

PCGI TIP SHEET: BOARDS IN A DIGITAL WORLD

Navigating protocols, responsibilities and technological options available to board directors these days can be a daunting task. However, in these unprecedented times where social distancing requirements mean that many meetings can no longer take place face to face it is important for boards to effectively utilize virtual and digital technologies open to them.

Please note that if you are a Director of a listed company, then check regulator rules¹ about holding virtual (online) Board meetings, Committee meetings and AGMs. The Board should also look at its Constitution and articles to see if such virtual meetings are allowed and if not, then seek approval from the regulator to do so.

TIPS FOR VIRTUAL BOARD MEETINGS AND HOLDING AGMS.

PREPARATION

- Ensure the Company Secretary issues invitations and calendar invite with direct links to the virtual meeting if possible and issues board papers electronically (use a board portal if available).
- Be Prepared. Make sure the pre work is done...reading all papers for the meeting, practice using the online system and it has been checked technically to ensure it will work.
- Board members and all other attendees should take necessary measures to ensure confidentiality of the meetings (e.g. shouldn't attend the meeting in public places etc.).
- Have your IT person setup and control/managing the system and be on standby for any technical problems during the meeting without being in the meeting. If there are additional support people attending the meeting, the Company Secretary should advise them about the confidentiality of the meetings.

¹ SPX Listing Rules are silent on the conduct of AGM's virtually. As such listed entities can conduct AGM's virtually as long as their Articles of Association allows this. However, looking at the COVID-19 restrictions on social gatherings, travel and other health & safety measures, the SPX had encouraged entities to apply for extensions for conduct of AGM's through the Registrar of Companies. Also, in the event a listed entity opts to conduct a physical AGM or hybrid AGM they are required to provide in the meeting notice all the health and safety measures that has been adopted and an option for online shareholder attendance to ensure greater shareholder participation given that the AGM is the only time shareholders get to directly communicate and raise queries with the Company Representatives.

- The Company Secretary should work with the IT person to ensure the platform used is secure and safe (info security/cybersecurity).
- The Company Secretary should have one-to-one meetings with the Board members ahead of the first virtual meeting to explain the technology/ platform, how to access etc. as appropriate. Companies can provide board members with appropriate headphones etc. if needed. The quality of the meetings will also depend on the quality of the equipment used.
- Have a contingency plan if there are technological issues. For example, convert to teleconferencing system if videoconferencing system fails. Have phone all required contact info readily available to be able to implement the alternative plan quickly if needed.
- You may be able to hold a hybrid AGM/ Board meetings with some physically in attendance and some attending online.²

CONDUCTING VIRTUAL MEETINGS

- Virtual meetings can create fatigue quickly so keep the agenda as short as possible without losing any of the important decisions. Consider short breaks during the meetings.
- Allow 10 minutes before the formal meetings starts to allow Directors to get comfortable with each other and build virtual trust.
- Consider having Directors to vote with colored cards so the Secretary can capture all votes correctly. Blue for Yes and Red for No and yellow for a Question.
- Ask Management to wait in the virtual “waiting room” until called in to the Board meeting. Zoom and Microsoft Team systems allow you to do this.
- Place your microphone on mute when you are not speaking. Make sure all Directors have training in using the technology.
- Use Share Screen facility to put any Board papers on the screen for discussion by the Board. The Chair or Secretary can control this.

² Guidance from SPX is as follows “Whilst SPX acknowledges that the use of technology to conduct virtual AGM can be permissible subject to agreement of all the officeholders and if allowed under the Company’s Articles of Association, SPX still recommends that listed entities conduct physical AGM given that the AGM may be the only formal gathering through which shareholders would be able to interact with listed entity officials and with each other. The use of technology for taking part in AGMs is encouraged by SPX particularly for shareholders who may not wish to travel, however, in the interest of all shareholders, SPX submits that listed entities allow the conduct of AGM in physical format and at an appropriate time that would encourage participation at the AGM by majority of the shareholders”.

- Ensure the Company Secretary can record minutes and capture all discussion and decisions as normal for approval. Consider recording the meeting so they have a record of it to check and keep on file. Recordings of the meetings etc. should be kept secure and only be accessed by the authorized personnel.

POST MEETING

- Use Flying Minutes³ between meetings and ratify later if necessary.
- Ask all Directors for written feedback after the first such virtual meeting to see if it can be improved.

There is also the matter of online etiquette for both Board members and shareholders. Here are 6 Do's and 6 Don'ts...

DO

- Be courteous to other participants.
- Do speak clearly.
- Do move and gesture slowly and keep body movements minimal.
- Do keep eye contact and direct look into any camera.
- Do dress appropriately.
- Do contribute to the session.

DON'T

- Don't make distracting sounds.
- Don't speak aggressively into the microphone.
- Don't make distracting movements.
- Don't interrupt other speakers.
- Don't cover the microphone.
- Don't have your mobile phone on.

³ Flying minutes are commonly used to make decisions or enable voting members of a board or committee to conduct a vote in writing outside of a physical meeting. Where legislation or regulatory authority permits, the process enables voting members of the board or committee to make decisions in writing on urgent matters outside of a scheduled meeting or where there is insufficient business to justify calling a meeting. A flying minute should contain necessary background information on the matter and a section stating if members agree or disagree with the draft motion along with a timeframe for completion.

**GOOD LUCK IN
CONDUCTING YOUR
BOARD AND COMMITTEE
MEETINGS ONLINE
AND HOLDING YOUR
AGMS VIRTUALLY.**

About PCGI

The Pacific Corporate Governance Institute (PCGI) is an independent, non-profit organization aimed at promoting principles of good corporate governance to companies in Fiji and the broader Pacific region. It is governed by a board of directors, comprised of both private and public-sector representatives. PCGI's activities include providing various forms of corporate governance training, helping raise public awareness on important governance-related topics, and serving as an advocacy body for ongoing market reforms. PCGI was formed with the generous support of the Australian and New Zealand Governments and technical guidance by the International Finance Corporation (IFC), a member of the World Bank Group.

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