

Corporate Governance in the Time of Coronavirus

ecoDa Chair's
Letter



Brussels, March 27, 2020

The Coronavirus pandemic affects not only people's health and lifestyle but also our economy. No sector escapes this situation. The effect on corporations has now hit all sectors of the economy and affected the lives of all Europeans. National Governments worldwide (including the EU Commission and the European Central Bank) have adopted extraordinary measures covering health and supporting businesses. We see that SMEs are fully hit, and we expect immediate support and attention by National and local Governments.

The situation exceeds the worst scenarios even envisaged by the risk managers of the most informed companies.

Board members have to make bold decisions today and to rely on their collective wisdom to navigate these unprecedented times. It is the responsibility of companies to contribute to the continuity of the economy. As the question of survival has replaced the question of sustainability for now, the concept of Environmental, Social & Governance (ESG) goals takes on its full meaning. It is no longer a concept that pays off in the future, but it is the right way to respond to the immediate urgency.

In this context, the short-term measures that board members must consider are numerous and cover all ESG aspects. They must ensure that companies are taking the necessary decisions regarding employee safety and are developing new forms of remote interaction. They also need to evaluate the impact on their supply chain, and on the relations with their customers. In many instances, they can help to solve the new problems of society at large. Board members must also adapt their governance and the organization of their physical general assembly by counting on the help of national governments to adapt legislative texts.

As part of the financial crisis, boards have to review the 2020 impact on financial information, investment and liquidity, remuneration policy, specific risks like IT continuity. Additionally, boards must prevent the current crisis from creating extra cascading risks like cybersecurity in an exceptional and massive period of working on line from home.

The urgency of decision making must not be at the expense of a transparent communication towards investors and relevant stakeholders. Every crisis creates a moment of truth for an organization. Business continuity requires the full dedication of board members and management.

A handwritten signature in blue ink, appearing to read "Jan Wesseldijk".

Jan Wesseldijk. ecoDa's Chair

Contacts:

Béatrice Richez-Baum, Director General, ecoDa:
contact@ecoda.org, Tel: 003222315811

Notes to editors

About the European Confederation of Directors Associations

The European Confederation of Directors Associations (ecoDa) is a not-for-profit association founded in December 2004 under the laws of Belgium. Through its 22 national institutes of directors (the main national institutes existing in Europe), ecoDa represents approximately 55,000 board directors from across the EU. ecoDa's member organizations represent board directors from the largest public companies to the smallest private firms, both listed and unlisted.