



Beneficial Tools to Support Corporate Governance Processes

**Ms. Joan Conley*

As corporate governance professionals prepare 2021 proxy statements, plan for annual meetings, assess their boards, and take a closer look at ESG issues in today's remote environment, it's important to ensure seamless communication, collaboration, evaluation, and reporting processes.

Following are the beneficial tools that will help bring value to governance professionals, corporate secretaries, board members, and executive leaders in supporting their corporate governance responsibilities.

Board Portal

First on the list is a board portal, like Nasdaq Boardvantage®, which is designed to help boards, committees, and leadership teams streamline corporate governance processes, boost productivity, and improve meeting effectiveness. Beyond housing meeting materials, a board portal serves as a central location to reference historic meeting materials, like committee charters, bylaws and certificates, strategic plans and financial reports, and to extract data and information about the success of a director in fulfilling their fiduciary role.

Moreover, a board portal can host information, including executive compensation, supporting easy facilitation of its disclosure in the company's annual proxy statement. This is an important function as executive compensation may become a bigger focus for institutional investors in 2021. In its recent proxy voting guidelines updates, influential proxy advisory firm Institutional Shareholder Services (ISS) included a specific request to provide shareholders with clear write-ups on compensation disclosures.

Additionally, a board can leverage a board portal as a tool to help support its internal processes, which may include accessing saved documents in response to requests to produce information for litigation, mergers and acquisitions (M&A), or activism in the company.

Digital Directors' & Officers' (D&O) Questionnaire

D&O questionnaires record directors' history, independence, and conflicts of interest during their time at the company. "The importance of the D&O questionnaire from a regulatory and a fiduciary perspective is tantamount because it is the foundational document that is used to determine conflicts of interests and independence. Corporate governance professionals are responsible for the facilitation of the board's success and owning the D&O questionnaire process is part of that," said Conley.

Digital D&O questionnaires, such as those facilitated through Nasdaq's platform, help simplify the process for corporate governance professionals—whether utilizing an existing questionnaire or Goodwin Procter's questionnaire for any annual, off cycle, nominee, or independent director questionnaires. In addition, companies may improve data accuracy and reporting. Nasdaq's summary report helps companies streamline their review processes by aggregating responses and highlighting changes to information.

Board Evaluations

Customizable board evaluations help identify growth opportunities, deepen engagement, and turn director feedback into strategic action. Moreover, board evaluations help pinpoint

growth opportunities for companies by using results to build an action plan for the following year. Questions included in evaluations will often require adjustments each year in response to current events and changes in society, and then promptly shared with the leadership team.

Board conversations that could arise from a board evaluation include reviewing individual director preparedness and participation in board meetings, reviewing executive compensation decisions during COVID-19, obtaining greater understanding of the company's diversity initiatives, and charting plans to address shareholder feedback on proxy proposals.

Conley shared that she expects U.S. board evaluations to eventually follow in the footsteps of the European market model, which has an expanded focus on environmental, social, and governance (ESG) issues—especially on environmental, which speaks to carbon neutrality and energy usage, as well as social, which consists of human capital management and diversity, inclusion, and belonging data. In fact, in its CEO's Letter on Our 2021 Proxy Voting Agenda, State Street Global Advisors said it wanted to see more EEO-1 data in the company's proxy statements. The EEO-1 is a report filed with the Equal Employment Opportunity Commission (EEOC) that categorizes a company's employment data by ethnicity, gender, and job category.

ESG Reporting & Data Management

ESG has grown to become a global mainstay that has an impact on companies. With a reporting and data management platform, like Nasdaq OneReport, companies can streamline the way they gather, engage, report, and disclose ESG data. The platform can also help with navigating the complex series of corporate responsibility frameworks, sharing data with agencies

and stakeholders, and packaging it for a company's proxy.

Having one go-to platform for ESG reporting processes may benefit companies as more and more investors start to place importance on sustainability. In Larry Fink's 2021 letter to CEOs, the BlackRock CEO specifically asked companies to start disclosing a plan for how their business models will arrange for a net-zero economy.

“As the transition accelerates, companies with a well-articulated long-term strategy, and a clear plan to address the transition to net-zero, will distinguish themselves with their stakeholders – with customers, policymakers, employees and shareholders – by inspiring confidence that they can navigate this global transformation,” noted Fink in his letter.

With proxy season in progress, in countries around the globe, it is important for companies to be aware of what institutional investors are focused on for the year. Nasdaq helps support and equip corporate governance professionals with the right set of tools as they look to navigate the various emerging governance trends. ■

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