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COMPANY SECRETARIAL AND CORPORATE GOVERNANCE

COVID-19 and Corporate Governance

by **lk-shields**

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16th March 2020 | by

Since December 2019, the coronavirus (COVID-19) outbreak has affected every aspect of business for many companies and in doing so, has raised immediate corporate governance risks for many companies globally.

Recognising the immediate and short term risks is front and centre for Boards. In addition, there are now medium and long term corporate governance concerns that Boards need to plan for.

The Board of Directors needs to anticipate and deal with queries and concerns from investors, employees, suppliers and other stakeholders who will now look to for guidance and assurance in such turbulent times.

We outline some key areas that the Board of Directors should consider.

The Board and Risk

How the Board is structured to address the crisis will be evident quite quickly. For example, is the current Risk Policy completely effective in this situation? If not, the Board should review, enhance and enforce the policy immediately.

Decision Making

Whilst Strategy is always a Board decision, immediate decisions may need to be made so as not to hinder the business. Should a committee of the Board be given authority to make decisions in time-sensitive situations?

Information flow to the Board

How will the Board ensure that the information they receive is correct, timely and not biased? Is the expertise available inhouse or should an external expert be engaged?

Communication

Communication will be key and the Board will need to ensure that communication to employees, investors, customers, supply chains and other stakeholders is clear and concise. Directors need to consider the impact on the performance of their company's business and the disclosures that may be required.

Financial considerations

Whilst last on the list, financial considerations are certainly not least. The Board of Directors has a duty to protect the financial position of the Company for those who have entrusted them with this responsibility, namely the shareholders. Directors need to ensure they are aware of these duties in full and ensure to abide by the relevant legislation especially in such fragile times.

The above is by no means a comprehensive list of the many responsibilities of the Board in a crisis situation and relevant factors change on a case by case basis.

The LK Shields cross-disciplinary business crisis advisory team are available to provide practical advice and legal insights to employers, business owners, directors, insurance providers, compliance officers, HR professionals and decision-makers faced with a crisis.

If you would like to discuss this further, please contact crisis-advisory@lkshields.ie or any member of our business crisis advisory team.

For further coverage about business continuity during the Covid-19 outbreak, please visit our [designated special insights page](#).

About the Author