



## Pensions Life Hack by Gemma Bennett

### Quorum Requirements – What Do You Need To Look Out for in the Modern World of Hybrid/Virtual Meetings?

#### What Is the Issue?

The pensions world continues to embrace new technology that offers different ways of holding trustee meetings. It is important that trustees are familiar with the quorum requirements for in-person, virtual and hybrid meetings.

The quorum is the number of trustees required to be present to conduct valid business at a meeting. If a meeting is inquorate, any decisions taken will be invalid.

If you have a trustee board made up of individuals, the trustee quorum requirements will be set out in your deed and rules. If you have a corporate trustee, the director quorum will be set out in the articles of association for the corporate entity. A certain number of trustees or a certain percentage of trustees may be required to form a quorum, and a specific combination of trustees may also need to be present, e.g. a minimum number of member-nominated trustees and/or employer-nominated trustees.

#### When Can Quorum Requirements Be a Concern?

If any trustees are joining the meeting virtually, check that they can be included in the quorum. If a trustee's remote connection to a meeting is lost, it may mean that the meeting is temporarily inquorate and decision making should be paused until the trustee reconnects.

Other quorum problems include unexpected absences, e.g. due to sickness. Although business can still be discussed, any decisions taken will not be binding. The scheme rules may contain a provision for decisions taken at an inquorate meeting to be subsequently ratified, and therefore made binding, by agreement of a sufficient number of trustees who, had they been present, would have made the meeting quorate. Alternatively, some scheme rules provide that where the number of trustees present is less than the required quorum, the remaining trustees can only act for the purposes associated with the appointment of a new trustee.

#### Lessons Learned

Failure to comply with quorum requirements can render any decision invalid.

Do not assume that virtual meetings are permitted or that those attending remotely will be included in the quorum – check the rules of the scheme or the constitution of the corporate trustee.

#### Top Tips

1. Check that the number and type of trustees meets the scheme's quorum throughout the meeting. Do not include advisers.
2. If you are reducing the size of the trustee board, make sure that quorum requirements can still be complied with (or take legal advice on amending the quorum).
3. If moving to a sole corporate trustee, ensure the quorum requirements in the scheme rules are updated (if necessary) to allow for this.