

CLIENT ALERT — ROUNDTABLE SYNOPSIS

Is our corporate governance system fit for purpose in a world that changes daily?

AvS Advisors brought together 18 board directors and chairs in Geneva to discuss a deceptively simple question: is our corporate governance system still fit for purpose in a world that changes daily?

The starting theme was that there is no single corporate governance system. Governance is shaped first by ownership. A widely held listed company, a family-controlled business and a private equity-backed company may all have boards, but the relationship between owner, board and management can be fundamentally different. Equally, many practices treated as governance orthodoxy like board structures to remuneration and ESG oversight have a less definitive relationship with corporate performance than conventional wisdom sometimes suggests.

The discussion that followed moved quickly from governance theory to a more practical question: what must change in the way boards work?

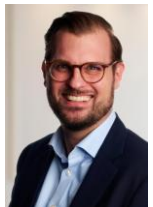
Starting with purpose and ownership

Before asking whether governance is fit for purpose, boards need to be clear what that purpose is.

This became one of the strongest themes of the discussion. A board acting for dispersed public

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shareholders may operate against a very different mandate from one serving a controlling family or individual owner. In a family business, the owner's intentions around legacy, succession and time horizon can fundamentally alter what the company is trying to achieve.

Purpose cannot therefore be separated from ownership. Nor can governance simply be imported from another company because it is regarded as "best practice". The appropriate system depends on what the enterprise exists to achieve, whom the board ultimately serves and what responsibilities accompany that mandate.

The world is moving faster than the board calendar

The traditional rhythm of four, six or even ten formal meetings a year increasingly sits uneasily with a business environment shaped by geopolitical disruption, AI, cyber risk, climate effects and rapidly changing markets.

The answer, however, was not simply "more meetings". Participants described a shift towards more continuous governance: ad hoc conversations, regular contact between formal meetings, focused working groups and faster access to the board when circumstances require it.

The annual board plan becomes critical. Rather than repeating last year's agenda, boards should deliberately ask where their time will create the greatest value over the coming year.

One practical challenge that stood out was that boards spend a considerable amount of time looking backwards. That is, reviewing financial performance, reporting, regulation and compliance, while strategy and future preparedness compete for whatever time remains. The more volatile the environment becomes, the more deliberate boards need to be about protecting space for forward-looking discussion.

More governance can leave less time for governing

There was broad recognition that regulation and formal governance requirements are necessary. Oversight and accountability remain fundamental board responsibilities. But there is a tension: As regulatory obligations expand, particularly in heavily regulated sectors, they can consume an increasing share of the board agenda. The risk is that compliance becomes *the* work of the board rather than one component of it.

Committees therefore matter more, not less. Well-run committees can undertake deeper work, challenge



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management and provide assurance without requiring the full board to revisit every detail. Their effectiveness depends heavily on the quality of committee leadership and on a clear division of labour between committees and the board itself.

The objective is to make sure that governance processes leave sufficient capacity for the board to govern.

Better information matters more than more information

Boards cannot anticipate every development themselves. Their effectiveness depends heavily on the quality of information reaching them.

Participants raised the familiar problem that management information can be extensive while still failing to illuminate the questions that matter most. Board papers may be backward-looking, overly detailed or structured in a way that subtly channels directors towards a predetermined conclusion. Boards therefore have a responsibility to demand not simply more information, but better information.

That increasingly includes an outside-in view. Management teams are inevitably occupied with running the business. Boards have an opportunity and arguably an obligation to bring perspectives from other industries, markets and geographies into the room.

For subjects such as geopolitics, AI or climate, this does not mean making every director a specialist. It may instead mean greater use of external expertise alongside a commitment from individual directors to keep learning

Closer to the business, without becoming management

Several participants described boards becoming more engaged with customers, employees, operations and technology.

That creates another tension: A board cannot provide meaningful strategic challenge if its members do not understand how the business actually works. Directors need to understand the operational levers behind financial performance, technology investment, productivity and competitive advantage.

But understanding operations is not the same as running them. The objective is to enable directors to ask better questions rather than provide management with better answers. Finding that boundary depends heavily on the relationship between the chair and CEO, the quality of communication between meetings and the level of trust between board and management.

Trust emerged repeatedly as an essential ingredient. It develops through working together, navigating difficult situations and building confidence that information is being shared openly.



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Composition is not a periodic question

If the environment around the company changes continually, the board's own capabilities cannot remain static.

Participants repeatedly returned to geopolitical awareness, technology and AI. The expectation is not necessarily that every board should contain specialists in each emerging field. But directors need sufficient understanding to recognise the implications, ask intelligent questions and know when external expertise is required.

This places greater weight on board composition, succession and continuing development. It also places greater weight on culture. The theoretical benefit of having several experienced directors around a table is the *plurality of opinion* they bring to a decision. That value disappears if directors are reluctant to challenge one another, if some voices dominate or if apparent consensus replaces genuine debate.

Independence on paper is not enough. Effective governance requires independence of thought.

From governance architecture to governance effectiveness

The discussion did not point towards dismantling existing governance systems. Oversight, accountability, fiduciary responsibility and effective

challenge remain central to the board's role.

The issue is increasingly one of operating model. A governance system designed around periodic meetings, retrospective information and stable strategic assumptions is being asked to operate in an environment characterised by continuous change.

Boards therefore need to examine how they govern: how they allocate their time, how information reaches them, how committees are used, how closely they engage with the business, how they bring the outside world into the boardroom and whether their composition remains appropriate for what comes next.

Perhaps the simplest conclusion from the discussion was that some of the most practical improvements are also relatively straightforward: using a board planner, drawing on focused external expertise where needed, and improving communication within the board and with relevant stakeholders.

Boards should also regularly step back and examine their own effectiveness. This is particularly valuable ahead of significant structural changes, when a clear understanding of how the board currently operates can help determine what needs to change.