



# What's on the 2023 board agenda?

Drawing on insights from KPMG's latest survey work and interactions with board members and business leaders, we have put together our successful board agenda series once again this year. The 2023 agenda is dominated by economic volatility, stemming in part from the COVID-19 crisis and strongly influenced by the war in Ukraine, as well as sustainability issues and cyber risks. These and other challenges will put the board's oversight and corporate governance processes to the test.

As a board member, you deal intensively with risks in the political, legal and economic environment. Yet it can be difficult to keep track of everything. We have been talking about relevant topics with experienced board members and CEOs, including at the international level. We share our insights from these discussions each year by publishing agendas for the entire board of directors, the audit committee, the compensation committee and the nomination committee. Visit our [Board Leadership Center website](#) to download the latest agendas and subscribe to this newsletter, which we send out three times a year.

## On the board agenda

How to deal with geopolitical and economic risks is a key management focus. For the board of directors, the emphasis is on how processes are designed to identify, assess and control the new risks. For example, is there an early warning system in place? Is stress testing carried out and are crisis management plans continuously updated or reviewed? Put risk management, business continuity and resilience on your agenda.





Strategy discussions and the risks that arise from them need to be broadly defined. Environmental and social risks as well as diversity issues play an increasingly important role in public perception. Such risks have to be taken into account to enable sustainable, profitable business but they also have to be aligned with the incentive and remuneration policy, for example. Risks from cyber security and data protection continue to be given high priority. Many companies are also considering how to deal with artificial intelligence. These three points are all part of data governance, which requires IT knowledge that you may want to bring in from outside.

Monitor progress in sustaining and realigning supply chains. You can draw lessons from the experience gained during the COVID-19 crisis. Many companies have realized how vulnerable they are in this regard and are looking to diversify procurement. Also consider data protection and compliance aspects.

Have you formally established accountability for ESG and cyber risks? The increasing complexity and interdependence of risks demand a holistic approach and defined responsibilities. We have observed in practice, for example, that there is a division of labor for ESG issues between a dedicated sustainability committee, which deals with the content, and the audit committee, which deals with the process and establishing appropriate controls.

Ultimately, it is up to the board of directors to actively maintain dialogue with shareholders, activists and other stakeholders. To this end, it is important to clarify who in the company is responsible for engaging with these stakeholder groups and what the role of the board of directors is. Through active engagement the company can present a clear picture of its achievements, the challenges it faces and its long-term vision.

[To the agenda](#)





### On the audit committee agenda

The most important task is and remains the internal control system and financial reporting. So, keep the focus on that, paying special attention to the financial organization. Your role is also to contribute to the quality of the external audit. Communicate your expectations clearly and maintain an open exchange with the auditor in charge. Discuss the auditor's risk assessment and planning. What were the lessons learned from the pandemic period, especially regarding audit work that was performed remotely? Did this work well, what can be kept and what needs to be changed for the current audit? Ensure that external and internal auditors share information and that your internal audit function focuses on key risks to make them a valuable resource for the audit committee. This is also important when it comes to defining who in the company is responsible for monitoring ESG-related risks. Not to be neglected are also global tax developments, which some stakeholders see as part of these same ESG risks. Finally, as the audit committee, you help sharpen the company's focus on ethics, compliance and corporate culture.

[To the agenda](#)

**“The most important tasks are and remain the internal control system and financial reporting.”**

### On the ESG committee agenda

One question for the board of directors is whether it (already) has the necessary expertise in the area of ESG and how cooperation with an ESG committee should be organized (if such a committee exists). The interfaces to the audit committee and the compensation committee, in particular, must be clearly regulated. Independently of this, the board of directors must ensure that the strategy includes ESG risks. Special attention should be paid to embedding ESG aspects in the business activities and ensuring a holistic view (incl. conflicting objectives that may arise, e.g. between the “E” and the “S”). Shareholders and other stakeholders want reliable information on sustainability, with the same demands set to be placed on this as we currently have for financial information, which requires appropriate systems, data and controls. The board, in close consultation with the audit committee, is responsible for monitoring of these. Finally, ESG calls for proactive exchange and engagement with stakeholders.

[To the agenda](#)

## One the compensation committee agenda

Besides its statutory duties, the compensation committee will face the expectations of shareholders and their representatives as well as other stakeholders. During the COVID-19 crisis, particular attention was already being paid to the level of remuneration, but also to its development – especially variable elements. These trends will continue: on the one hand, in light of the recession that's affecting various countries to a greater or lesser degree; and on the other, because of the issue of windfall gains. Which element of any gain is related to a general business improvement driven by management and what is more of a general market improvement? In addition, proxy advisors' demands that ESG criteria be included in remuneration must be taken into account. This development can already be observed among listed companies in Switzerland, although analysts and proxy investors do not yet have a clear picture of how compliance with ESG criteria will be measured and what role they will play.

[To the agenda](#)



### Prof. Dr. Reto Eberle

Partner, Member of the Board Leadership Center,  
KPMG Switzerland

+41 58 249 42 43  
[reberle@kpmg.com](mailto:reberle@kpmg.com)

## On the nomination committee agenda

It goes without saying that the nomination committee's priorities include people development, i.e. human capital management and succession planning for the most important positions in the company. But diversity, as well as expertise, is also strategically important for the composition of the board itself. This includes the skills needed to expand and enhance oversight of ESG issues and risks. Internationally, stakeholders are calling for an even stronger focus on diversity and for boards to quicken the pace on visible and invisible diversity within the company. Finally, the board of directors should also be equipped with the necessary skills to support widely anticipated corporate growth. Last but not least, you should be aware of the attention that active investors pay to the chair of the nomination committee on the issue of over-boarding. The trend seems to be toward a recommendation of four, or at the very most five, mandates (with the board chair counting as three and committee chairs as two).

[To the agenda](#)

If you're interested in more detailed information on the individual agendas, please visit the new KPMG Board Leadership Center [website](#). You'll find a broad range of expertise, the latest insights and opportunities for exchange with top executives: all the most relevant information for board members in a single convenient place.

---

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](https://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](https://www.kpmg.ch).

© 2022 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.