

In an increasingly automated world, robotics, AI and other technological advancements are expected to have an impact on governance. Consider the opportunities, challenges, benefits and risks that such technologies might bring to the role of the company secretary.

In order to consider whether technological advancements are, and ultimately will be, a help or hindrance to the role of company secretary, it is important to consider the role holistically. Often described as 'the conscience of the company', the company secretary is not without responsibility. The role, if simplified, can be divided into two categories. On the one hand, there are regulatory, legal and compliance procedures. On the other, intangible elements such as maintaining key relationships with investors, being the trusted advisor to the board, and the more recent obligation of nurturing the social consciousness of the company. So where does technology like AI fit into all of this? Does it stand in the shadows menacingly, waiting for its chance to steal the role, or does it help to digest, disseminate and alleviate information, fundamentally making the life of the company secretary easier? In order to explore the myriad of opportunities advanced technology might bring, it is imperative to consider the role of company secretary and its interaction with such devices today. Providing greater clarity on this is a group of professionals working in the fields of governance and artificial intelligence. Their firsthand insight helps shape the argument on the expected opportunities, challenges, benefits and risks AI and other technological advancements could bring to this role.

Minute Taking

If the role of company secretary is *further* simplified to one of written processes and human engagement, the opportunities and benefits become somewhat clearer. Assigning routine tasks to technological devices could, in theory, be of great benefit to the company secretary. Consider the time-consuming nature of minute taking. This can be onerous, with ones focus spent on writing as quickly as possible, rather than engaging in discussion. So where can technology like AI help? The recently launched app, 'Otter', is a good example. Otter acts as a voice assistant, listening to conversations and offering automatic transcription¹. Should this work effectively, the company secretary not only saves time, but their purpose in the meeting becomes less of an administrative one. That is, however, if minute taking is considered to be an act of simply recording conversations, which it is not. Nicola Clargo, Company Secretary

¹ TechCrunch, 'Otter's new app lets you record, transcribe, search and share your voice conversations', Sarah Perez, April 2017
<https://techcrunch.com/2018/02/26/otters-new-app-lets-you-record-transcribe-search-and-share-your-voice-conversations/?gucounter=1>

at BNY Mellon sheds further light on this². ‘Certainly’, she argues ‘company secretaries need to be the trusted advisor to the board and that’s quite difficult when your head’s steeped in your minute book’ but minute taking, she notes, ‘is not about recording a conversation *verbatim*’³. It requires more sophistication of thought, considering the broader context of the meeting, the discussion, and the outcome. Humans, by nature, jump around from subject to subject and a robot simply doesn’t have the required skills to capture that feedback and translate an often-complex debate into actionable, concise notes. The ICSA itself notes that ‘good minuting is deceptively difficult’ and there is ‘no one-size fits all solution’ as each board is individual in its approach⁴. Therefore an app like Otter, which transcribed ‘company secretary’ as ‘accompany surgery’, will not be of huge benefit. For the above reasons and the expected inaccuracies of such a device, the company secretary can safely assume a robot will not take over this part of their job. They can, however, as Nicola suggests, have a minute taker or junior member of staff present, ensuring their role, as trusted advisor is not compromised by the task⁵.

Shareholder Engagement

Maintaining the company’s statutory books, including shareholder registers, is another important task that falls to the company secretary. Automation has already been leveraged in this regard with the widespread digitalisation of board papers. The platform ‘Diligent’, for example, has a whole host of products, including software specifically designed for company secretaries. The technology itself is simple, with company secretaries uploading documents and organising them into packs for board members to easily navigate during meetings. Logistically, however, it provides the board with a far more practical and secure solution to constant back--and--forth emailing. As Helen Archbold, Head of Corporate Secretariat at Prudential plc, notes, this practice ‘is really standard across all FTSE 250 Companies now’⁶. So if this is the present opportunity and benefit of technology, then what can we expect in the future?

Providing content to the board could be a positive area of development for automated technology to focus its efforts on next⁷. At present, there are programmes that can easily collate and crunch financial data and translate it into digestible, aesthetically pleasing graphs. However, steps could be taken to improve the qualitative aspects of the

² Author interview with Nicola Clargo, January 2019

³ Author interview with Nicola Clargo, January 2019

⁴ ICSA, ‘Minute Taking’ <https://www.icsa.org.uk/knowledge/minutetaking>

⁵ Author interview with Nicola Clargo, January 2019

⁶ Author interview with Helen Archbold, January 2019

⁷ Noted by a company secretary who prefers to remain anonymous

narrative that accompany them. This needn't seek to replace the human value-add of questioning 'why' things have happened, but rather building on the 'what', saving a Chief Financial Officer, for example, time in their report writing to the board.

Technological advancements such as blockchain could also be used to increase levels of transparency with ownership rosters updated effectively in real time⁸. However, these platforms can be vulnerable to fraud, and as David Venus of ICSA writes, the role of company secretary 'will be vital in creating the proper checks and balances', essential to good corporate governance⁹. The question is, will companies accept the possibility of technological failures and can the trust currently given to a human be transferred to a machine? The debate at present does not seem to be human vs. machine, but rather human *and* machine. Therefore a possible benefit of technology like blockchain and its encroaching impact on the role of company secretary is that trust, something naturally formed between humans, is still vital. As David writes, 'cognitive systems perform tasks, not entire jobs' and there will still be a need for 'qualitative judgements made by humans'¹⁰.

Board Automation

It cannot be understated that automation has already brought real value to the role of company secretary, with devices like board portals becoming the norm, but can we imagine a world where the individual reports to a computer, and not a board governed by humans? The Decentralised Autonomous Organisation or 'DAO' is the name given to such a self-governing body¹¹. The DAO manages a blockchain through smart contracts, pre-programmed with a set of rules of what can and cannot happen¹². Once the rules are set, the DAO can function without central or human authority¹³. At the forefront of quantitative model design

⁸ Financial Times 'Blockchain could clean up messy shareholder registers', Sujeet Indap, September 2017 <https://www.ft.com/content/f5cf21f6--935a--11e7--a9e6--11d2f0ebb7f0>

⁹ ICSA 'Futureproofing: Technological innovation, the company secretary and implications for corporate governance', David Venus, August 2018 <http://www.icsaglobal.org/2018/08/23/futureproofing/>

¹⁰ ICSA 'Futureproofing: Technological innovation, the company secretary and implications for corporate governance', David Venus, August 2018

¹¹ ICSA 'Futureproofing: Technological innovation, the company secretary and implications for corporate governance', David Venus, August 2018

¹² Blocklr 'What is a DAO (Decentralized Autonomous Organization)?', Adam Drury, November 2019 <https://blocklr.com/guides/dao--decentralized--autonomous--organization/>

¹³ Blocklr 'What is a DAO (Decentralized Autonomous Organization)?', Adam Drury, November 2019

and creation, AI enthusiast and CIO at Rosenberg Equities, Gideon Smith, makes a highly valuable point. As governance and regulatory requirements remain at the heart of organisations, and accountability to clients is key, we must retain a degree of data literacy and an ability to explain and interpret the statistics provided by such a model so that clients and regulators feel comfortable with its usage¹⁴. If the role of company secretary is, in part, to be responsible for the board, then would the implementation of the DAO morph the role into a highly technical, programme-setting position? Or would the role exist at all?

Working for any listed company, those in investor relations and secretariat functions will also need to consider how such technologies might shape engagement with shareholders, which could drastically change, should reporting be transferred from human to machine. In any organisation where new shareholders are coming on board, investor relations and transparency is key. Shareholders perform extensive due diligence before making the decision to invest. If a DAO were to be pre-programmed and implemented, shareholders would have to feel comfortable with a set of rules, as opposed to a human-led governance structure. Would a computer be able to adapt, should a shareholder suggest a change in leadership, for example? These are just two¹⁵ of the many possible challenges facing the company secretary, should automation be fully implemented into governance structures.

A third, perhaps larger issue at stake, is the ethics of such a device. If the role of the board is to 'set the tone' for the rest of the company, as Nicola Clargo of BNY Mellon argues, then how can we ever envisage a computer performing such a task¹⁶? However, this is assuming that the tone set is a positive, responsible one. Taking recent instances into consideration, for example, the Save the Children scandal, it is clear that this is not always the case. Is it, therefore, better for a board to be run by humans, with all their flaws and biases, than a pre-programmed device that simply cannot misbehave? I posed this question to self-classified futurist, Richard Watson, who rightly retorted 'why would an AI governed board be perfect when it is programmed by humans who are not?'¹⁷. Accountability in the use of AI needs to be a healthy mix between both humans and machines, something that Explainable AI (XAI), a trusted, transparent technology, is trying to address. Of course, programming empathy is becoming a growing obsession for scientists, but humans are

¹⁴ Author interview with Gideon Smith, February 2019

¹⁵ Two challenges being the shift in investor relations and a possible need for data literacy

¹⁶ Author interview with Nicola Clargo, January 2019

¹⁷ Author interview with Richard Watson, January 2019

still streaks ahead. 'As long as there is a human on the other side of the table', Gideon Smith argues, 'human interaction will remain key'¹⁸.

Emotional Intelligence

Research currently shows that, instead of rendering humans redundant, AI and other automated technologies, can, in fact, boost human productivity and efficiency, enabling us to think more creatively.¹⁹ This was an interesting and recurring topic raised at the Thomson Reuters Company Secretary Forum in November 2018. Various panels touched on the topic of automation and the implications it could have for company secretaries. Shared conclusions were made around automation as an enabler for creative thinking and intelligent interrogation. Emotional intelligence, in the case of nurturing the social consciousness of the company, is particularly vital, as companies are increasingly held accountable for their actions, and statements from leaders are now posted live on social media²⁰. As writer and journalist Russ Banham remarks 'in this age of flourishing social consciousness, corporate governance is no longer just about business'²¹. Thus, the role of company secretary is no longer a pure business function and this element of guardianship is one that can be developed, with the repetitive, time-consuming tasks alleviated by automation.

Looking Ahead

AI and other technological advancements already bring a wealth of opportunities to the role of company secretary. Some are more practical and helpful than others, with the automation of board papers, for example, serving more of an active purpose than minute taking applications. However, the race to create the all-thinking, all-doing device is on and company secretaries should at least be aware of what is out there, so it neither threatens their role in the future nor highlights an ignorance to welcome it as a genuine opportunity and partner. In a recent Financial Times video, leading neuroscientist David Eagleman, posed the question

¹⁸ Author interview with Gideon Smith, February 2019

¹⁹ AXA Investment Managers 'Everyday AI: From Hype to Reality', Christian Sadler in partnership with AXA IM, February 2019 https://www.axa-im.com/content/--/asset_publisher/alpeXKk1gk2N/content/everyday-ai-from-hype-to-reality/23818

²⁰ Forbes '5 Roles AI will play in the corporate governance of tomorrow', November 2018 <https://www.forbes.com/sites/intelai/2018/11/29/5-roles-ai-will-play-in-the-corporate-governance-of-tomorrow/#1a30b3881eab>

²¹ Forbes '5 Roles AI will play in the corporate governance of tomorrow', November 2018

'could computers ever replicate humans and take over the world?'²². He argues 'probably not' because whilst 'AI is very clever at extremely narrow tasks', it fails to look at the wider, more complex picture that the 86 billion neurons in a human brain are easily capable of doing²³. As this essay has sought to discuss, the role of company secretary is not one confined to a simple narrow task. There are both regulatory and statutory procedures and responsibilities to shareholders. The conclusion Eagleman comes to is one that should both comfort and prepare the company secretary going forward. We are heading towards a future 'where there's an increasing integration between humans and machine'²⁴. Therefore, the company secretary should not be afraid, but flexible to the idea of a partnership that will inevitably increase their productivity, leverage their soft skills and fundamentally make them *more* human.

²² Financial Times 'Should we be frightened by AI?', David Eagleman, January 2019 <https://www.ft.com/video/fcdafbc2--7726--462a--82c7--60710239aa08>

²³ Financial Times 'Should we be frightened by AI?', David Eagleman, January 2019

²⁴ Financial Times 'Should we be frightened by AI?', David Eagleman, January 2019