

Recurring crisis mode as the new normal

Interview with Sandra Lathion-Zweifel

Sandra Lathion-Zweifel is a member of the board of directors of various Swiss companies and organizations. Her career has been shaped by her experience as a practicing lawyer at a large law firm, leadership positions at major banks and the supervisory authority, as a member of the board of directors of large companies and by her strategic involvement in non-profit organizations. An unusual career path for Switzerland, but one which has opened up opportunities for Sandra Lathion-Zweifel. In an interview with Reto Eberle, she discusses how to respond strategically to the recurring and multifaceted challenges companies face, and why corporate culture is so important in being an attractive employer.

Prof. Dr. Reto Eberle: *You have served as an independent board member since 2018. Having started your career as a lawyer in the field of mergers and acquisitions, you switched to the financial sector. What prompted this change?*

Sandra Lathion: I worked in the Mergers & Acquisitions department of Lenz & Staehelin for seven years in total. Following a detour to New York for a second Master of Laws, I returned to the firm where I had the opportunity to work on secondment at a Swiss private bank for half a year. At the bank, I first encountered derivatives and structured products, and this prompted me to take the SIX trader exam during those six months in order to deepen my knowledge. A few months later, I received an offer from Credit Suisse to take charge of the legal team for financial products.





That wasn't the end, though. You moved from the big bank to FINMA and then back into the legal profession. This type of career path is more common in the English-speaking world than here.

It's true that this kind of path is the exception rather than the rule, but diversity of experience has proved very valuable for my current work as a board member. Being familiar with the different sides of the market is a great advantage. I didn't actively seek to change sector, but one thing led to another. I moved from Zurich to FINMA in Bern because my husband was taking over the reins of the family business in French-speaking Switzerland. Being responsible for the Asset Management division at FINMA was an interesting professional challenge, while also enabling me to live with my family in the French-speaking part of Switzerland. When I was first asked to join a board of directors – by the Cantonal Bank of Valais – I had to decide what my future direction should be. So I accepted my first board mandate, and had to give up my position at the supervisory authority as a result. The fact that such career changes are less common in Switzerland is also a question of culture. In my experience, companies here are sometimes reluctant to hire people from another sector. This in turn makes it difficult for young specialists to try out new things and develop the breadth of their expertise.

And shortly after the Cantonal Bank of Valais, Swisscom asked you to join the Board of Directors, of which you have been a member of since 2019. Raiffeisen Switzerland followed in 2021. What do you particularly like about being a professional board member?

As the number of board mandates increased, I decided to give up my work as an attorney. It was the right time to take that step towards independence. Besides my board mandates, I accepted additional roles on advisory boards for various organizations. I really appreciate being involved in such a diverse portfolio of activities today. I am independent and get to experience different sectors in

“A credible corporate culture inspires good performance.”

different functions where I can contribute my expertise. The experience I have gained in operational and advisory roles helps me in this respect, as does the knowledge I gained from the perspective of the supervisory authority.

Through your roles at Swisscom and Raiffeisen Switzerland, you are involved with two large companies, both of which have a special shareholder structure, one with the state as owner and the other with a cooperative structure. Are there any similarities or differences compared to being a board member of a public company in the true sense of the word?

A company that has the state as its majority shareholder but is also listed on a stock exchange is, on the one hand, bound by stock exchange, stock corporation and disclosure regulations. On the other hand, the majority shareholder often has certain strategic expectations of the company related to its ownership strategy. In this respect, it is important that there is constructive and ongoing dialog between the company and the majority shareholder. The majority shareholder needs to understand that the company is bound by certain regulatory and legal requirements by virtue of its listing, and that the rights of the other shareholders must not be impaired.

At Raiffeisen Switzerland, the structure is somewhat more complex. The Group is structured as a cooperative and Raiffeisen Switzerland is owned by around 220 Raiffeisen banks. The latter have also drawn up an ownership strategy with regard to Raiffeisen Switzerland. Each Raiffeisen bank is in turn a cooperative, with the respective bank clients as cooperative members. Such a structure also demands dialog with the owners as a key factor in successful strategic management.

Proxy advisors and newspapers with a financial focus regularly compile rankings of how well the boards of directors and executive committees of Swiss companies work together. In other words, how well governance is working. These rankings are based exclusively on publicly available information. Isn't it much more important how governance and corporate culture are practiced?

A great deal of transparent information is available in annual reports and other publications, particularly in the case of larger or listed companies, and much of this publicly accessible information relates in principle to governance. Ultimately, however, it is of course the actual governance and corporate culture that matter. Other success factors for a well-functioning board of directors include the diversity of skills, clear communication within the board of directors and with management, independent decision-making and good collaboration within the board. In times of crisis, other factors such as adaptability, resilience and, last but not least, availability are also important.

Current research on the subject repeatedly emphasizes corporate culture as a key factor in the compliance process. However, it is difficult to measure and therefore not easy to influence. What is your experience of dealing with corporate culture at the highest level of leadership?

To measure corporate culture, you first need to define the culture. What are the shared values, standards, attitudes and goals of a company? There needs to be strong leadership that models, supports and communicates the corporate culture. The defined culture must be credible and firmly anchored among employees throughout the entire organization. Transparency, trust, a culture of open and constructive feedback and a high level of appreciation for employees are all crucial factors in a good corporate culture. If you can get people to believe in the company and its vision at both a strategic and operational level, they will be willing to deliver.

Studies from the US have shown that working on culture is much more effective than constantly creating new compliance requirements.

Depending on the industry in which a company operates, there are more or less stringent compliance requirements that must be adhered to. However, over-regulation is not conducive to the aim. Adherence to applicable compliance rules and appropriate governance should be part of every corporate culture and practiced in the same way as the company's other values and principles.





You are a member of various committees, such as the nomination committee, remuneration committee or audit committee. Which committee faces the most challenges these days? And how has the agenda shifted with, after or as a result of the pandemic?

I currently act as the chair of a nomination and remuneration committee and also serve as a member of various audit and ESG reporting committees. Chairing such a committee requires a greater time commitment than participating as a member. The pandemic has permanently changed our perception of risk, and other, new risks are being taken into account. I see the biggest changes in the personnel-related committees. Both strategic and operational committees face new challenges in the wake of the overnight switch to working 100% from home, followed by a gentle return to part-time employee presence and flexible working models like those adopted by many companies today. HR topics now enjoy a firm place on the board agenda at many companies.

Let's stay with the flexible working models you just mentioned. What do you think are the advantages and disadvantages?

Depending on the job, it may be perfectly feasible to work from home. For other activities, such as working as a sales assistant in a store, this is not possible. Flexible working models require a change in management style as well as the way teams collaborate and work. Otherwise, you risk team spirit, creativity and satisfaction. Striking the right balance is a major challenge that varies slightly depending on the sector and size of the company.

Back to the organization of boards of directors and sustainability. One of your companies has an audit and ESG reporting committee. This is presumably based on the idea of bringing ESG reporting closer to financial reporting. From conversations I have had with other board members, I get the impression that this approach is currently the prevailing one. Am I right about that?

There are various ways of implementing aspects of sustainable corporate governance at a strategic level. This could involve addressing the topic of ESG at the level of the board of directors as a whole. Or splitting ESG topics between different committees. For example, reporting would be handled by the audit committee, governance and risk by the risk committee, social aspects by the personnel committee and strategic aspects by the strategy committee. In my opinion, there is no right or wrong. What is important is that those people with the relevant expertise deal with the topic at the strategic level and that the topic is ultimately covered in full.

Other issues on the corporate risk map alongside sustainability include labor shortages, digitalization and cyber risks. What can and must companies do specifically to remain attractive to employees?

And does the answer include sustainability aspects?

Yes, sustainability is certainly a very important factor in being attractive to employees. In order to address issues such as sustainability, labor shortages or increasing digitalization successfully, companies need to act responsibly – not only in economic terms, but also from





an environmental and social perspective. Studies show that customer loyalty, employee retention and profitability are higher at sustainable companies. Many employees now consider sustainability an explicit criterion when choosing an employer. They place importance on the company's values and want to be able to identify with the company's mission. A good salary and work-life balance are not the only factors that need to be right. Increasingly important are factors like a culture of active feedback, transparent decision-making processes, genuine corporate values and the positioning of the employer brand reflecting the company's vision and culture.

You mentioned your work in the area of pro bono mandates. How do you select such engagements? What is important to you?

For me, it is important to give something back to society through this activity. For example with SwissVR, which is an association of board members for board members. For a small annual fee, we offer board members the chance to receive further training on important current

topics as well as access to a broad pool of expertise. I'm also involved in a fintech association. A few years ago, we set ourselves the goal of creating common and publicly accessible standards for the issuance, distribution and trading of securities in the form of tokens using the distributed ledger technology. My role at Lucerne Dialogue has a completely different focus. This discussion and impulse platform provides a space for decision-makers from the worlds of business, politics, science and society to deal with the relationship between Switzerland and Europe. I find each of these activities very valuable in broadening my horizons. I contribute my knowledge and experience to the advisory boards and at the same time learn a lot from other members from different sectors and industries.

Prof. Dr. Reto Eberle

Partner, Member of the Board Leadership Center,
KPMG Switzerland

+41 58 249 42 43
reberle@kpmg.com

This article is part of KPMG's Board Leadership News. To receive this newsletter three times per year, please [register here](#).

About the KPMG Board Leadership Center

The KPMG Board Leadership Center offers support and guidance to board members. We equip you with the tools and insights you need to be highly effective in your role, enabling you to focus on the issues that really matter to you and your business. In addition, we help you to connect with peers and exchange experiences.

Learn more at kpmg.ch/blc

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received, or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. The scope of any potential collaboration with audit clients is defined by regulatory requirements governing auditor independence. If you would like to know more about how KPMG AG processes personal data, please read our [Privacy Policy](#), which you can find on our homepage at www.kpmg.ch.

© 2023 KPMG AG, a Swiss corporation, is a subsidiary of KPMG Holding AG, which is a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.