

The boardroom in 2023

Five trends that boards
need to respond to now



Introduction

In the last year, organisations in Europe have faced a raft of mounting challenges.

Soaring costs, climate change mandates, security threats and rising geopolitical uncertainty mean that boards need to provide new levels of strategic support and risk oversight.

If anything, these challenges are only likely to become more acute in 2023. So how should boards best prioritise their time and effort for the year ahead?

In this ebook, we look at the most pressing issues that will shape how boards need to operate in 2023. Just as importantly, we reveal the questions they will need to ask themselves to help them adapt their approach to another year of volatility.





1 Cybersecurity threats related to geopolitical instability

One of the biggest priorities for boards in 2023 will be the need to firm up their response to growing cybersecurity threats.

These threats have become greater since Russia's invasion of Ukraine and have resulted in attacks against European energy companies¹, finance institutions and communications infrastructure.

According to the technology analyst group Gartner, 88% of boards now view cybersecurity as a business risk.² This is compared to 55% of boards that had the same view five years ago.

HP Wolf Security has also released a study³ that highlights that geopolitical risk is becoming an increasing factor in cybersecurity. The report stated that "nation state cyberattacks are becoming more frequent, varied and open; moving us closer to a point of 'advanced cyberconflict' than at any time since the inception of the internet".

Boards need to address this concern by appointing select individuals with experience of cybersecurity. They also need to upskill existing board members and provide governance that is urgently needed to reshape cybersecurity-aware cultures across organisations.

Leadership of this kind is crucial to make sure that security isn't just perceived as a technical policy that all employees need to follow. Today's board members need to have the knowledge required to ensure security is a key part of an organisation's DNA and its performance measures.

Questions for the board to consider:

- Do we have a coherent strategy for increasing nation state-driven cyberattacks?
- Do we have knowledge and experience in our ranks to provide sufficient risk assessment and prevention?
- Does our organisation have continuity plans in place to counter disruption caused by cyberattacks?
- Are we able to clearly demonstrate to investors and partners that we take information security seriously – ideally through regular independent penetration testing, a SOC 2 report and ISO 27001-2103 compliance?
- Are we also able to protect the confidential information we hold at board level by using secure board portal software?



2 Climate change and energy supply

The UN COP 27 summit at the end of 2022 once again highlighted the need for organisations to make solid commitments towards meeting global carbon reduction targets.

Boards are coming under increasing pressure from investment groups⁴ and shareholders that are playing an increasingly climate activist role. Boards also recognise the issue themselves.

According to a report from InterSearch and the Danish Professional Directors Association,⁵ climate change is the megatrend that directors expect will have the most significant impact on societies and the economies over the next three years

The recent turbulence in energy prices and supply triggered by the war in Ukraine also means organisations need to move more rapidly away from their reliance on fossil-based sources of energy. This will be vital if they are to continue operating effectively.

Boards in 2023 will need to urgently address any shortfall in understanding on these issues.

If necessary, this will mean seeking external advice from independent standards organisations and regulating authorities.

It will also mean educating themselves so they can provide effective, actionable leadership around what is likely to become organisations' most important issue over the next decade.

Questions for the board to consider:

- Do we have full oversight of all our environmental and sustainability measures?
- Are we able to represent investor interests in climate change action and balance them with the needs of the business?
- Are we proactively embracing fast-changing climate change demands rather than being reactive to regulation and compliance needs?
- Have we fully evaluated all environmental risk (including risk related to nation state conflicts) within our strategy?
- Are we able to demonstrate how we are managing energy supply risk as part of our strategy for business continuity?



3 The continuing impact of digital transformation

The impact of digital business and disruptive technology is another key priority for directors that is likely to continue increasing in importance in 2023.

A 2022 Gartner survey found that 86% of boards currently rank this issue within their top five priorities.

Their concern is being accelerated by the potential of technologies like Artificial Intelligence and the Metaverse to transform how people work, play and socialize.

Boards should also be considering the shift in the habits of customers that were brought about by the pandemic.

Most importantly, they need to look at whether they have a sufficient digital response to those changes in behaviours.

The most forward looking boards will also examine the development of new green technologies⁶ that have the capacity to reduce both costs and carbon emissions. In particular, they will assess the competitive risk of not being aware of the opportunities these new technologies provide.

Both board chairs and individual directors need to ask themselves several key questions to provide effective board leadership in light of new opportunity and risk related to technology:

- Do we understand the risks around new forms of technology?
- Do we also understand the opportunities?
- Do we have staff with the right technology and service design skills to ensure we stay competitive?
- Are we adopting agile ways of working that are proven to underpin the digital transformation of services?
- Do we understand and have plans in place to mitigate security risks related to new technologies?

Today's board members need to actively develop their understanding of these critical areas to ensure they can provide effective governance and risk controls in a fast-changing digital business landscape.



4 Board diversity will continue to be a big issue

Increasing the diversity of board membership continues to be a hot topic. It will be an important consideration next year.

Tellingly, there has been recent agitation for this change from within boards. The PwC 2022 Annual Corporate Directors Survey⁷ revealed that half of directors on corporate leadership boards (48%) would like to replace one or more of their fellow directors.

Their objective: to drive new diversity of thought and provide a fresh perspective on fast emerging challenges.

Pressure is also growing from regulators. Earlier in 2022, the Financial Conduct Authority in the UK issued new Listing Rules that stipulated that organisations need to include a statement in their annual financial report setting out whether they have met specific board diversity targets.⁸

The targets are:

- ✓ At least 40% of the board are women
- ✓ At least one of the senior board positions (Chair, Chief Executive Officer (CEO), Senior Independent Director (SID) or Chief Financial Officer (CFO)) is a woman
- ✓ At least one member of the board is from a minority ethnic background

In Norway there is already regulation that requires at least 40 percent of each gender on company boards.⁹ There are similar movements around the world.

There's no doubt diversity will once again be a big issue for boards in 2023. Perhaps more than we have ever seen before. Board chairs, directors and executive management teams will need to think carefully and proactively about how they meet these rising expectations and demands.

Questions for the board to consider:

- Are we looking beyond the traditional ranks of retired CEOs, chairs, vice chairs, presidents or COOs for new board members?
- Should previous board experience still be a prerequisite when recruiting new board members?
- Are we canvassing an extended pool of candidates from a wider age range to achieve more gender and ethnic diversity?
- Do we have a broad enough social perspective to meet modern business and ESG challenges?
- Does our current board fully support and back diversity issues?



5 Increasing accountability on ethical standards

In 2023 we will also see the continuation of a change in the ethical standards expected of boards from the outside world.

This is a shift that's linked to several cases of misconduct in the financial sector and leading tech companies that have failed to protect the interests of customers or the wider society. It is also connected to the rise in demands on boards to implement robust ESG strategies and tackle climate change.

In the future, this means that board members will be judged only on the strategic value or commercial experience they bring.

They will also be judged against their track record of doing the right thing. Moving forward, board members will no longer be recruited just for their competences or chemistry with the rest of the board. They will also be recruited for their character, their record of ethical behaviour and their ability to set the right cultural tone.

Questions for the board to consider:

- Do we have the means to review the ethical standards we expect of our board members?
- Are we able to promote these standards throughout the organisation as a cultural asset?
- Do we need to re-evaluate the methods by which we recruit new board members?
- Do we have awareness of how the current board makeup will be viewed by the outside world and investors?
- Do we need to radically change our culture to respond to new expectations, or will it be better to evolve our existing culture to meet new standards?

Concluding thoughts

Over the next year, increasing geopolitical risk will see boards continue to speed-up the way they work to meet new demands.

At Admincontrol, we empower boards to adapt quickly and securely with board portal software that enables them to work more decisively.

Our portal enables directors and executive management teams to:

- ✓ Collaborate securely through a dedicated in-portal communication channel
- ✓ Easily search for and access all relevant documents in a secure digital archive
- ✓ Manage board meetings more efficiently
- ✓ Accelerate decision making through E-signatures
- ✓ Keep all board-level confidential information secure and protected from cyberattacks

[Find out more by booking a free demo](#)

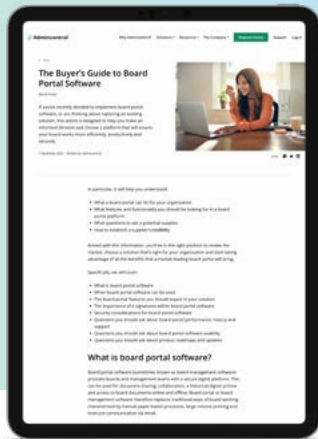


Further reading

If you would like to find out more about digital board portals, we also recommend:

→ The buyer's guide to board portal platforms.

[VIEW ONLINE](#)



To learn more about driving efficiency and achieving your maximum ROI, we recommend:

→ Reviewing your board technology investments.

[DOWNLOAD](#)



Admincontrol's mission is to provide the ultimate solution for decision-makers. The company offers a smart and secure collaboration platform for boards, management and other stakeholders, where they can access, share, discuss and process information efficiently.

Admincontrol has close to 130,000 active users worldwide.

The company is growing rapidly and is headquartered in Norway with local offices in the UK, Denmark, Sweden, Finland and the Netherlands. Admincontrol is part of the successful Visma Group, a leading European software company.

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