

## **POST-2020 BOARD SELF-EVALUATIONS – COVID AND BEYOND**

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As boards prepare for the post-2020 round of self-evaluations, they will need to make the usual decisions regarding timing, scope and construct (e.g., written questionnaires and/or interviews), among others. But this year, boards also should consider adding questions/discussion topics specifically addressing the board's ability to govern effectively in the face of the COVID-19 pandemic, as well as emerging areas of investor focus, such as diversity and inclusion, disruption/innovation, crisis preparedness, geopolitics, cybersecurity and privacy, virtual board meetings and environmental, social and governance (ESG) initiatives.

A recent study by the EY Center for Board Matters found that 53% of 2020 Fortune 100 proxy filers disclosed the general topics covered in their board evaluation program, up from 49% in 2019 and 40% in 2018. The study also found that 32% of 2020 Fortune 100 filers disclosed, usually at a high level, changes that had been made in response to the results of those evaluations, which was up from 27% in 2019 and 22% in 2018.

Sample supplemental questions/discussion topics for 2020 board evaluations, as well as, where applicable, committee and individual director evaluations, may include:

- All board members have sufficient technology capabilities, IT infrastructure and cybersecurity protections to effectively access board materials, prepare for and participate in board meetings in the virtual environment.
- Board members pay sufficient attention to environmental and social consequences and potential risks resulting from the company's activities.
- Board members are able to clearly and effectively communicate with each other and with management in the virtual environment, enabling them to fulfill their responsibilities and make rapid and significant decisions during the COVID-19 pandemic.
- All board members, regardless of their gender, race or ethnicity, feel that their voices are heard and their contributions are respected and valued.

- The board effectively oversees company and board culture to ensure that it is welcoming to diverse individuals, such as women and/or individuals having different racial and/or ethnic backgrounds.
- The board ensures that its decisions are considered from differing perspectives, including those of investors, different racial and ethnic groups, and the general public.
- In overseeing the company's executive compensation program, the board (and/or compensation committee, where applicable) receives sufficient information to ensure alignment of pay practices with the company's diversity and inclusion goals, as well as fairness toward underrepresented minority groups.
- The board regularly considers and oversees, and devotes sufficient attention to, the company's environmental, social and governance initiatives, and considers their impacts on society at large, as well as any risks resulting from environmental and social problems.
- The board actively seeks diverse director candidates, such as women and individuals of different races and ethnicities, including individuals from groups that are underrepresented on the board.
- The board effectively oversees the company's process for monitoring political contributions and lobbying activities.

Expanding the board self-evaluation process to include the types of questions/discussion topics above should help boards learn from the events of 2020 and take appropriate action to improve board function and continue to adapt to pandemic challenges, along with heightened investor concerns about matters such as board diversity, and environmental, social and governance issues, as we move into 2021.

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