



Board Practices Quarterly

Back to basics: Board meetings

The pandemic prompted many companies to modify—at least temporarily—some of their core business, as well as board, practices in the face of health- and safety-related requirements that prevented or restricted travel and in-person gatherings. While the circumstances that gave rise to the restrictions were unwelcome, they provided companies an opportunity to review and re-evaluate the effectiveness of longstanding practices that, but for the pandemic, would likely not have taken place.

In this issue, we look at whether the pandemic prompted lasting changes to key board meeting practices and processes. We present findings from a February 2022 survey of Society for Corporate Governance members representing more than 150 public and private companies. The intent of the survey was to understand long-term changes made in response to the pandemic in practices such as board meeting formats (frequency and length), virtual meeting approaches, attendance, and materials and agendas.

Findings

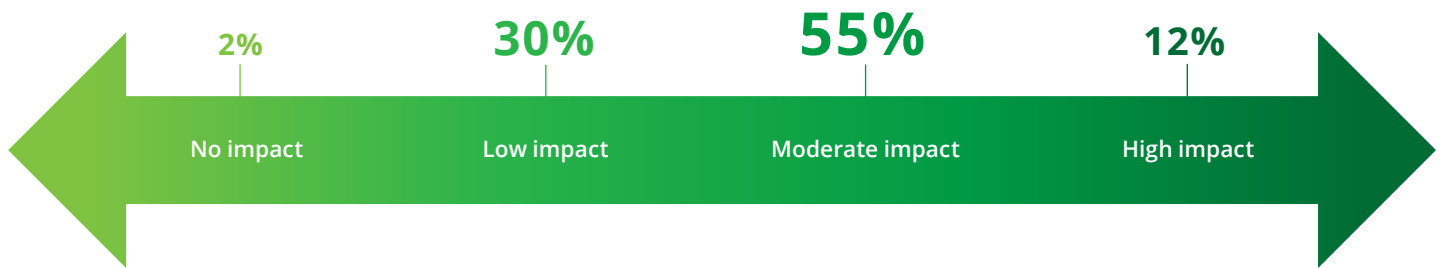
Respondents, primarily corporate secretaries, in-house counsel, and other in-house governance professionals, represent public companies (89%) and private companies (11%) of varying sizes and industries.¹ The findings pertain to all companies, public and private. Where applicable, commentary has been included to highlight differences among respondent demographics. The actual number of responses for each question is provided.

[Access](#) results by company size and type.

NOTE: The survey was entirely focused on benchmarking long-term changes (implemented or planned) to board practices and processes as compared to pre-pandemic times.

To what extent has the pandemic impacted your board’s overall processes and practices? (161 responses)

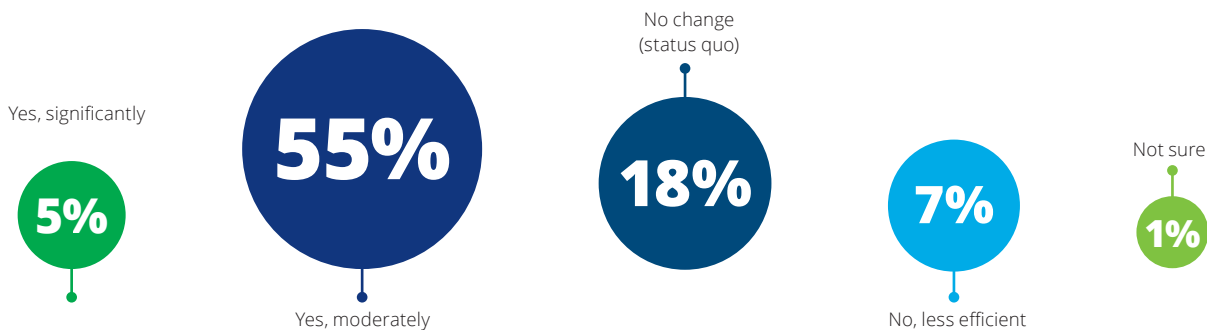
For both public and private companies, moderate impact, followed by low impact, were the most common responses.



Note: 1% selected Not sure.

Have any changes to your board’s processes and practices facilitated board efficiencies? (157 responses)

With the exception of small-caps at 18%, at least 50% of all other respondent types and sizes reported changes in processes and practices that facilitated moderate board efficiencies. More than one-quarter of small-caps reported no change/status quo and that their boards did not institute any long-term changes to processes and practices.



Note: 11% selected We did not institute any long-term changes to board processes and practices; 1% selected Not sure; and 2% selected Other [please specify].

1. Public company respondent market capitalization as of December 2021: 50% large-cap (which includes mega- and large-cap) (> \$10 billion); 42% mid-cap (\$2 billion to \$10 billion); and 8% small-cap (includes small-, micro-, and nano-cap) (< \$2 billion). Private company respondent annual revenue as of December 2021: 50% large (>\$1 billion); 28% medium (\$250 million to \$1 billion); 17% small (<\$250 million); and 6% not able to share. Respondent industry breakdown: 35% energy, resources, and industrials; 27% financial services; 20% consumer; 12% technology, media, and telecommunications; and 5% life sciences and health care.

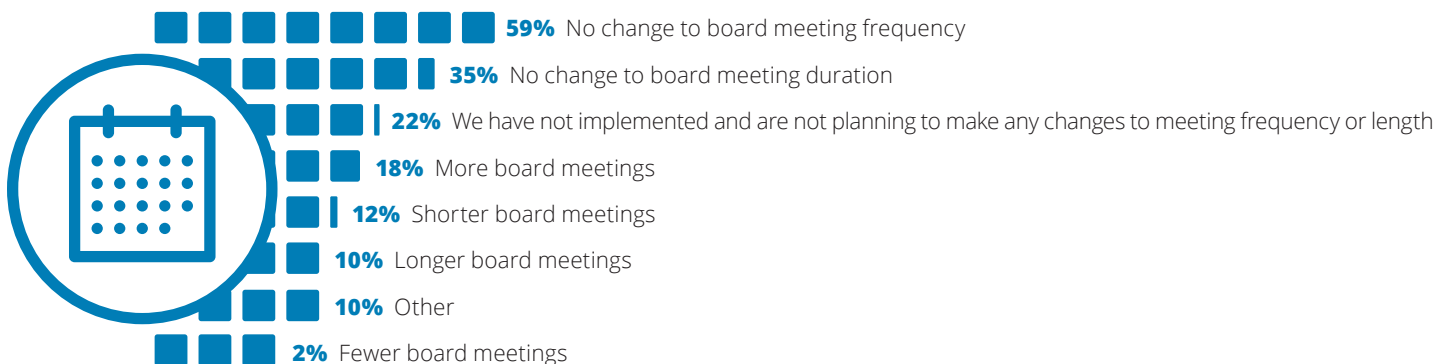
Throughout this report, in some cases, percentages may not total 100 due to rounding and/or a question that allowed respondents to select multiple choices.

Describe any changes to regular board meeting frequency and length. Select all that apply.

(154 responses)

At least 50% of all respondent types and sizes reported no changes made to board meeting frequency, though 25% of large-caps and 17% of private companies reported an increase and 9% of small-caps reported a decrease. Some respondents offered comments that provided additional color and/or themes, such as:

- Board meetings held more frequently early in the pandemic, but pre-pandemic cadence resumed going forward
- Willingness to add an additional virtual board/committee meeting if a meeting agenda is getting too long
- Committee meetings now held the week before the board meeting rather than the morning of the board meeting so that time can be used for full board discussion
- More virtual meetings

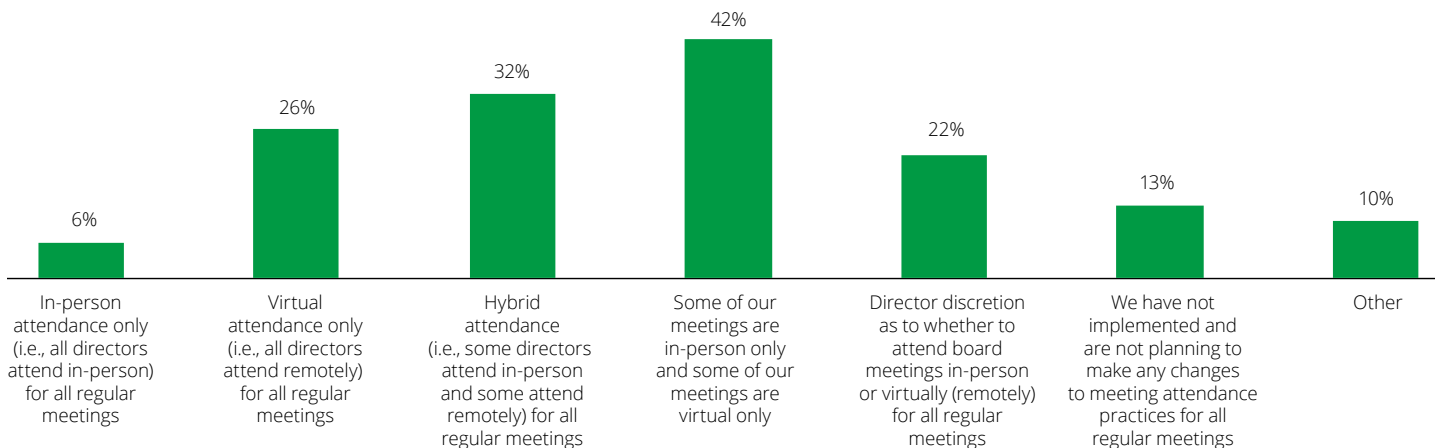


Describe any changes to your regular board meeting attendance practices. Select all that apply.

(148 responses)

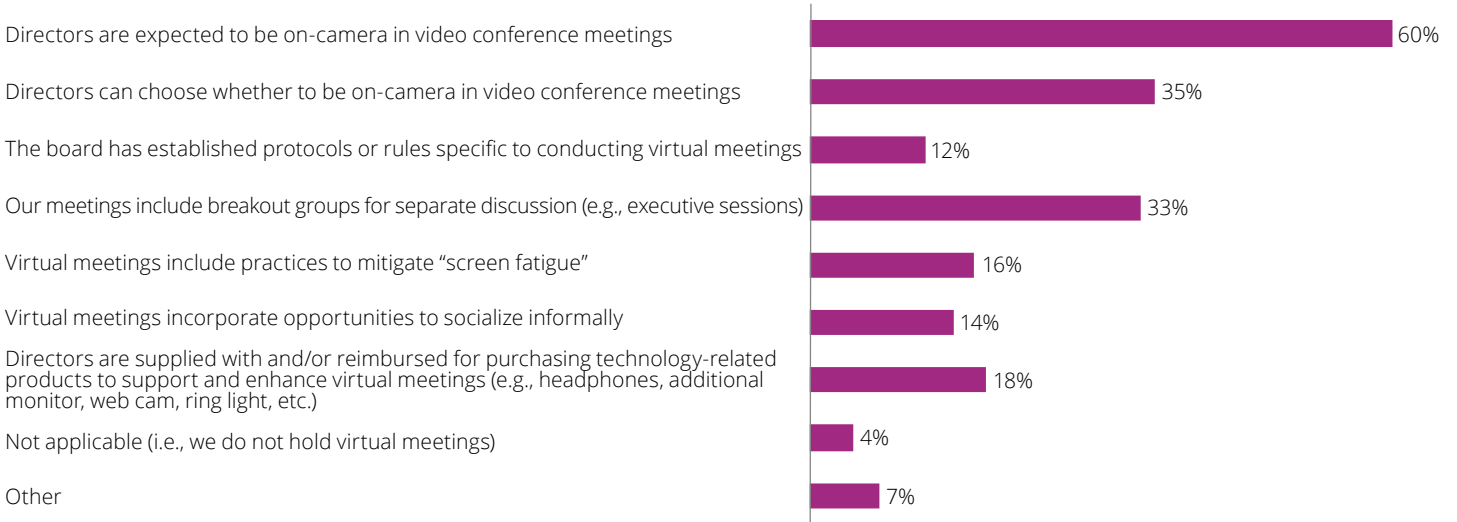
Compared to other market caps and private company respondents, almost twice as many small-caps (45%) have shifted to virtual-only meetings. A majority of mid-caps (52%), 38% of large-caps, and 28% of private companies have implemented or planned a mix of in-person only and virtual-only meetings. Hybrid attendance, with some directors attending in-person and some remotely, is more common among large-caps at 40% and is just over one-quarter (27%) for small- and mid-caps and private companies. The most common practice reported among private companies (33%) was that their boards have not implemented and are not planning to make any changes to meeting attendance practices for regular meetings. Some respondents offered comments that provided additional color and/or themes, such as:

- Directors who attend remotely do so via videoconference rather than teleconference, as was the case pre-pandemic
- In-person attendance reserved for multi-day meetings, with the balance held in a virtual format
- Evolved to a hybrid meeting structure that consists of the shareholder meeting and some committee meetings being held virtually, with the balance of meetings in-person



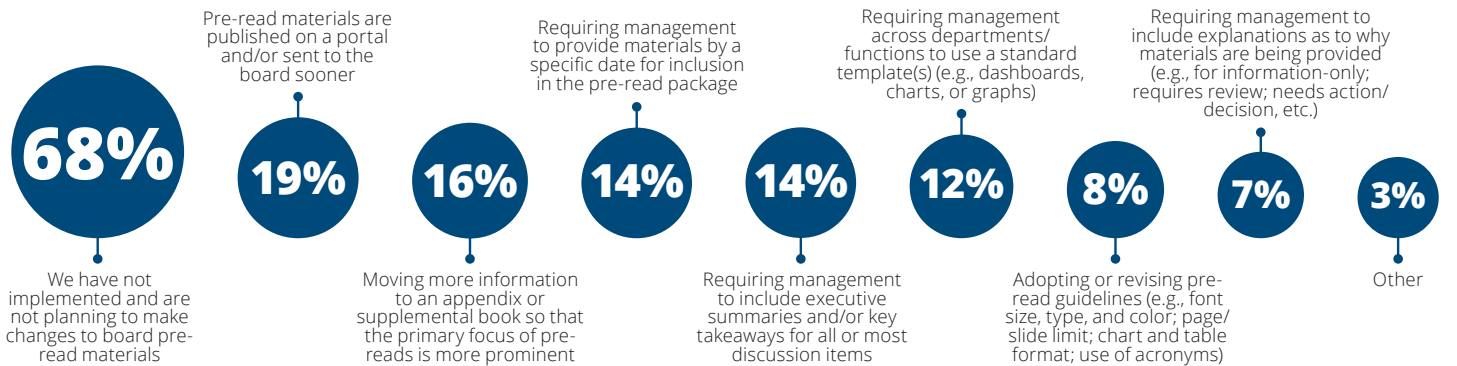
Describe your board’s virtual meeting practices. Select all that apply. (147 responses)

Private companies more often reimburse for technology-related products and support (28%) compared to less than 20% of large- and mid-caps and no small-caps. More than one-third of large- and mid-caps include breakout groups in their virtual meetings, compared to 18% of small-caps and 17% of private companies. Nearly 45% of private companies, more than one-third of small- and large-caps, and nearly 30% of mid-caps, said their directors can choose whether to be on camera in video meetings. Some respondents provided comments that, among other things, reinforced the ongoing use by some companies of traditional conference calls in lieu of videoconference for at least some virtual meetings. Another respondent noted that virtual meetings encompassed greater management participation as compared to in-person, off-site meetings.

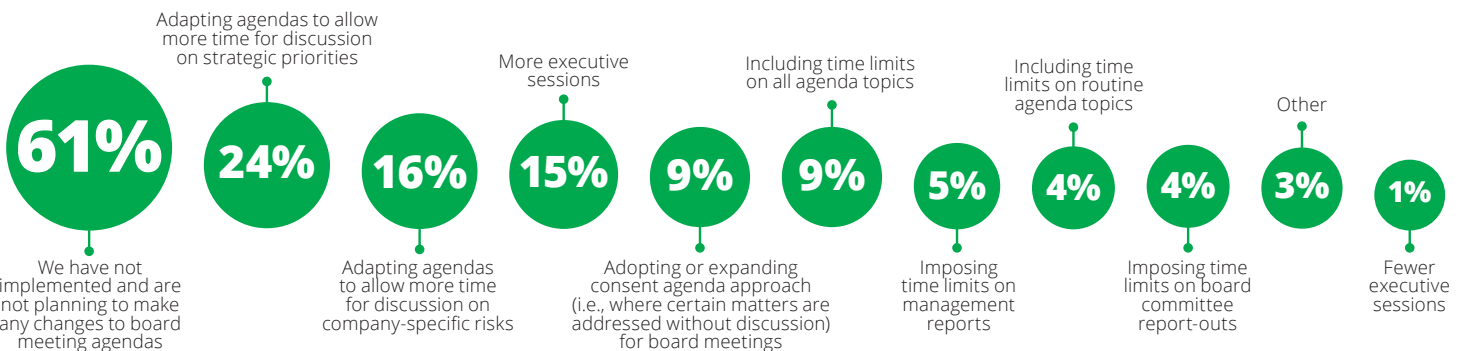


With regard to pre-read materials and meeting agendas, the majority of each respondent type and size reported that they have not implemented and are not planning to make any changes to pre-read materials and meeting agendas, and a few respondents commented that many of the practices were conducted pre-pandemic.

Describe any changes to board pre-read materials. Select all that apply. (145 responses)



Describe changes to board meeting agendas. Select all that apply. (140 responses)



Authors

Natalie Cooper

Senior Manager

Center for Board Effectiveness
Deloitte LLP
natcooper@deloitte.com

Bob Lamm

Independent Senior Advisor

Center for Board Effectiveness
Deloitte LLP
rlamm@deloitte.com

Randi Val Morrison

Senior Vice President

Communications, Member Engagement and General Counsel

Society for Corporate Governance
rmorrison@societycorp.gov.org

Contacts

Carey Oven

National Managing Partner

Center for Board Effectiveness
Chief Talent Officer
Risk & Financial Advisory
Deloitte & Touche LLP
coven@deloitte.com

Maureen Bujno

Managing Director and Audit & Assurance Governance Leader

Center for Board Effectiveness
Deloitte & Touche LLP
mbujno@deloitte.com

Audrey Hitchings

Managing Director

Executive Networking
Deloitte Services LP
ahitchings@deloitte.com

Krista Parsons

Managing Director

Center for Board Effectiveness
Deloitte & Touche LLP
kparsons@deloitte.com

Caroline Schoenecker

Experience Director

Center for Board Effectiveness
Deloitte LLP
cschoenecker@deloitte.com

Darla C. Stuckey

President and CEO

Society for Corporate Governance
dstuckey@societycorp.gov.org

Deloitte.

About this publication

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional adviser. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

About the Society for Corporate Governance

Founded in 1946, the Society is a professional membership association of more than 3,400 corporate secretaries, in-house counsel, outside counsel, and other governance professionals who serve approximately 1,000 public companies of almost every size and industry.

About the Center for Board Effectiveness

The Center for Board Effectiveness helps directors deliver value to the organizations they serve through a portfolio of high-quality, innovative experiences throughout their tenure as board members. Whether an individual is aspiring to board participation or a veteran of many board experiences, the Center's programs enable them to contribute effectively and provide focus in the areas of governance and audit, strategy, risk, innovation, compensation, and succession.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States, and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.