing is exactly what needs to be seen at the time the discussions are happening.”



Jay Joynes

Compliance Program Manager
CRICO

Because the company has volumes of sensitive data that need to be transferred between different institutions, boards and committees, CRICO sought a solution that could be both flexible and highly secure.

How CRICO Uses Diligent for Board & Committee Management

- ✓ Central repository and collaborative space for agendas, committee groups, annotations, board decks, documents, discussions, evaluations, questionnaires and meeting minutes
- ✓ Virtual meeting management and secure dissemination of meeting materials and videoconference links
- ✓ Adherence to strict compliance and document retention practices with easy access to archived documents and meeting minutes

A customer since 2015, Joynes says that moving to Diligent eliminated many of the day-to-day headaches the company was experiencing. “It's actually made a simple collaborative space rather than drawing from shared drives and pulling attachments out of emails,” he said.

Diligent freed up Joynes and his team from a range of time-consuming manual tasks, which previously complicated board processes like conducting evaluations or making edits to board materials. “Diligent really has given us a central location ... to immediately turn over [documents], present to the necessary stakeholders, and also to have control over visibility,” he explains. “With Diligent, it's in one place.”

2. Secure Leadership Communication

As a global pandemic drives corporate leadership teams to transition to virtual ways of working, new and unforeseen risks lurk beneath the surface. Cybersecurity threats, unprotected remote meetings, and the demand for a cohesive crisis response call for new tools to empower decision-makers. Too many organizations are still sending confidential information and documents over email and other unsecure channels – exposing themselves to unnecessary risk.

Customer Story: General Mills

General Mills is a leading global food company whose purpose is to make food the world loves. Its brands include Cheerios, Annie's, Yoplait, Nature Valley, Häagen-Dazs, Betty Crocker, Pillsbury and more. General Mills' brands are in 100 countries on six continents worldwide.

Prior to the onset of COVID-19, General Mills knew they needed a dedicated communication channel for executives and board members that was separate and more secure than email.

A Diligent Boards customer since 2011, General Mills added Diligent Messenger, a highly secure messaging app, to ensure all important communication to and from company leadership was centralized and encrypted – and just in time for a global pandemic. According to **Ben Backberg**, Senior Counsel and Assistant Corporate Secretary for General Mills, this secure communication channel allowed the organization to continue smooth operations during the pandemic:

“With COVID-19 working-from-home requirements, it has been really impressive to see how our corporate secretary group has been able to operate remotely and keep the ship running.”

At the pandemic's onset, Diligent tools provided a dedicated channel for regular COVID-19 updates between the General Mills board and leadership team. Diligent's strictly encrypted messages delivered an additional layer of protection – and peace of mind.

“Diligent Messenger has allowed us to centralize our board communications – and it's instantaneous,” says Backberg.

“When our board members get a notification, they know it's important. It helps ensure important messages don't get lost, and it provides us with another layer of protection knowing communications are being made on the most secure platform available.”

Ben Backberg
Senior Counsel and Assistant
Corporate Secretary
General Mills

How Organizations Use Diligent for Secure Leadership Communication

- ✓ Sharing and discussing critical information on an uncluttered and secure channel – accessible across smart phones, tablets and desktops
- ✓ Collaborating securely with the board and internal teams around critical topics including litigation, M&A, sensitive IP, crisis management, fundraising, restructuring and other ongoing sensitive projects
- ✓ Storing confidential documentation with 256-bit encryption, remote locking and two-factor authentication
- ✓ Storing all relevant communications in one place in the event of litigation, preventing the need to provide access to personal or unrelated items

General Mills established a secure communications infrastructure that not only prepared the organization for crisis management, but now continues to support day-to-day operations in a virtual world. Diligent tools ensure that confidential and sensitive matters are always protected, without hindering efficiency or collaboration.

3. Risk and Compliance

In an increasingly complex regulatory and legal environment, the cost of noncompliance to businesses now runs at an average of \$14.8 million each year. Many companies lack a cohesive system to capture reliable data across departments and visualize their own compliance to regulatory obligations – particularly for companies that span multiple jurisdictions.

Customer Story: Lloyds Banking Group

Lloyds Banking Group is one of the largest financial services groups in the U.K., focused on retail and commercial customers with a presence in nearly every community.

Supporting a financial services group operating across 15 countries, the legal entity management team at Lloyds Banking Group has a full plate. Subsidiary governance at Lloyds encompasses 500 legal entities, 40 regulated entities, over 300 individual directors and 30 joint ventures. **Zoe Bucknell**, Deputy Company Secretary, works across borders and various entity types to protect a watertight subsidiary governance and compliance infrastructure.

“There are a number of issues to consider such as communication, entity purpose, points of escalation, assurance, group engagement and risk appetite,” says Bucknell.

With such a complex, multitiered group structure, Lloyds Banking Group’s legal entity team needed a robust subsidiary governance framework to stay one step ahead of requirements and mitigate risk effectively. In 2018, Lloyds adopted Diligent Entities in order to streamline and centralize policies, procedures, business engagement, and risk monitoring and oversight. As Bucknell puts it:

“Digitizing key elements can support and streamline the workings of the [subsidiary governance] framework, freeing up the company secretaries from more administrative activities to focus on the added value [they] can offer the business.”



Zoe Bucknell

Deputy Company Secretary
Lloyds Banking Group

How Lloyds Banking Group Uses Diligent for Risk & Compliance

- ✓ Storing entity information, documents, and organizational charts in a highly secure format, creating a single source of truth
- ✓ Surfacing the right information to the right people at the right time, to complete routine business processes
- ✓ Managing corporate records using automated compliance calendars, reminders and workflows
- ✓ Streamlining the audit management process while ensuring data integrity
- ✓ Securing governance materials and eliminating unnecessary risk

Ultimately, not all subsidiaries are born equal – size, location, regulation and complexity all bring different governance focuses and workloads. Organizations must prioritize putting a robust governance framework in place and complement it with equally robust technology to maintain comfortable footing in risk and compliance practices.

4. Strategic Growth & Expansion

The lasting impact of COVID-19 has accelerated the mergers and acquisitions (M&A) landscape, requiring companies to demonstrate agility and adaptability in order to identify and capture opportunities that often arise quickly. The ability to nimbly make strategic growth or expansion decisions is largely dependent upon efficient access to an accurate, centralized corporate record.

Customer Story: TriNet

TriNet is a cloud-based professional employer organization that administers payroll and health benefits and advises clients on employment law compliance and risk reduction. They leverage Diligent Entities and Diligent Boards to centralize their corporate record, operate around a single source of truth and support strategic growth and expansion activities.

Samantha Wellington, SVP, Chief Legal Officer & Secretary at TriNet, recognizes the power of having a single source of truth to maintain quick and accurate access to necessary information:

“Effective entity governance is a team sport,” says Wellington. “It’s the ability to understand what every team wants so you can effectively create that single source of truth – and everyone can grab the information they need to complete different business processes.”

The due diligence required in acquisitions, mergers and divestures exposes corporate records to intense scrutiny and has the power to foil deals. Today’s organizations need a solution that supports future growth while ensuring compliance and mitigating risk.

By leveraging Diligent Entities and Diligent Boards as a single source of truth across the enterprise, TriNet is better able to see how a potential acquisition fits into the broader picture. With a centralized record and entity management system, Wellington and her team can quickly and thoroughly advise how an acquisition affects their company’s legal standing, operations, finance and compliance – and they can spot red flags in the process.

“If you need a license to operate in a jurisdiction and you just don’t have those records, is that going to kill the deal?” asks Wellington. “Maybe so.”

“You only have to deal with data once instead of multiple times. You’re just using your time in a more optimal way that enables you to cast your attention to higher-value elements.”



Samantha Wellington
SVP, Chief Legal Officer & Secretary
TriNet

How Organizations Use Diligent for Strategic Growth & Expansion

- ✓ Maintaining data integrity by centralizing all corporate records in one location used by legal, tax, accounting, compliance and other departments
- ✓ Complying with laws and regulations across all jurisdictions where they operate
- ✓ Visualizing the entire corporate structure, including all entities and subsidiaries across jurisdictions
- ✓ Using the centralized corporate record to speed up decision-making and act quickly on new market opportunities

Having the ability to quickly, efficiently and accurately perform due diligence when faced with a growth opportunity, whether organic or inorganic, enables Wellington and her team to focus on bigger items at play.

5. Governance Intelligence & Benchmarking

Never has it been more important for boards to be well-informed and vigilant. Between the pandemic, political turmoil and an active stakeholder landscape, new information emerges daily, which requires the board and the C-suite to stay alert at all times. Governance professionals must equip their boards and executives with timely and curated insights to ensure they can meet rising leadership and governance standards – without inundating them with more data than they can handle.

Curated Governance Intelligence

Today's governance professionals must keep the board informed on various topics: evolving regulations, governance and industry trends, peer group benchmarking, executive compensation data, and negative press coverage that could threaten the company's reputation. In order to serve as trusted advisors to the board, governance professionals must surface relevant and timely insights without cluttering board members' inboxes.

According to **Dottie Schindlinger**, Executive Director of the Diligent Institute, there is more than enough evidence to demonstrate that board members are actively seeking intelligence on their own:

"In a recent global survey, we found that 65% of directors spend time gathering external information about the company, and 77% read external industry reports, as part of their preparation for board meetings," says Schindlinger.

For many governance professionals, the risk of misinterpretation or misinformation leads them to keep the board in an information bubble; yet, in order to keep pace with today's business landscape, the types of insights board members need (e.g., industry trends, competitive intelligence, shareholder movements, stakeholder sentiment) are quickly evolving.

"Instead of trying to 'protect the board' from outside information, governance professionals should focus on equipping their board members with the best tools and resources available – and adding value through curation."



Dottie Schindlinger

Executive Director
Diligent Institute

With Diligent Intelligence Solutions, governance professionals can surface the most relevant content and information for board members directly into the board management application or email inbox.

How Organizations Use Diligent for Governance Intelligence & Benchmarking

- ✓ Tracking emerging trends, industry developments and peer group activity
- ✓ Curating relevant articles and resources for their board members and committees through the Diligent Boards app
- ✓ Monitoring the company's media coverage across nearly 70,000 global news sources, industry publications and social media channels
- ✓ Identifying reputation risks early with sentiment analysis and health scores
- ✓ Customizing profiles and email updates so that each board member is receiving the information most relevant to them
- ✓ Accessing compensation data and analytics and generating performance for pay analyses based on peer groups

Today's governance professionals are in a unique position to translate broader governance trends and environmental scanning into actionable insights. Diligent Intelligence solutions enable organizations to meet these demands, often integrating with the tools they're already using.

6. ESG

Today, a company's purpose is about more than simply creating shareholder value. To be viable for the long-term, an enterprise must understand its impact on the environment, on stakeholders and on the communities in which it operates. As investors shine a spotlight on environmental, social and governance (ESG) issues, companies must be prepared to show how they're prioritizing ESG as part of their long-term strategy.

Approaching ESG Strategically

As companies recognize the importance of ESG initiatives, organizations face new operational and reporting challenges – and boards must determine the best methods for oversight.

“Let's not forget that ESG is not just a burden. It's a fantastic means to strengthen the competitiveness of a company. Because in the end, a company which can rely on better and more committed employees – a company which can rely on loyal customers and on [financial] access – has a competitive advantage.”

Klaus Schwab
Founder & Executive Chairman
World Economic Forum

In a research report by Forrester and Diligent, governance professionals indicated that “visibility into sustainability and ESG issues” was their number-one challenge. Furthermore, only 51% of directors believe that their board fully understands the ESG issues impacting their company, according to PwC's [2020 Annual Corporate Directors Survey](#).

In a recent Diligent webinar, **Klaus Schwab**, Founder & Executive Chairman of the World Economic Forum, reminded organizations that ESG isn't just about compliance:

For organizations wondering where to start, the first step is education. Boards and executives must familiarize themselves with the topic of ESG. They must make time for ESG on the board agenda, and they must understand how investor expectations around ESG are evolving.

Next, boards and leadership must set ESG goals and scope how they plan to execute and measure progress. This step requires new tools and data to ensure organizations have the visibility they need to oversee ESG programs effectively. Organizations are now leveraging Diligent's new ESG Solutions to track company progress against ESG reporting frameworks and stay abreast of evolving regulations.

How Organizations Use Diligent to Support ESG

- ✓ Tracking progress against ESG frameworks (like the World Economic Forum's Core ESG Metrics)
- ✓ Streamlining the ESG reporting process with built-in internal audit, risk management and improvement planning
- ✓ Identifying potential red flags in board diversity, executive pay plans and other governance metrics
- ✓ Accessing governance benchmarks from CGLytics, the same data set used by leading proxy advisor Glass Lewis
- ✓ Monitoring ESG news, stakeholder sentiment, evolving regulations and other ESG trends across the global landscape

Diligent connects an entire organization, from the board to day-to-day operations, with solutions that help organizations comply with ESG standards, evaluate risk controls, benchmark governance practices and educate leadership on new frameworks and developments. Through these tools and support, Diligent customers are better able to turn ESG principles into outcomes.



a
MODERN
GOVERNANCE
company

Diligent customers don't just choose a board portal — they choose a partner in governance.

About Diligent

Diligent is the pioneer in modern governance. Our trusted, 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 to make better decisions in today's complex landscape.

With the largest global network of corporate directors and executives, Diligent is relied on by more than 19,000 organisations and nearly 700,000 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.

Contact: Info@diligent.com | +1 877 434 5443 | diligent.com