



# DUE DILIGENCE CHECKLIST FOR BOARD DIRECTORS

A Due Diligence Checklist can be an important strategy to enhance the transparency and effectiveness of board directors within an organization. They provide a structured approach to evaluating and analyzing various board operations and organizational matters.\*

## I. Corporate Governance:

### **Board Composition and Structure:**

Review of board members' qualifications, expertise, and diversity.

Evaluation of board committees and their effectiveness.

### **Board Policies and Procedures:**

Review of board charter, code of conduct, and other governance documents.

Assessment of the board's communication and decision-making processes.

### **Compliance and Regulatory Affairs:**

Ensure compliance with legal and regulatory requirements.

Review of any pending or potential litigation.

### **Ethics and Integrity:**

Review of ethics and whistleblower policies.

Evaluation of conflict-of-interest disclosure processes.

## II. Financial Due Diligence:

### **Financial Statements and Reporting:**

Review of recent financial statements and audits.

Analysis of budgeting and financial planning processes.

### **Asset and Liability Management:**

Assessment of asset valuation and management processes.

Evaluation of debt structure and liability management.

### **Tax Compliance and Planning:**

Review of tax compliance status.

Evaluation of tax planning strategies.

## III. Operational Due Diligence:

### **Operational Performance:**

Assessment of operational efficiency and effectiveness.

Review of key performance indicators (KPIs) and operational metrics.



### **Technology and Cybersecurity:**

- Evaluation of technology infrastructure and cybersecurity measures.
- Review of data privacy and protection policies.

### **Supply Chain and Vendor Management:**

- Assessment of supply chain effectiveness and vendor relationships.
- Review of contracts and agreements with key suppliers and vendors.

## **IV. Strategic Due Diligence:**

### **Strategic Planning:**

- Review of the organization's strategic plan and objectives.
- Assessment of competitive positioning and market dynamics.

### **Mergers and Acquisitions:**

- Evaluation of M&A opportunities and risks.
- Due diligence on potential acquisition targets.

### **Talent Management and Human Resources:**

- Review of talent management strategies and policies.
- Evaluation of employee engagement and organizational culture.

## **V. Environmental, Social, and Governance (ESG) Due Diligence:**

### **Environmental Sustainability:**

- Review of environmental policies and practices.
- Assessment of sustainability initiatives and goals.

### **Social Responsibility:**

- Evaluation of community engagement and social responsibility programs.
- Review of stakeholder engagement and communication strategies.

### **Governance and Transparency:**

- Assessment of disclosure and transparency practices.
- Review of stakeholder feedback and governance ratings.

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\*This checklist serves as a broad framework and may need to be adjusted based on the organization's specific needs, industry requirements, and other pertinent factors.