



May 2020

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# **Real-World Perspectives: How COVID-19 is Affecting Corporate Governance**

***Rotman***

**The David and Sharon  
Johnston Centre for  
Corporate Governance  
Innovation**

**The COVID-19 pandemic has both posed an unprecedented governance challenge and ushered in a period of extraordinary experimentation, a time for boards to both question old habits and imagine new possibilities.**

## Special thanks to our interview participants:

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- **Brigitte Catellier**, Vice-President  
Corporate Governance, Meridian  
Credit Union
- **Brian T. Schools**, President & CEO,  
Chartway Federal Credit Union
- **Dana Stringer**, Vice President,  
Corporate Secretary and Associate  
General Counsel, Barrick Gold  
Corporation
- **Frédéric Duguay**, General Counsel and  
Corporate Secretary,  
Canada Infrastructure Bank
- **George Sauer**, Board Chair, Chartway  
Federal Credit Union
- **Jeremy Trickett**, Senior Vice President  
and Chief Governance Officer,  
Great-West Lifeco Inc.
- **Kathleen Keller-Hobson**, Corporate  
Director, Greater Toronto Airports  
Authority
- **Maureen Wareham**, Vice-President,  
Corporate Secretary and Chief Ethics  
Officer,  
Hydro One Limited
- **Peter Jewett**, Board Chair, Shaw  
Festival
- **Sonya Reiss**, Vice-President and  
Corporate Secretary, IGM Financial Inc
- **Tina Antony**, Vice President, General  
Counsel and Corporate Secretary,  
Alberta Teachers' Retirement Fund  
Board
- **Vanessa Morgan**, Board Chair,  
Soulpepper Theatre Company

# Introduction

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Over the last month, we spoke to boards and managers from eleven organizations across a spectrum of industries and sectors to gain a real-world perspective on the way directors and senior executives are collectively navigating the complex governance challenges posed by COVID-19 and what they have learned so far. Here's what we found.

# 1. Boards are going virtual and managing the challenges of remote work

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In twenty-four hours, Hydro One, Ontario's electricity transmission and distribution company, decided to take its Annual General Meeting online. And they weren't alone. In just a few days, directors in companies across North America transitioned from the boardroom to their spare room and kitchen as the threat of COVID-19 gripped the world. Frequent meetings and daily phone calls followed, press releases were filed, and paperwork swelled as managers reported to the board on a weekly basis.

In some ways, going virtual has changed things for the better – for example, remote meetings eliminate commute times and can be easier to schedule on short notice. The impact can be significant – for instance, Soulpepper Theatre Company's attendance at their last board meeting was 100%, something that would have been more challenging to achieve in person.

For other boards unused to remote meetings, the challenges are both basic – from finding the right communication flow or best way to take minutes, vote, or table a proposal – and fundamental. A great board is at its heart a high-functioning social group. Under normal circumstances, Directors for the Shaw Festival travel to Niagara-on-the-Lake, Ontario for their board meetings, scheduled around theatre openings and other events. For them, a simple change in venue encouraged deeper discussions, and took them from 'business mode' to 'Shaw mode'. But what happens when you erase the 'social' element? As George Sauer, the Board Chair of Chartway Federal Credit Union in the US, points out that board members 'need to spend time together socially since knowing each other well helps folks to disagree with each other.'

**"COVID-19 is shining a light on a different way to communicate."**

(Frédéric Duguay, General Counsel and Corporate Secretary,  
Canada Infrastructure Bank)

Now directors must understand how to be with and relate to each in this new 'distant' world, speak with the same candor and trust, and continue to challenge each other in ways that are crucial to making good decisions even as they contend with poor connections and background noise. Despite the many challenges, the directors and executives we spoke to are rising to the occasion, choosing platforms that work best for them, creating tools to ensure all pressing issues are covered in meetings, writing summaries for chairs to better report to their committees, and opting for shorter, more frequent meetings. By limiting the scope of agendas, boards are better able to absorb information about the impact of the pandemic on their operational and strategic realities, and also to make critical decisions more rapidly.

Several of our interview participants are considering the use of virtual board meetings on an ongoing basis to take advantage of all of these benefits. Others are wary that remote attendance might negatively impact board effectiveness in the long run, reducing director engagement and limiting the social benefits of in-person meetings.



## 2. The board chair is in the spotlight

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To limit the damage of a crisis, trust and information flow are of essence. As the critical link between board and management, the board chair has the weighty and unenviable job of establishing alignment and mutual support between the board and management by being at once the eyes and ears of the board, and the counsel and sparring partner of management. The board chair, along with committee chairs, must also ensure that timely and accurate information flows between board and management, so that businesses faced with making all sorts of difficult decisions can balance risks in the best ways.

**“We have daily phone calls, sometimes more.”**

(George Sauer, Board Chair, Chartway Federal Credit Union)

Now directors are reaching out to board chairs more often, and chairs are spending hours daily talking to the CEO and committee chairs. Meridian Credit Union learnt from a previous crisis that they could have used the board chair more effectively. They did not make the same mistake twice - this time, the board chair was immediately asked to gather all questions from the board and be the conduit to provide questions to management so that management could better integrate their responses in their reporting processes. This echoed the experiences of most of our survey participants: in order for a board in crisis to continue to operate effectively, the board chair must engage at a new level. Daily communication between the chair and CEO is the norm, and one-on-one phone calls with directors are almost as frequent. Ultimately, the board chair must ensure that the board is equipped to engage fully and provide management with whatever support they need to meet the challenges of the pandemic.



### 3. The lines between board & management have blurred

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In good times, the boundaries between board and management can be difficult to define. Ideally, the board provides business insights and challenges in ways that add value without meddling in the operational side of things, the domain of management. But what happens in the face of an unprecedented global pandemic – should all normal rules be dissolved? More than ever, boards face an age-old dilemma: when is the time to dive “into the weeds” of operations and work alongside senior management, and when is the time to stick to the board’s typical role of governance and oversight? History has repeatedly taught us that the first question following a catastrophic corporate failure is usually “where were the directors?”

For some of our interview participants the lines between the board and management have blurred as the board has become deeply involved in making daily decisions. Others have resisted the impulse to intervene and adopted a more supportive stance, or tried to strike the right balance between the two. However, the extent to which the board gets its “fingers into everything” might depend fundamentally on the board’s confidence in the management team prior to the crisis. It may also depend on whether the organization has already built a culture around keeping the board out of the weeds. This is more possible when both sides have a clear understanding of what they are supposed to do, and management is convinced that the “board isn’t a nuisance, but can really add value,” as Peter Jewett of The Shaw Festival points out. Brigitte Catellier, Vice-President of Corporate Governance at Meridian Credit Union, says the key question directors need to ask themselves now is this – “how do we probe and challenge in ways that add value?”

**“This situation is so unprecedented, and it is causing some directors to go deeper and more granular.”**

(Brigitte Catellier,  
Vice-President Corporate Governance,  
Meridian Credit Union)

The organizations that manage the board-management line most successfully are the ones that actively discuss it and create systems to make it work under varied circumstances. In times of crisis, the luxury of “doing things the way we’ve always done them” disappears, requiring frequent and significant adjustments. Some of our interview participants have created temporary board committees to provide support to management in critical operational areas through the crisis. For example, as soon as it became apparent that COVID-19 might present significant risks to the Soulpepper Theatre Company, their board created a Special Fundraising Committee and a Special Operations Committee to enable the board to engage more deeply in two of the organization’s most at-risk functions. In fact, a recurring theme throughout our interviews was that boards are eager to rise back above operational matters when the time is right, but also willing to roll up their sleeves when they are needed.



A top-down view of a wooden desk. In the upper right, a silver laptop is open, with a blue surgical face mask resting on its keyboard. In the lower right, a spiral-bound notebook is open, showing a lined page with a 'Date' and 'Subject' header. A silver pen lies on the notebook page. In the upper left, a small glass of water and a white object are partially visible. The entire image has a semi-transparent teal overlay.

**"We are reporting  
to the board on  
employee health and  
wellness in much more  
granular detail."**

Sonya Reiss  
Vice-President and Corporate Secretary,  
IGM Financial Inc

## 4. Boards are taking the long view & putting people first

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Some companies are battling to survive. Some are contemplating massive layoffs, while others have already been forced to take those dramatic steps. All of our interview participants have transitioned staff to remote work. In the worst cases organizations are dealing with the evisceration of their entire industry.

COVID-19 presents a truly unprecedented scenario: a universally shared crisis. In such a situation, the board's primary fiduciary duty to the corporation takes on new implications. How do you balance the needs of shareholders, customers and even communities when all are severely impacted by the pandemic in completely different ways?

Boards are working harder than ever to negotiate and balance the needs of different stakeholders, to preserve lives and livelihoods, while ensuring the short- and long-term viability of the company in an "ever-changing landscape". Peter Jewett, Board Chair of the Shaw Festival, explained, "How do you forward plan when your data changes sometimes hourly and certainly daily? It's as much about choosing what *not* to do."

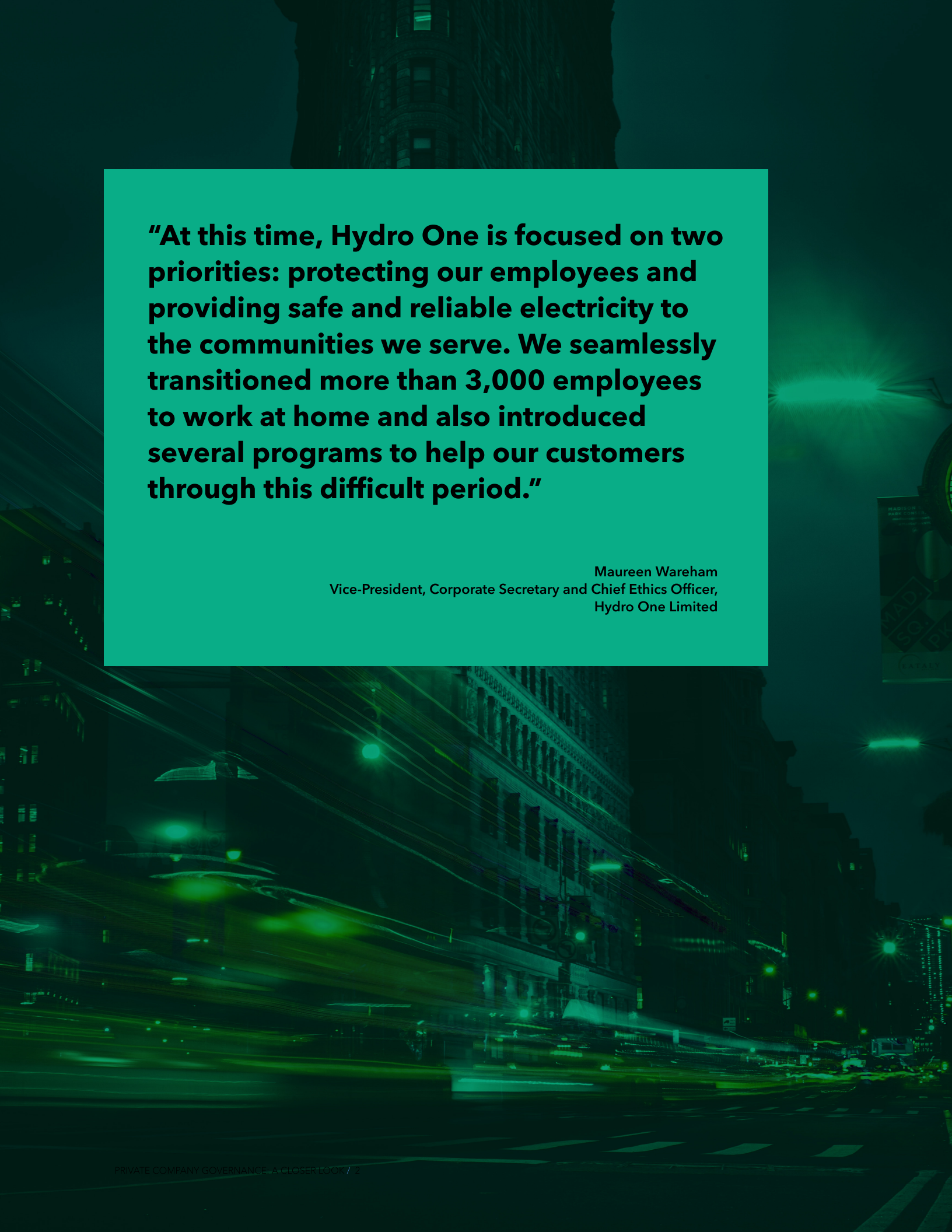
Despite the criticisms leveraged against boards that they tend to be myopic and operate within dangerously short strategic horizons, many of our interview participants have a clear focus on the long-term, even during the crisis. They have put 'people first', prioritizing the health of their employees and jobs over financial soundness, if they have the capacity to do so. As Brian Schools, CEO of Chartway Federal Credit Union, reflects, "If I could say one thing different, it would be 'You will have your job!' But we danced around it and said 'we will take care of you'. Thankfully, we had the capital to make that promise."

**"The safety of our employees, passengers and others working at the airport are our number 1 priority."**

(Kathleen Keller-Hobson, Corporate Director,  
Greater Toronto Airports Authority)

Other companies have been less fortunate and have had to make tough decisions like terminations, slash salaries, suspend dividend payments and stock buybacks just to stay afloat. Companies are also contributing millions to communities affected by the pandemic, and sharing learnings with their industry peers and competitors in ways that buttress the entire ecosystem in which the company operates. In this sense, a shared crisis has created new opportunities for collaboration and peer learning that may provide enduring lessons for good governance beyond the pandemic.





**"At this time, Hydro One is focused on two priorities: protecting our employees and providing safe and reliable electricity to the communities we serve. We seamlessly transitioned more than 3,000 employees to work at home and also introduced several programs to help our customers through this difficult period."**

Maureen Wareham  
Vice-President, Corporate Secretary and Chief Ethics Officer,  
Hydro One Limited

## 5. Sharing learnings in real-time

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The job of a CEO or corporate director is inherently lonely. You are at the top of an organization, bound by confidentiality constraints, and often going through experiences that others can't relate to.

Several of our interview participants explained that Directors and executives are reaching out more than ever to their peers for advice, discussing hot-button topics, and using their counterparts as a sounding board for ideas on everything from how to optimize information flows from management to the board and ensure remote meetings add value, to how to balance the divergent needs of different stakeholders. In some cases, the peer groups are somewhat formal, including a group of Corporate Secretaries from a multitude of Canadian financial institutions that met daily through the early days of the crisis. In other cases, directors and executives are simply reaching out to their extensive networks to ask for advice, share experiences, and simply see if everybody is doing OK. Directors are also sharing the lessons they have learnt from serving on the boards of other companies.

**"I talk with my counterparts at other companies regularly - at times on a daily basis - to share ideas on emerging governance issues. In this environment, timely peer group benchmarking has been key."**

Jeremy Trickett  
Senior Vice President and Chief Governance Officer,  
Great-West Lifeco Inc

## 6. A crisis-ready board has a plan and the right people in place

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How do boards prepare for a crisis that is impossible to predict? Perhaps not surprisingly, boards that have weathered earlier crises find themselves most prepared: they often have a crisis plan, informed by experience, which clearly articulates all aspects of their crisis response strategy and organizational structure, and they have people with the wherewithal and experience to navigate a period of extraordinary volatility.

Barrick Gold Corporation learnt from its CEO's experience with two Ebola epidemics in Africa – this helped them identify the threat of COVID-19 early and use their established prevention practices and safety procedures to manage the impact of the virus on operations. They were also quick to establish regular communication with different operational units and host governments and appointed their Group Sustainability Executive as the point person to collect and relay all COVID-related information on a daily basis.

If there is a lesson from this crisis so far, says Brigitte Catellier, Vice-President of Corporate Governance at Meridien Credit Union, it is that boards must in the future seriously consider recruiting directors with experience with a crisis, and provide mandatory training on dealing with a protracted crisis if they are to avoid being merely reactive. Meridian Credit Union has also kept a record of what it has done and what it could do better – the key to creating a truly crisis-ready board for the future.

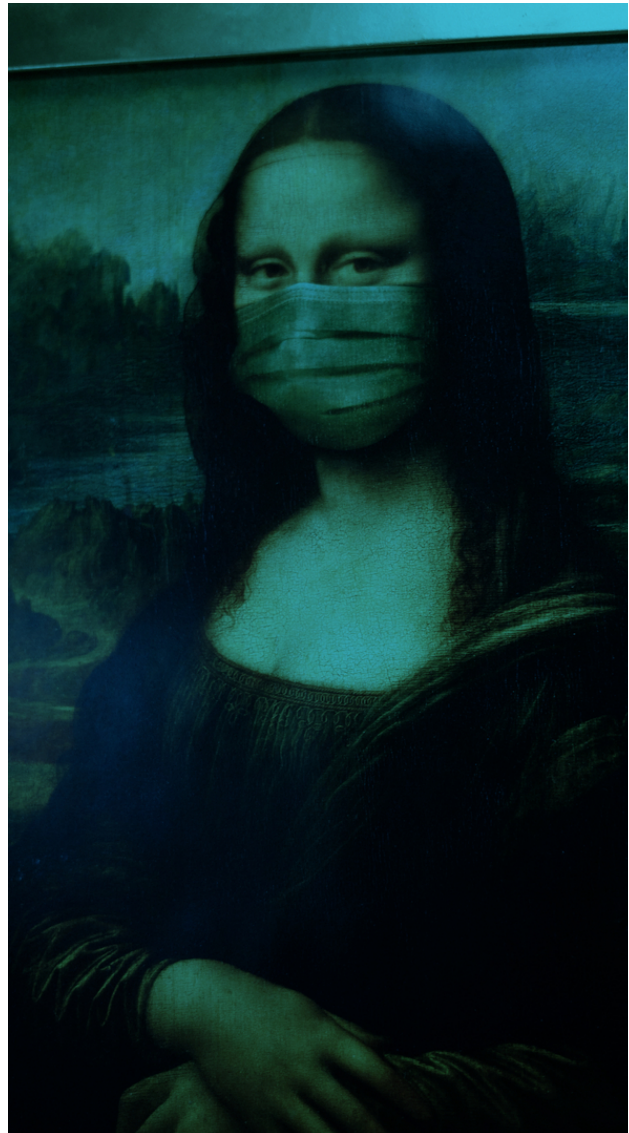
**“Planning for a crisis in advance is the key to governing effectively when things go wrong.”**

Tina Antony  
Vice President, General Counsel and  
Corporate Secretary,  
Alberta Teachers' Retirement Fund Board

# Conclusion

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Even as the COVID-19 catastrophe has posed an unprecedented governance challenge, it has also ushered in a period of great experimentation, a time for boards both to question old habits and imagine new possibilities – from creative approaches to maintaining effective communication in virtual boardrooms to establishing new ties with external peers, from diving into operational minutiae to preparing for long-term survival, from managing financial details to ensuring your people are healthy and safe. Canada’s boards and managers have responded admirably to this remarkable shared crisis thus far. As organizations emerge from COVID-19, we will continue to gather their stories to understand the longer-term impacts on how organizations make effective decisions in extraordinary circumstances.







**"Having a crisis management plan in place really helps in a situation like this – while the precise details of this pandemic could not have been anticipated, it was very helpful for us to have clear lines of communication from management to our CEO, and from the CEO to the Executive Chairman and Board as well as defined responsibilities and accountability going into the crisis."**

Dana Stringer  
Vice President, Corporate Secretary and  
Associate General Counsel,  
Barrick Gold Corporation

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