



# Calibrating board operations during COVID-19

**KPMG Board Leadership Centre**

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Just as management teams are rethinking – and recalibrating – how the company conducts business in the COVID-19 environment, boards are also recalibrating their own operations and oversight.

Here are five areas to consider:

## **1. Move to virtual board and committee meetings.**

Boards are accustomed to meeting telephonically when the need arises, and most are now holding all of their board and committee meetings telephonically or by other virtual means. They should be prepared to continue to do so for the foreseeable future. Of course, boards should verify that telephonic or virtual board and committee meetings are permitted under the applicable Articles of Association or bylaws. Boards will also want to avoid potential problems associated with achieving a quorum due to director illness or other factors and complying with notice requirements for board meetings that must be held swiftly. Confirm whether the company has business continuity articles or otherwise has power under the applicable law or regulations to address these issues. Because the COVID-19 situation is constantly evolving, the full board and individual committees should have processes in place that enable them to meet more frequently – and on short notice – as the situation dictates.

## **2. Reinforce the board's cybersecurity protocols.**

Increased use of board portals and technology platforms for virtual meetings – and the

associated potential for malicious cyber activity – should prompt even greater vigilance regarding the security of board meetings and communications. Additionally, using personal email, personal devices, or unauthorised software to conduct board business can present serious cyber risks. In many cases, simply picking up the phone may be the best answer. Have the general counsel or chief information security officer brief the board on company cybersecurity protocols that apply to them as well as employees in the context of the new operating environment. Document retention policies should also be reviewed to ensure directors understand the policies, as well as the related risks of taking and retaining meeting notes and retaining board meeting materials.

## **3. Calibrate how the board – through its committee structure – oversees management's response to COVID-19.**

Ultimate responsibility for oversight resides with the full board. However, the board may wish to establish a special committee – composed of directors with the time and experience – to oversee the company's response, communicate regularly with management, and report back to the full board. The board may also delegate oversight duties for various aspects of the company's response among its standing committees based on their responsibilities. Coordination and communication among committees is vital.

#### 4. Reassess the frequency and nature of management's updates to the board throughout the COVID-19 situation.

The board should consider how often it expects updates from management and in what form – bearing in mind that management needs to focus its primary efforts on managing the situation, rather than reporting to the board. And, the frequency of updates may change in light of evolving circumstances. A periodic email update from the CEO to the full board may be adequate. Key areas of focus would likely include updates as to how the situation is evolving and its impact on the company; scenario planning and the potential impact on the company's financial and operational risks and strategy; the company's changing risk profile, including financial and liquidity risks, operational risks related to the workforce and supply chain, and cybersecurity and IT risks; and updates on government mandates and guidelines. To minimise the reporting burden on management, consider simply receiving management's COVID-19-related reports versus separate reports *prepared specifically for the board*. Having the chair or

independent chair serve as the conduit for communications with the CEO can help make board/CEO interactions more efficient.

#### 5. Plan for emergency succession of board leaders and senior management members.

The board should prepare for the possibility that COVID-19 may directly or indirectly impact the ability of directors and officers to fulfill their roles. Have a plan for interim and/or permanent successors for board leadership roles (e.g. the board chair and committee chairs) as well as for the CEO and other members of the senior management. These succession plans should take into account the possibility that more than one member of the management team or board may fall ill at the same time.

For more on how the board can provide oversight for the company's pandemic response, read the KPMG Board Leadership Centre publication [Navigating the pandemic: A board lens](#).



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