

Article Information

Author: Sarah Johnson

Service: Corporate & Commercial, Corporate Governance

Governance through a crisis - Learning from COVID-19 - Key insights from a recent Governance Institute/AICD Report

A recent report published by the Governance Institute of Australia and the Australian Institute of Company Directors considers the impact of the pandemic on board practices and sets out various observations regarding governance challenges in the current climate.

In their report, *Governance Through a Crisis: Learning from COVID-19 - Lessons for now and beyond*, the Governance Institute of Australia and the Australian Institute of Company Directors (AICD) examine the impact of COVID-19 on boards and the organisations they govern. You can download the report [here](#).

Incorporating insights from interviews with senior directors, responses to a survey of AICD members and feedback from roundtables with governance and risk professionals, the report sets out four key insights:

1. virtual meetings are now part of the landscape;
2. crises require agile decision-making;
3. contingency planning is a must; and
4. technology can elevate stakeholder voices.

The report concludes that the move from the physical to the virtual world with social distancing requiring meetings to move online has been the biggest shift caused by COVID-19. As indicated in the report, the roles of the chair and company secretary have evolved during the pandemic to accommodate these changes, with chairs of organisations increasingly being focussed on keeping other directors informed. The company secretary's role has also evolved and the report refers to company secretaries playing a key role in managing information flows and assisting directors with technology.

From a legal perspective, organisations should consider whether their governance policies need to be updated to reflect virtual meeting protocols developed formally or informally during the pandemic and to accommodate these changes in roles.

The report also notes one of the benefits of moving to virtual meetings has been increased attendance by stakeholders such as employees, regulators, interested community members and the media as observers at shareholders'/members' meetings.

Under the *Corporations (Coronavirus Economic Response) Determination (No 3) 2020* (Cth), the Treasurer has granted temporary relief which permits companies regulated by the *Corporations Act 2001* (Cth) to hold a virtual meeting even if the company's constitution does not allow meetings to be held this way. However, the situation for incorporated associations is more complex and is dependent on the relevant legislation in the State or Territory in which the association is incorporated. For more information on virtual meetings for companies and associations click [here](#).

We recommend all organisations review their constitution or governing document to ensure not only that virtual meetings of members and the Board are permitted, but also that the governing document permits the attendance of observers at members' meetings (as many rules do not).

The report observes that crises require agile decision-making and that boards have been required to play a more "hands on" role during the pandemic. Organisations should consider evaluating their governance policies in light of these changes to ensure that delegations to management and committees are comprehensive and give sufficient flexibility to allow the organisation to respond to this rapidly changing environment.

If you would like us to review your organisation's governance documents and policies and assess the impact of the changes in practice brought about by the pandemic, please contact [Sarah Johnson](#).