



Corporate Secretary: Role and challenges

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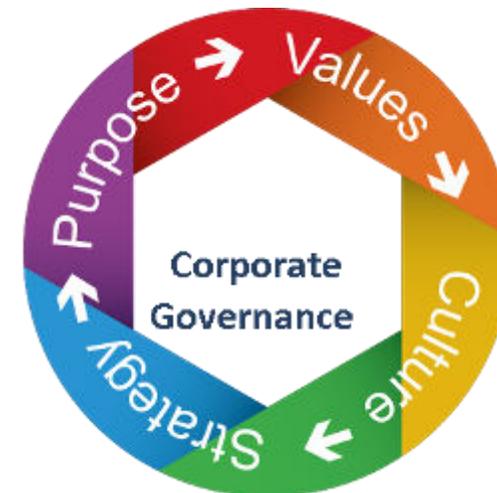
Corporate Secretary: Role and challenges

- Goal of CS is the same across the globe
- Corporate Governance and Corporate Secretary
- Role, duties and obligations of the CS
- How to be effective?
- Pandemic – Opportunities?
- Key priorities of the CS
- CS & GC – Wearing two hats

What is corporate governance?

Corporate Governance is....

*«The systems, processes, policies and procedures that enable leaders to know that **decisions in the organisation are being made in the right way, at the right time, at the right level and with the right people**»*



Why is corporate governance important?

Governance affects how an organisation achieves its strategy and decision making, how it achieves its aims, and it ensures that all activities undertaken comply with legal, ethical and regulatory requirements

Good governance enables...



Definition of a Corporate Secretary

«The corporate secretary is a strategic position of considerable influence at the heart of corporate governance operations within an organisation»

ICSA (the chartered governance institute)

Role of a Corporate Secretary

- ✓ It is a unique role, since the CS is often neither part of “line management” nor a member of the Board itself.
- ✓ The role of CS has elements of both compliance and performance.
- ✓ A CS should exercise its powers and discharge its duties in good faith, with care and diligence, not to improperly use information obtained by virtue of its position and should act in the best interests of the company or for a proper purpose.

Role of a Corporate Secretary

- ✓ In today's more complex and sophisticated business world, the role is expanding and chief governance officer seems to be a more accurate title.
- ✓ From a note taker at BoD meetings or administrative servant of the Board to the one which encompasses a much broader role of acting as Board Advisor and having responsibility for the organisation's corporate governance, **the guardian of the Company's proper compliance with legislative requirements and best practice** and as such acts as its "conscience seeker", since any communications of company business usually end up on her desk at some time or another, **being the firewall of the company and the eyes and ears of the Board and Management.**

Role of a Corporate Secretary

- ✓ A CS acts as a mediator and an important link between the Company, its BoD, shareholders, government and regulatory authorities and other stake holders.
- ✓ Depending on the size and resources of a company, the CS can be considered the **chief governance specialist within an organization**, and is it a role which is increasing relied upon by the board to provide advice and implement good governance practices. **This chief governance specialist role is a more proactive role than in previous times.**

Role of a Corporate Secretary

- ✓ Last but not least the CS is required to act as a “drawbridge” or a “conduit” between the company’s top management and the shareholders and also as a catalyst to effective decision making and improving efficiency of the organization as a whole.
- ✓ **The dynamics of the Boardroom are changing and chairmen and directors are realizing that they need specialist skills and technical knowledge in this area and they are looking to CS to provide this expertise. Therefore, the position of CS has emerged to position them as one of the key governance professionals within the organization.**

Role of a Corporate Secretary

- ✓ The CS is accountable to the Chair of the Board on all governance matters and its appointment and removal is a matter of the whole Board.
- ✓ Since the CS are subject to many of the same liabilities as directors, they should be covered under the organization's D&Os policies.

My experience

- In my position, most of the Board Chairmen rely on **the company secretary to advise** them not only **on directors' statutory duties under the law, disclosure obligations and listing rule requirements but also in respect of corporate governance requirements and practices and effective board processes.**
- In addition, **responsibilities for facilities, HR, insurance, share registration and restructuring of the company are sometimes necessary for the efficient administration of the company and for ensuring that decisions of the Board are implemented; I 'm really sometimes acting as the bridge of the employer and employees.**

The scope of the role (CS) arises from the Governance

AGM

ESG

Conscience of
the company

Adviser to management
and the Board

Stakeholder relations

Internal Control

Board Support

Conflict
management

Mergers & acquisitions

Reporting
requirements

Insurance

Culture

Risk

Transactions

Listing

Rules

Shareholder's relations

Strategy

Law

Company

Policies

Board's dynamics

Remuneration

Eyes and ears of the board

Subsidiaries
Governance

Statutory
compliance

Corporate restructuring

Because Governance is:



Why is corporate governance important?

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Good Governance...

- Increases trust and confidence
- Embraces uncertainties (risk)
- Brings strategic, tactical and operational efficiencies
- Increases profits
- Reduces conflicts
- Enables faster business growth

CS's duties and obligations

A. ORDINARY DUTIES

The first category consists of the basic responsibilities, which are meeting preparation, agenda planning, records storage, and minute-taking.



CS's duties and obligations

B. The evolved duties of a CS

The CS can be required to ensure the business is conducted according to the internal rules of the company, i.e. the bye laws, code of ethics, policies and so forth. Only being aware of the existing laws however is not good enough. The CS must understand, comprehend and be able to translate legal rules into non legal language, so the board and the top managers are on the same page. And in any case, an attorney has learned the habits to avoid or lessen future dangers.

The reality is...

➤ *If in doubt pass it to the corporate secretary....*

Information



CS's duties and obligations

The CS plays an important role in supporting the effectiveness of the board and its committees, ensuring the integrity of the governance framework, ensuring compliance with statutory and regulatory requirements and implementing decisions made by the Board, which should include:

- support the Chair in ensuring the Board functions efficiently and effectively and guides the Board on their responsibilities under the rules and regulations to which they are subject and on how these responsibilities should be discharged;
- It advises the Board and its committees on governance matters and ensures that good information flows within the board and its committees and between senior management and NED, monitors that board and committees policy and procedures are followed, as well as
- facilitates induction and professional development of directors,

CS's duties and obligations

- **maintain good shareholders relations and**
- **keep the board informed on shareholders' views.**
- Monitor changes in relevant legislation and the regulatory environment and take action accordingly.
- Oversee the day to day administration of the company, e.g. maintaining statutory books, including registers of members, directors and secretaries, organizing Board meetings and AGMs, preparing agendas, dispatched the board and committees papers, and taking accurate minutes.
- Interacts with the board and is responsible for communication with management.
- Minutes of meetings, taking and producing minutes to record the business transacted at the meetings and the decisions taken.
- Annual meeting of shareholders including proxy statement
- Corporate records, to keep the company's records and statutory books

CS's duties and obligations

- Informing the relevant authorities of any significant changes in the Company's structure or management, for example the appointment or resignation of the directors.
- Stock transfers and dividends
- Compliance with listing standards
- Compliance with board governance laws
- Governance liaison for officers and directors
- Shareholder engagement on governance issues
- Ensuring the board procedures are followed and regularly reviewed and providing guidance to the Chair and directors on their responsibilities

Effectiveness of the role

Trust

Add true value

Adviser

Confidence

Sales

Visibility

Independence

Adaptable

Ability to
read a room

Calm under pressure

Technically strong

**High emotional
intelligence**

Confidante
to many

Influential

Communication

Effectiveness of the role

- **The number one skill** that is a must for every CS is to possess at least a basic knowledge of corporate and securities laws that affect the company in its principal place of business or headquarters.
- The **second most sought after skill** for a corporate secretary is a thorough understanding of the company's business. CS are expected to keep the board aware of current changes in relevant areas.
- The **third most sought after skill** for a CS is diplomacy, sometimes referred to as “executive presence” and excellent communication skills. The CS is the “go-to” person in charge of answering the Board's questions, you have to be able to be trustworthy by the Board Members and keep information confidential.

Effectiveness of the role

A good CS should have a **flexible, creative and detail-oriented, analytical and problem solving personality**, that means they must know how to remain calm no matter how difficult and pressured the working environment becomes.

Furthermore:

- Management and organizational skills
- Discretion with confidential information
- **Ability to read signals and provide early warnings to management**
- A sense of balance no matter how pressured a situation

Effectiveness of the role

- **Emotional intelligence, skills and experience to ensure that they know how the practices typically would be implemented to work effectively, good communication and interpersonal skills (empathy)**
- IT Familiarity
- Can write clearly and concisely
- Can take in and process large amounts of information
- **Evolution of Company Secretary in Pandemic**
- **What will be the new normal look like and how can we prepare for it? What needs to be reviewed and improved?**
- **What are the impacts of the crisis on boards' duties, boards' agenda and corporate governance as a whole**

Key areas of focus for boards - COVID 19 pandemic

Risk
Mitigation

Business continuity

IT support for directors

Operational and risk oversight

Remote signatures

E-meetings & board support

Stakeholder liaison

General governance practices

Regulatory exemptions/conceptions

Health and safety

Policies for remote working etc.

Board/Committees' agendas - discussions on key issues

Listing rules/
Disclosure rules

Lynchpin for communications

CS's effectiveness during COVID 19 pandemic

- ✓ We all agree that in times of crisis, new ways of working arise. With regards to boards, this means being much more available, flexible, learning how to work digitally, supporting the management team, but also being able to rapidly change priorities. Along with liquidity, new concerns are crucial, such as health, sanitary conditions and customers' preferences.
- ✓ The way boards will address these issues and adapt themselves will be the main criteria on what they will be judged - Do they adapt the business strategy? How do they organise the return to the office? How do they frame the corporate purpose? Is the company still profit-driven or sustainability and resilience-based?

CS's effectiveness during COVID 19 pandemic

- ✓ More than ever, boards need to adopt the right culture, to define a clear strategy, to be more flexible, to get prepared to future crisis and to allow out-of-the-box thinking. But thinking differently will only be possible for boards with changes in their composition and how to increase boards' empathy towards stakeholders, the necessary restructuring of the organization and of course competent CS.
- ✓ In general COVID 19 pandemic presents complex issues for corporations and their boards of directors to navigate. **Management bears the day to day responsibility for handling the corporation's response to the pandemic. The board's role is one of oversight, which requires monitoring management activity, assessing whether management is taking appropriate action and providing additional guidance and direction to the extent that the board determines is prudent.**

The 'Why' and being a co-changemaker

- ✓ Good governance is critical to business success, but it is rarely optimized. It is the hallmark of a well-run organisation.
- ✓ Governance has the power to transform an organisation's culture and positively affect the output and productivity of every person within it but done badly, it makes an organisation cumbersome and slow.
- ✓ Poor governance is visible to entity's employees, suppliers, customers and other stakeholders and it affects your reputation. It is also a key indicator used by investors when identifying targets for a takeover/acquisition; it confirms there is untapped potential in the organisation.
- ✓ **Almost all business frustrations and problems, including business failure, are a result of poor governance.**

The 'Why' and being a co-changemaker

Corporate governance...

- Promotes ethical behaviour;
- Builds accountability, scrutiny and control across the organisation;
- Aids risk management and addresses conflicts of interest;
- Unites the company vision and builds the company culture;
- Safeguards against legal and regulatory breaches; and
- Strengthens integrity and transparency in business.

Success as a co-changemaker

- * **EQ - Win support / reposition**
 - **Navigate NED/ED conflict**
- * **Sell what you bring not what you do!**
 - **Audience alignment**
- * **Overcome fear and build resilience**
- * **Be adaptable to change/views**

Corporate Secretary's key priorities

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- # 1 Keeping the directors out of prison**

- # 2 Navigating the waters skillfully**

- # 3 Building an efficient well governed organisation**

...Good governance benefits the company, the directors and the stakeholders

Should the General Counsel (GC) also be the Corporate Secretary?

- **Prima facie**, I consider that a lawyer is the most sought after professional for drafting such documents, since an attorney has learned the habits to avoid or lessen future dangers
- When the CS has a lawyer background, the standard for assessing the fulfillment of duties regarding the board's obligations can be much higher than the one expected of a non-lawyer.
- **Wearing two hats** (*Trust for CS who are also general counsel is the most important element of the relationship with the company and wearing the CS hat together with the GC has is a nice shortcut to establish a good presence within the Board's inner circle of confidence*)

SWOT ANALYSIS

- ✓ A CS is a professional who has expertise in corporate laws, capital markets, security laws and corporate governance.
- ✓ A CS is an important official who ensures that best management practices and work ethics are followed to create wealth creation for the company.
- ✓ He is the one who represents the company for internal and external stakeholders, coordinates the policies of the company and management function, guides on the strategic decisions for the betterment and growth of the company like merger, acquisition and joint collaboration.

Conclusion

- ✓ The role of CS has undoubtedly evolved to the point that it has become a sophisticated demanding profession. But the question remains, should the GC also be the CS?
- ✓ Ideally, the CS function should be separate from the GC function, provided that there is a seamless communication between them. The main reason for this segregation of roles is that the CS function is becoming increasingly complex and time consuming. Wearing both hats may not be impossible, but to perform both roles well might be a mission impossible, except by very few “superpeople”.
- ✓ This does not mean that the GC should not consider filling the CS role. Whereas there is no “one size fits all” approach to this matter, if the choice to be made is between a legally trained CS and a non legally trained candidate, the prudent call should be to favor the former.

Thank you!
Any questions please?

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