



What should be on the 2022 board agenda?

We have explored the topics likely to be on the agenda of the full board of directors and its main committees (audit committee, remuneration committee and nomination committee) this year. In this article, we provide an overview of these key topics.

The board agenda

We have identified for you the key topics that belong on the board agenda. The pandemic has highlighted the importance of resilience – across strategy, organization and operations. Many companies had to realign their business, or at least aspects of it, which also affected how and where we will work (together) in the future, how digital interaction with customers can be deepened, or whether supply chains need to be reorganized.

Based on our insights, we see eight priority action areas for the board of directors:

1. Deepen the board's engagement in strategy and in envisioning the future
2. Embed ESG issues into risk and strategy discussions
3. Engage proactively with shareholders, activists and other stakeholders
4. Make talent, human capital management and CEO succession a priority
5. Approach cybersecurity and data privacy holistically as data governance
6. Reassess the company's crisis prevention and readiness effort
7. Help set the tone and closely monitor the culture of the organization
8. Think strategically about talent and diversity in the boardroom





The topics may differ but what they all have in common is a need for the board of directors to become even more involved in these times of great change. This all takes (more) time, but it also impacts how the board works as a governing body. Open, constructive and critical discussions are needed, and this mindset must also be reflected in how meetings and the agenda are prepared. Interaction with executive management also needs to be (re)defined. On the one hand, it is important for the board of directors to critically question management assumptions and, especially in the case of strategic issues, to enable, or perhaps even force, a fresh perspective. On the other hand, however, the board of directors should not interfere in operational issues – or at least withdraw from them now if input had been necessary during the pandemic.

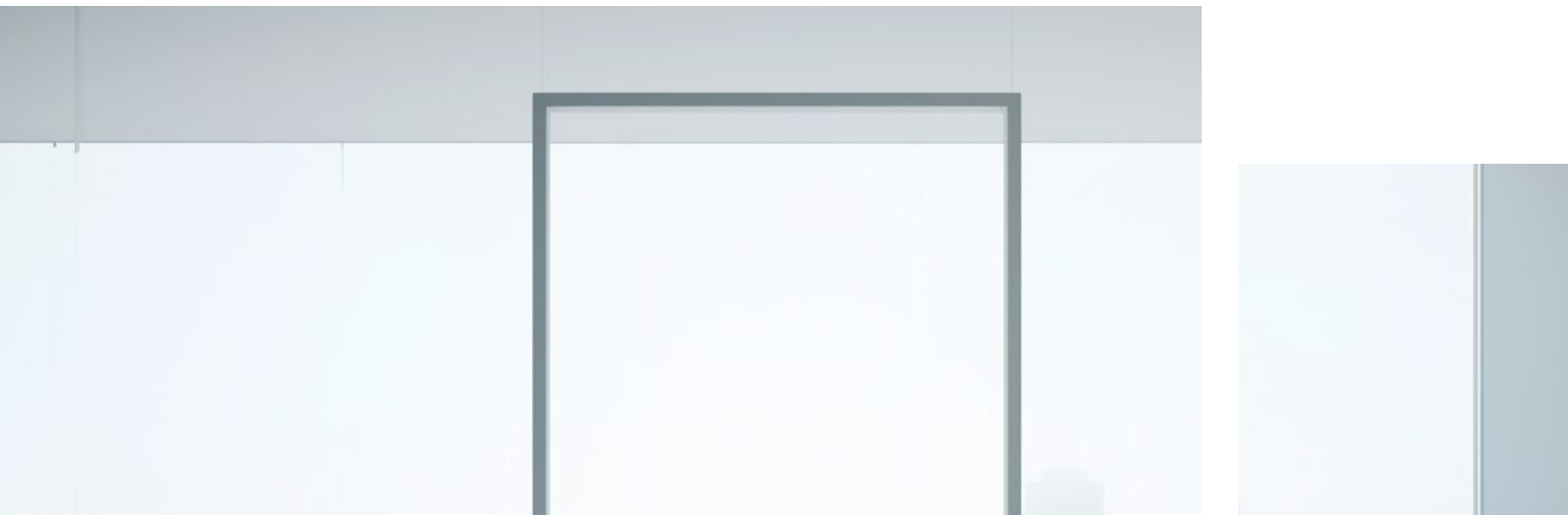
Resilience in the most comprehensive sense is an absolute prerequisite for a company's long-term survival. Besides keeping strategic options open and managing cyber risks, this resilience is also about the sustainability of the company's own activities. Connecting all activities there needs to be a corporate culture that aims to protect and preserve the company's reputation as a "license to operate". With this in mind, take an in-depth look at your corporate culture, determine the current state, compare it with your values, and identify any need for action – especially for yourself as a board member!

The audit committee agenda

The audit committee's focus is turning more than ever to financial reporting, associated risks and the internal control system. Questions that increasingly crop up include: Which board members are responsible for addressing the ESG issue? Who should deal with externally communicated ESG disclosures? In other words, what are the duties and responsibilities of the audit committee in connection with sustainability reporting? Internal audit is of particular importance. As an audit committee member, you should help ensure that internal audit is focused on the company's critical risks, including new ones like cybercrime as mentioned earlier. Ensure that internal audit has the resources it needs to meet these requirements. Formulate clear expectations for the external auditors. Finally, engage in dialogue with the auditors and do your part to strengthen audit quality.

The remuneration committee agenda

The remuneration committee also faces new challenges. Especially during the pandemic, shareholders – and many other stakeholders, too – critically questioned remuneration. On the one hand, some complained that remuneration development was not linked to the financial situation of the company; on the other, questions were raised against the background of economic difficulties overall. As a member of the remuneration committee, you will have to take these developments into account in your future decisions. Shareholders and their representatives also want to understand how ESG issues affect remuneration. In 2021, only a quarter of the 100 largest Swiss companies had explicitly incorporated ESG objectives into their compensation systems (according to the SWIPRA Governance Survey). The consensus is that ESG





targets should be included within the variable compensation components. In addition, there continues to be critique regarding the transparency of remuneration reports, which (still) has room for improvement. Institutional investors are particularly unhappy in this regard, as reflected in the significant dissatisfaction of this important stakeholder group with the remuneration report and a surprisingly high level of rejection of the report by the annual general meeting.

On the nomination committee agenda

The past two (crisis) years have also had an impact on the work of the nomination committee, of course. As ESG issues rapidly grow in importance, management, but also the board of directors, face new demands. As already mentioned in the audit committee discussion, we have to ask which board committee is responsible for ESG and how the work will be coordinated between the committees. More generally, the shifts of the last two years will leave their mark on the activities of the nomination committee. Digitalization, changed business models or new customer groups require different skills, which in turn has an impact on management positions and the required profiles. Of great importance for the nomination committee is the corporate culture and “tone at the top”, especially when it comes to diversity.

Legal changes: new stock corporation law

Finally, we would like to remind you as a board member to keep an eye on how new legislation impacts your company. For example, on 2 February 2022, the Swiss Federal Council enacted the revision of stock corporation law, which was completed in the summer of 2020 and is effective as of 1 January 2023. It should be noted that the provisions on gender representation on the board of directors and executive committee, as well as the regulations on transparency for commodity companies, entered into force early on 1 January 2021. Provisions regarding transparency on non-financial matters and on due diligence and transparency with regard to minerals and metals from conflict areas and child labor have been in force since 1 January 2022.

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Audit Committee Agenda



Remuneration Committee Agenda



Nomination Committee Agenda



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