

**The Committee of Sponsoring
Organizations (COSO) of the Treadway
Commission and the
National Association of
Corporate Directors (NACD)**

**Request for Proposal to Develop a
Corporate Governance Framework
and Application Guidance**

January 31, 2024



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I. Project Summary

Definition of Project

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) has determined there is a need for principles-based guidance in developing and implementing effective governance practices, starting at the boardroom level and continuing throughout an organization. The COSO Board, in collaboration with the National Association of Corporate Directors (NACD), is sponsoring a project to develop a Corporate Governance Framework (CGF) geared primarily to US publicly-traded companies. While other governance frameworks and standards exist worldwide, there is currently no authoritative guidance in the United States.

COSO is broadly recognized as an independent and authoritative body in the areas of internal control, risk management, governance, and fraud deterrence. COSO is uniquely positioned to sponsor the development of a principles-based governance framework that can consider the interests of major stakeholders (such as boards, executives, shareholders, regulators, employees and customers) and the general public interest, while maintaining an objective view of leading and desired practice. Boards hold a key governance role in their respective organizations, and NACD's involvement as the premier US association for corporate directors will help ensure the appropriate consideration of their important role and responsibilities.

Additional information about COSO and NACD can be found at their respective web pages: www.coso.org and www.nacdonline.org.

Project Objective

Effective organizational governance is critical in creating the policies and procedures that underpin an organization's business operations and ensure alignment with the interests of stakeholders. Effective governance helps create trust in the capital markets and leads to ethical business practices, sustained corporate responsibility, and financial viability. The US has the largest capital markets and stock exchanges in the world. Yet the US does not have a recognized authoritative governance framework or model.

Therefore, COSO, in collaboration with NACD, strives to develop a CGF, complementing and aligned with the existing COSO Internal Control (IC) and Enterprise Risk Management (ERM) frameworks. We anticipate the framework will be conceptually patterned consistent

with the “principles/points-of-focus” based approach of existing COSO frameworks. COSO’s intent is that COSO CGF will be of such high quality and recognition that it gains prominence in the United States (US) and may ultimately be used by listing or rating agencies or others to develop guidance for US publicly traded companies. More specifically, we anticipate the COSO CGF will be used by:

- Public companies to self-assess and enhance governance practices, and by start-up businesses desiring to build up their governance practices and processes.
- Private organizations seeking best practices or as part of readiness activities related to initial public offering efforts.

External auditors, internal auditors, rating agencies, investors, listing agencies and/or regulators will find such a framework useful in assessing governance practices at related entities.

General Requirements for the Proposed CGF

1. Geared primarily to publicly traded companies in the US, but scalable so as to be useful to private and public sector organizations of various sizes, and can be leveraged outside of the US. Considers the US business environment, federal and state laws, as well as existing and emerging global governance practices, laws and regulations.
2. Aligned with the principles within the IC and ERM frameworks, and consistent with the “principles/points-of-focus” approach used in those prior frameworks. [Any need to update those frameworks for alignment should be identified for discussion with the COSO Board.]
3. Describes governance roles/responsibilities not just for the board, but also for management and second and third lines within an organization, as described in guidance like the Three Lines Model.
4. Main body of document is designed for use by boards as well as management, auditors, and stakeholders. Should be relatively easy to read, understand, apply concepts and reference specific areas -- in both paper and digital formats.

General Outline of CGF

COSO and NACD are open to suggestions from the successful responder to the specific approach and contents of the final CGF, and we anticipate that the form of the CGF will evolve during development. However, we also believe it is useful to share a high-level outline of how we currently envision the ultimate framework. What follows is a general description of a potential CGF:

1. A visual depiction of the CGF.
2. A digestible set of governance principles that guide organizations to effective and efficient decision-making and governance practices, leading to stakeholder confidence in organizational integrity, transparency, ethical behavior, product quality, as well as in accurate and timely reporting of all types. The principles should be grounded in the common interest of boards, management, employees, shareholders, and other stakeholders in the corporate objective of long-term value creation (through ethical and legal means), the accountability of management to the board, the accountability of the board to shareholders, and ultimately, the accountability of the corporation to the broader community and society in which it operates. [In other words, we believe governance is about much more than accurate public financial reporting.]
3. Points of Focus that describe the ways organizations can live up to each principle. We would like the CGF to be more than an overview of governance principles. We want it to include guidance to help businesses both assess and implement more effective governance practices.

II. Project Oversight

The COSO Board, working with the support and assistance of NACD, will have ultimate oversight and authority for this project. The Board plans to engage an Advisory Council, with representatives from the five sponsoring organizations, NACD, and other relevant stakeholders, to provide suggestions to the project team and to the Board and NACD. We envision the Advisory Council to be comprised of 10 - 15 individuals with relevant experience and interest in this topic.

The COSO Board will appoint a chairperson for the Advisory Council. The project team will work most directly with the Advisory Council Chair and the COSO Board Chair. However, we anticipate that there will be routine virtual meetings with the Advisory Council, and periodic meetings with the COSO Board and NACD representatives. Such meetings will coincide with agreed milestones developed by the project team, working in concert with the Advisory Council Chair.

We invite your suggestions on who to invite to the Advisory Council and how to most efficiently and effectively oversee, coordinate and successfully accomplish this project.

III. Proposal Guidelines

Any organization submitting a response to this Request for Proposal (“RFP”) agrees to all proposal guidelines contained herein. All materials submitted in response to the RFP shall become the property of COSO. The proposal guidelines are presented below.

Schedule of Activities

Information will be received and evaluated according to the following tentative schedule:

Activity	Date
Distribution of Request for Proposal (RFP)	January 31, 2024
Notice of Intent to Respond	February 20, 2024
Deadline to receive written questions on RFP	March 1, 2024
Distribution of responses to questions to RFP	March 8, 2024
Proposals due	April 1, 2024
Invitation to oral presentations	April 19, 2024
Oral presentations, if selected	May 6 or 7, 2024
Tentative selection	May 15, 2024
Tentative project start	June 1, 2024
Project milestone review start	July 1, 2024
Project completion (pre-publication)	June 30, 2025 (est.)

Notice of Intent to Respond and Questions

Organizations intending to respond to this RFP must provide a Notice of Intent to Respond by **February 20, 2024**. The Notice of Intent to Respond must be written, and should be submitted through e-mail to:

Lucia Wind, COSO Board Chair
Lucia.wind@coso.org

Patricia Miller, Acting Advisory Council Chair
pkmill100@gmail.com

Questions and other requests for clarification concerning this RFP may only be submitted in writing, **no later than March 1, 2024**. Such requests may be submitted through e-mail only and should be directed to:

Lucia Wind, COSO Board Chair
Lucia.wind@coso.org

Patricia Miller, Acting Advisory Council Chair
pkmill100@gmail.com

All clarifications to the RFP will be distributed via email only to those organizations that have submitted a Notice of Intent to Respond. Response to questions will be distributed by **March 8, 2024**. The source of any inquiry for clarification will not be disclosed.

Any information provided after distribution of the RFP is for clarification purposes only, and shall not be considered part of the RFP document.

Proposal Format

The proposal should contain the following basic elements:

1. Project Title
2. Submitting Organization(s)

Name(s) and organizational affiliation of principal researcher(s) including resumes or vitas. Vita include only information relevant to the RFP.

3. Narrative sections covering the following topics:

Objective	Purpose and planned accomplishment of proposed project
Need	Need, timeliness and importance of project; perceived problem(s) and/or opportunity(ies) to be addressed
Qualifications	Describe your organization and team qualifications for this project such as the successful conduct of similar projects, and specific governance experience and accomplishments. If you choose to partner with another(other) organization(s) to form a blended team, please describe the relative expertise of each organization. Provide at least three references who are prepared to discuss your relevant qualifications.
Project Team	Discuss how you will organize the project with respective roles, responsibilities and level of commitment of each resource to this project. Highlight organizational affiliation of team members, if more than one organization is represented on the team.
Product	Proposed form of end product with example table of contents.
Project Plan	Describe how you will execute the project, including specifics on how you will organize for success, staffing and resources available, estimated timeline, key milestones, and procedures. Share your level of commitment to the project. Describe your expectations/requirements of the COSO Board and NACD. Please note that neither COSO nor NACD have dedicated staff to support this project. The COSO and NACD role is to advise, review and provide high level project management and oversight.
Schedule	List specific tasks and planned completion with estimated milestone dates. Note any restrictions or proposed changes on start date or the project timeline.
Advisory Council	Discuss your recommendations on the structure, responsibilities and suggested members of an Advisory Council.
Budget and Investment	Provide your proposed professional fee and estimate of related expenses.

	Although the final product will be owned by COSO, the researcher may be identified with the product - leading to unique business opportunities for the researcher. This should be considered in the fee proposal. Further, as a non-profit organization, COSO will welcome creative ideas for minimizing the cost of the project. For example, the opportunity to develop select training, guidance and/or other solutions with possible revenue share, or other methods advantageous to both COSO and the successful bidder may be entertained.
Special Issues or Items	Discuss briefly any special issues that affect your proposal.

4. Signature

A corporate official, owner, or a person who has been authorized to commit the organization and negotiate a contract with COSO must sign and submit the proposal.

Submission of Proposal

The organization's proposal must be received at the email addresses indicated above no later than April 1, 2024. COSO is not be responsible for and will not accept late submissions.

IV. Selection Process

Proposal Evaluations

An evaluation of all proposals will be performed by the COSO Board, Advisory Council Acting Chair and NACD representative(s), using pre-established criteria. To facilitate this evaluation, the categories presented below will be considered.

- Demonstrated expertise with governance leading practices
- Successful experience with similar projects, based on degree of complexity, exposure and audience
- Demonstrated project management capabilities
- Quality of proposal – completeness, clarity, soundness, responsiveness
- Proposed cost and fee arrangement
- Ability to meet proposed project milestones
- If selected as a top candidate and invited to provide an oral presentation, effective presentation of qualifications, approach, timeline and any constraints

COSO reserves the right to reject any and all responses received as a result of this RFP for any reason, or to negotiate separately with any source in any manner.

Oral Presentations and Reference Checks

The top candidates, as selected by COSO and the NACD, will be invited to provide an oral presentation. These formal presentations will be held in Tampa, FL on May 6 or 7, 2024, at a site to be determined.

COSO intends to contact references. Please provide at least three references and relevant contact information.

Written Agreement

COSO will negotiate a final written agreement for this project.

The final publication will be considered “work for hire” and as such will become the sole property of COSO. COSO intends to own and copyright the publication. COSO requires the selected organization to obtain copyright releases for any materials that they obtain from copyrighted sources.

It is COSO’s intent to identify and recognize the researcher(s) in the final publication. COSO reserves the right to determine how such reference will be made in the publication, pending the final written agreement with the selected provider.

The organization’s responding proposal and submitted materials, along with the original RFP and an implementation schedule, will be part of any agreement.

COSO will not pay or reimburse any organization for any costs incurred by the organization prior to finalizing of an agreement.