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Three Important KPIs for Corporate Governance Professionals

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Key Performance Indicators (KPIs) are frequently used to evaluate corporate governance teams. They are important for corporate governance teams in their role of supporting the organization's corporate governance, strategy and purpose. While there are many KPIs, the following three percolate to the top of the list.

The **first KPI** is engaging with and having **support from institutional investors**. This means support for all aspects of the organization's corporate governance and environmental, social, and governance (ESG) programs, as detailed in the annual proxy statement. Engaging with the investment stewardship teams and institutional investors throughout the year is critical to receiving support for the proposals in the annual proxy statement.

The **second KPI** is **a strong ESG 'report card'** of crucial governance factors from proxy advisory firms like Institutional Shareholder Services (ISS) and Glass Lewis. It's important for the 'report card' to indicate a positive rating and commentary on an organization's ESG policies and programs, both collectively and individually.

Individual reports on the three subcomponents, **E** [environmental], **S** [social], and **G** [governance], are important KPIs for every governance team. There has been an increased focus on ESG—especially when it comes to environmental issues with a focus on carbon neutrality and energy usage, as well as social issues related to human capital management and diversity, inclusion, and belonging data.

Lastly, the **third KPI** is the **board's assessment of the corporate governance team** and its ability to provide directors with advisory services, tools, and support. Annual feedback from directors and executives on the level of knowledge and support of the governance team is critically important and valuable.

At the end of the day, that's what I was assessed on in my role as corporate secretary for many, many years. If there was a successful stockholder meeting during which all of the proposals got approved, it meant the proxy statement was clear, the governance framework was supportive of all the institutional investors' initiatives, and the engagement sessions and board meetings were successful.

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