

Board meetings in the time of Corona



The COVID-19 pandemic attack has changed the world in ways none of the scenario - or risk heat-mapping corporations could have imagined even a quarter ago

By **M. Muneer & Ralph Ward**

It is that time of the year now when quarterly – and for some annual – board meetings have to be held, especially when the Finance Ministry has clarified that the financial year will not be changed despite the pandemic lockdown and social distancing. The COVID-19 pandemic attack has changed the world in ways none of the scenario- or risk heat-mapping corporations could have imagined even a quarter ago.

Perhaps it is best that tectonic or paradigm shifts occur suddenly – we have less time to worry over them, and instead, have to focus on simply living through the moment. The virus is also a great leveler since it does not discriminate between market leader, manipulator or laggard.

At a time of global pandemic resulting in an economic turmoil both in developed and developing economies, and when we hear such words as

“quarantine”, “depression”, “curfew”, and “lockdown” more often across the world, discussion on corporate governance may seem irrelevant and insignificant. But the fiduciary duties of corporate boards – and their legal enforcement – carry on no matter how the world events shape up in the coming few months.

Globally, plummeting stock markets, emergency government controls, crumbling supply chains and

evaporating cash flows and reserves slap corporate boards in the face with urgency not seen in our lifetime. If your board lets important filings, approvals or procedures get lost in the viral panic, legal liabilities are certain to haunt the board members and even bite them, maybe even years down the road.

As a board director, your inbox has no doubt been flooded with emails on all



the business, legal, and yes, life ramifications of the moment's crisis. You will also have the mails from Ministry of Corporate Affairs on the steps you need to take for the enterprise you are serving, not to mention random unsolicited advice on how some suppliers can help you work from home. But let's focus on what we can do right now, and bring it into the boardroom.

We could probably write a whole book on the governance issues you'll need to wrestle with in the days ahead, but first things first – how do you even conduct board meetings now when everyone is asked to abandon offices and work from home?

Worldwide, regulators are adopting some relief provisions for virtual business, dropping in-person requirements for annual general meetings and board meetings. Just two weeks or so before, the US SEC lifted in-person voting and meeting requirements under the 1940 Investment Company Act, and India's Ministry of Corporate Affairs (MCA) has allowed virtual board sessions here. Expect more of this in the weeks ahead, especially as companies scramble to conduct virtual annual meetings while keeping things legal.

Taking board business online has suddenly gone from being a smart idea



Globally, plummeting stock markets, emergency government controls, crumbling supply chains and evaporating cash flows and reserves slap corporate boards in the face with urgency not seen in our lifetime

to becoming an urgent necessity. Most boards we work with have some experience in this, making use of board portal tech for information, and teleconferencing, often for their committees. But going completely virtual with video Directors' meetings, is still a new thing for most boards, and we know many of you are scrambling to make it work at the moment.

Worse, even board directors that have some background in conducting their business online have likely done so with fairly workaday matters. Now, all boards

are facing existential threats to their people, their operations, their cash flows, and the actual survival of the enterprises they serve. Effectively taking your board operations online has jumped from baby steps to running for full marathon within a short period.

The virtual board meetings could be in the form of telephone conferencing, video conferencing or web-based conferencing. Each has its own challenges and benefits. Board members not used to the technologies or etiquettes of not-in-

Worldwide, regulators are adopting some relief provisions for virtual business, dropping in-person requirements for annual general meetings and board meetings



person meetings will have to be educated on the same quickly. The chair and the company secretary need to act quickly and decide on the conferencing and the rule setting for the same.

For instance, the following could be an overall guideline they may want to use to set for all board directors:

- Insist on a strict starting time suitable for all and take into consideration the different time zones the members might be in
- Provide the relevant information to all prior to the meeting, including the clear agenda. This could be on Intranet or on board portal with extra access restrictions if needed. Exchange of documents, comments, and corrections will be easier in the new normal
- If teleconference, ensure that everyone calls

from a quiet location and that they keep their microphone mute unless they are speaking

- Ensure that each speaker identifies self
- Designate someone to take notes and minutes of the meeting
- Let older, tech-averse board members be familiarized with e-mails based exchange of information and editing of shared files in a drop box
- Anticipate for hurdles such as poor bandwidth and network issues at some board member's end. Some board members may be awkward with the new zoom call tech. So plan for all that in advance. For instance, allow a starting point and a deadline for communication, and perhaps, permit private schedules
- When everything is recorded or written, board

members may not express themselves freely, fearing liability and so on

- Because of the large bytes of messages capturing the minutes of the meeting will be laborious and to identify the essence is a challenge for the chair

The board chair will have a challenging role in the time of COVID-19, no doubt. Getting everyone involved in the discussion is critical to the board function. The chair will have to be very observant without line of sight at times. And indeed, he or she should welcome all to the new normal! 🙏

ABOUT THE AUTHOR

MUNEER is co-founder and chief evangelist at the non-profit Medici Institute and **RALPH** is a global authority on boards; both drive alignment of board with strategy. Reach them at: muneer@mediciinstitute.org