SOCIETY FOR CORPORATE GOVERNANCE NIGERIA

Leadership and Integrity

THE FUTUREPROOF BOARD: CORPORATE GOVERNANCE IN THE DIGITAL ERA

HIGHLIGHTS FROM THE 2022 CORPORATE GOVERNANCE BREAKFAST MEETING

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CONTENTS

Page 2 - Introduction

Page 4 - Highlights from the panel discussion

Page 7 - Recommendations

INTRODUCTION

The emergence of the digital era is not the end of the world. Rather it is the beginning of something new, exciting, and revolutionary. The world is more connected than ever and as we transition into the metaverse, our interactions are becoming more and more virtual by the day.

The question that is most relevant is - What is the impact of this hyper connectedness on people, and the way we do business? How does the digital era affect the Nigerian economy and the African continent at large?

The hybrid Breakfast Meeting themed ***"The Futureproof Board: Corporate Governance in the Digital Era"*** addressed these issues and challenges and proffer possible solutions of highly upheld principles of Corporate Governance in the era of Technology disruptions and digital transformations.

A direct fallout of the COVID 19 pandemic is a heightened digital awareness and usage for business operations, meetings, and remote work, which has steadily become the order of the day. Digital tools now play a major role for administrative units including boards, as corporate governance strategies require technology, knowledge, and management processes to promote transparency in organisations. It is these tools that enable them respond to challenges efficiently and effectively.

While digital tools enhance processes, there are some challenges that accompany its utilization in organisations such as security breaches and reputational risks. Also this digital transformation driven by an ever-changing dynamic business environment and consumer base, also brings up new challenges for corporate governance.

Sir Egbert Imomoh, Chairman of Investment One Financial Services Limited who has decades of board room experience; Mrs. Folusho Gbadamosi, an Executive Director at Junior Achievement Nigeria; and Adeleke Alex-Adedipe who is the Managing Partner of Duale, Ovia and Alex-Adedipe, a full service commercial law firm. While the Panel discussion was moderated by Mrs. Nkemdilim Uwaje-Begho, CEO of Future Software Resources Limited (Futuresoft)

CHAPTER ONE

HIGHLIGHT FROM THE PANEL DISCUSSION

The world becoming increasingly digital, and as a result board members of companies and organisations are required to be digitally savvy. Boards and their activities must also evolve with these digital trends to ensure effectiveness and future proofing of the entities that they represent.

1. The use of technology and social media has changed the way companies carry out its operations across various sectors.

2. Technology is dynamic and Board members need to catch up and understand new technological trends.

3. There are going to be more disruptions caused by technological innovations hence the Board of Directors should not treat technology as a committee but it should be part of the main Board's functions.

4. Technological disruptions have been encountered in various areas including the Board and Company secretary functions. Many years ago there were so many challenges that accompanied sending out meeting notices physically but today, email notices are acceptable. Shares could also be transferred virtually.

5. Corporate Governance must pay attention to social media for reputational reasons and also to ensure that the handlers of social media platforms of organizations do a good job and represent the company well.

6. Organisations need to protect its reputation with both its regulators and customers.

7. Boards should consult experts when making specific decisions.

8. Evaluation of Boards is important.

9. There is need for companies to incorporate and recruit individuals with fresh ideas on its board.

10. On data privacy of organisations, Directors have a fiduciary duty to protect the company's information and interest. Oath of confidentiality by directors are used to ensure that the company's information within a director's reach are protected and kept confidential.

11. Cyber breach is a risk in the digital era. A robust system is important to mitigate such risk posed by technology to safeguard the company and customers information.

12. When recruiting Board members there should be no sentiments as high functioning performing Boards are gotten through recruitments based on merit and not sentiments.

13. Integrity of directors are important in every organisation.

14. Directors and Management need to be more ethical particularly in areas of reporting and compliance.

15. Whistle blowing and social media are veritable tools in ensuring adherence to Corporate Governance practices in organisations.

CHAPTER TWO

RECOMMENDATIONS

In concluding the Panel discussion, the following recommendations were made by the members of the panel to ensure a futureproof Board by organisations in the digital era:

1. In recruiting Board members, an open eye should be kept recruiting technologically and digitally savvy individuals.

2. Continuous training of directors.

3. Companies should invest in technology for the protection of their data and information.

4. Everyone has access to social media, so it is important that every organisation has a clear social media strategy to amongst other reasons protect its reputation.

5. Boards should not be rubber stamp but be proactive and carry all stakeholders along in its functions and dealings.

6. Standard procedures and Oath of Confidentiality be put in place to protect company's information received by Directors.

7. Boards should be intentional in their recruitment process to identify gaps on the Board.

8. Training of directors on technology and new trends.

9. Engagement of start-up founders and stakeholders to enlighten them on the need for Corporate Governance in their orgarnisations.

10. The Boards of start-ups should be composed of both founders and independent directors for objectivity.

11. All Directors should have their visions aligned with that of the Board and Company.

12. All Directors should create value to the Board and the orgarnisation at large.

13. Directors and the Board should be realistic, agile and adaptable.

14. The right skill set should be selected in filling up vacancies on Boards.

15. More advocacy in the start-up ecosystem and the public sector.

16. More accountability and transparency in minute writing to ensure that all discussions are captured adequately.

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