SWIPRA
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SERVICES & DIALOGUE

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2025 SWIPRA Survey

SWIPRA Governance Survey 2025 – Board of Directors: Fit for Transformation? – Board Composition, Dynamics and Emerging Strategic Priorities

Zurich, 9th December 2025 – The 13th SWIPRA Survey reveals an increased confidence of shareholders in Swiss boards, but significant perception gaps between companies and shareholders persist across multiple dimensions—from board capabilities and board renewal processes to compensation and sustainability.

As Swiss companies are focusing on business transformation in a challenging environment, shareholders question whether boards adapt sufficiently quickly to be prepared for these strategic shifts. And while companies consider board assessments beneficial in supporting boards allocating their time efficiently and choosing the right priorities, investors miss related relevant information, which undermines credibility of corporate leadership.

Quality and constructiveness of the company-shareholder dialogue vary significantly. There are persistent concerns about whether engagements are translating into genuine mutual understanding and action. Compensation remains the most discussed AGM topic. The alignment of executive and shareholder interests through incentive pay remains challenged.

On the reporting side, investors cannot see a clear purpose of the mandatory vote on the sustainability report and the disclosure of Key Audit Matters is dissatisfying since this disclosure fails to deliver the expected transparency.

The survey underscores the need for enhanced transparency and clearer communication on governance practices and how boards of directors actually shape their companies' leadership. In this regard, Swiss companies are seen as trailing their international peers, as boards continue to demand a lot of trust from their investors As governance priorities shift toward resilience and risk management, bridging perception gaps remains critical.

Next events

SWIPRA Survey Webinar (E)
Webinar for institutional shareholders
January, 2026

SWIPRA AGM Season Outlook (E)
Webinar for companies
March, 2026

EIZ Verwaltungsratsforum 2025 (D)
Event for board members organized by Europa Institute, UZH
June 9, 2026

Board Composition: Confidence Rising Despite Limited Understanding

- **74%** of institutional investors have (rather) high confidence in Swiss boards, up from **66%** in 2021
- The main priorities for boards in the 2025/26 cycle are business transformation and future perspectives, followed by economic conditions and geopolitical risks (incl. tariffs)
- **29%** of shareholders consider Swiss boards to be not agile enough, compared to **18%** who consider them to be (rather) sufficiently dynamic

Confidence in Swiss boards improved across all institutional investor categories — pension funds, Swiss and non-Swiss asset managers — likely reflecting enhanced mutual understanding through continued governance engagements.

The stated business transformation priority is often linked to fundamental changes, requiring boards to have the right set of skills and experiences to navigate business model shifts. Yet only 18% of shareholders consider board compositions to be sufficiently dynamic

to adapt fast enough, while 37% of corporates consider their own boards as (rather) sufficiently dynamic. This raises the question about whether current board compositions are fit for the transformation challenges. Shareholders increasingly scrutinize whether directors collectively possess the needed strategic, technological, and transformation capabilities, beyond the often discussed independence and diversity requirements.

Yet, the understanding of individual board members' contributions remains limited (see Figure 1). Only a third of shareholders say they have a good grasp of each director's added value, and 16% have little or none. This perception gap is particularly problematic when assessing whether directors possess the competencies required. Asset owners — increasingly influential voices in stewardship — generally show less understanding and have even more critical views of board dynamics.

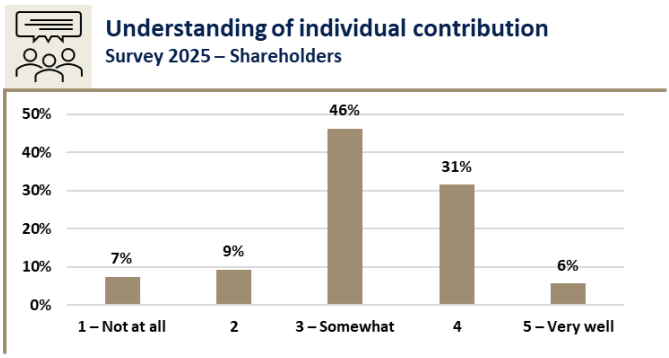

Figure 1: Board Composition

It is up to companies to demonstrate clearly how the boards' composition, skills mix and working practices of align with strategic priorities. This requires transparent communication about capabilities needed, individual director's contributions, and how skill gaps will be addressed through recruitment and assessment processes. Companies credibly demonstrating dynamically adapting boards will strengthen shareholder confidence; those that cannot risk undermining recent confidence gains.

Board Development: Assessment Practices Fall Short of Stakeholder Expectations

- **84%** of annual board assessments are conducted internally
- **38%** are conducting external assessments at irregular or multi-year intervals
- **79%** of companies say that board assessments have a (rather) high impact on helping boards prioritizing
- **50%** of shareholders find the current disclosure on board assessments not or rather not meaningful when judging their impact

Board assessment practices reveal a clear disconnect between the effort companies invest and the credibility these assessments enjoy among shareholders. Most companies have established an annual process, mostly through internal assessments based on a board discussion, often accompanied by a survey. Fewer conduct external or interview-based assessments on a regular basis. This focus on internal reviews together with the often only sparse assessment-related disclosure raises questions by shareholders about the objectivity and rigor of these processes. Half of the shareholders indicate that companies' communication about board assessment outcomes and impacts are insufficiently meaningful to allow proper evaluation (Figure 2).

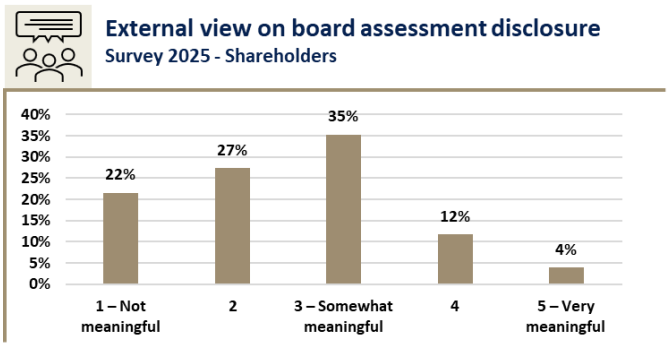

Figure 2: Board Assessments

Consequently, the view on why board assessments are conducted varies significantly between shareholders who see them mainly as compliance-driven (53%), and companies, which consider them as a development tool for boards (90%).

The lack of transparency represents a missed opportunity, as the assessments themselves are considered highly impactful by companies. Board assessments demonstrate (rather) high impact on helping boards prioritize topics (79%), improve collaboration with management (65%), and enhance board organization (65%). With no or limited disclosure, the outside view may be that boards need to be renewed faster.

The strategic value of board assessments becomes particularly evident when considering the indicated priorities over the next year: Resilience and risk management as well as governance ranked highest by companies and shareholders alike. This shift puts governance — and boards driving the governance processes — squarely in the spotlight. A more thorough disclosure and more independent assessment could help support external perceptions of a board's effectiveness, but only if companies decisively improve communication of assessment processes and outcomes.

Engagements: Quality of Dialogue Varies Significantly

- **71%** of companies rate exchanges with Swiss institutional shareholders as (very) constructive, compared to **65%** for non-Swiss shareholders
- **59%** of companies view Swiss institutional shareholders' efforts to understand their governance frameworks as (rather) sufficient, versus **43%** for non-Swiss shareholders
- **61%** of companies have not seen any improvement in institutional shareholders' and proxy advisors' efforts to understand governance frameworks over the past three years

Shareholder engagement quality varies significantly depending on the counterparty. Companies rate Swiss institutional shareholders most positively, viewing them as slightly more constructive than non-Swiss shareholders — likely reflecting proximity, cultural context, and longer-standing relationships.

Companies express a less positive view about proxy advisors, with Swiss advisors Ethos and Inrate considered less constructive than Glass Lewis and ISS. Close to 30% consider the exchange with Swiss advisors as (rather) not constructive, which is, however, aligned with their mandate: Unlike shareholders, proxy advisors are expected to strictly follow their voting guidelines to ensure a consistent analysis over time, but are often seen to be too dogmatic.

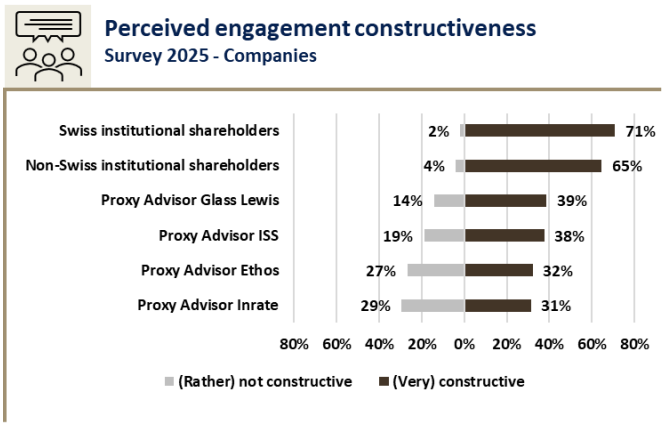

Figure 3: Engagements

Despite being critical about engagement constructiveness, companies appreciate the effort shareholders put into understanding their governance frameworks. Ethos ranks highest, with 63% of companies considering its efforts to understand governance as (rather) sufficient, followed by Glass Lewis (57%). Swiss shareholders (59%) are seen as more thorough than non-Swiss shareholders (43%), consistent with engagement constructiveness patterns.

Ongoing Compensation Discussions: Confidence Pay-for-Performance Remains Elusive

- **62%** of companies are (very) confident that long-term incentives (LTI) align the interests of the company, shareholders and executives, compared to only **33%** of shareholders
- **30%** of shareholders have no or little confidence in LTI alignment; when alignment is perceived as insufficient, the tilt is considered to favor executives
- **89%** of companies versus **35%** of shareholders believe short-term incentive (STI) KPIs are well aligned with company short-term goals

Compensation remains the most discussed topic towards the 2025 AGMs, unchanged from previous years, reflecting unresolved concerns about executive pay quantum and performance alignment. The confidence gap in LTIs reveals a major governance challenge. While two-thirds of companies believe LTIs align executive and shareholder interests, only one-third of shareholders share this view. Critically, 30% of shareholders have little or no confidence, viewing LTI structures as tilted toward executives rather than balancing stakeholder interests.

Short-term incentives show an even wider perception gap: 89% of companies believe STI KPIs align with short-term goals versus only 35% of shareholders, with 14% considering alignment very limited or non-existent (see Figure 4). Shareholders question whether KPIs capture key performance drivers, doubt target-setting rigor, or lack transparency to evaluate alignment properly.

Despite improved disclosures and years of say-on-pay shareholder votes, fundamental disagreements persist about appropriate LTI design. Previous SWIPRA surveys show shareholders question whether targets are sufficiently stretching, vesting periods long enough, metrics adequate for capturing sustainable value creation, and executive upside proportionate to shareholder risks — indicating communication failures, philosophical differences, or both. This is a substantial reputational issue related to corporate governance.

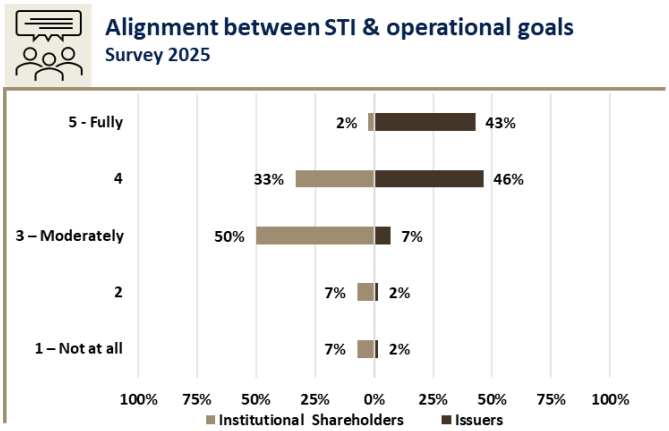

Figure 4: Compensation

Sustainability: Trust, Transparency and Regulation

- **81%** of companies indicate sustainability consciousness in strategic and operational decisions has increased over the past three years, compared to only **47%** of shareholders agreeing
- **98%** of companies have (rather) high trust in their disclosed climate transition plans, compared to only **48%** of shareholders
- **50%** of Swiss asset managers and **40%** of asset owners consider the current sustainability report vote (very) useful, versus only **23%** of non-Swiss asset managers and **18%** of companies

A significant gap exists regarding the perception of sustainability integration. While most companies report an increased sustainability consciousness in strategic and operational decisions over the past three years, less than half of shareholders share this view, with 35% believing consciousness remaining unchanged. This disconnect may suggest ineffective communication by companies, shareholder skepticism about whether

commitments translate into meaningful changes, or insufficient effort by shareholders to truly understand this integration.

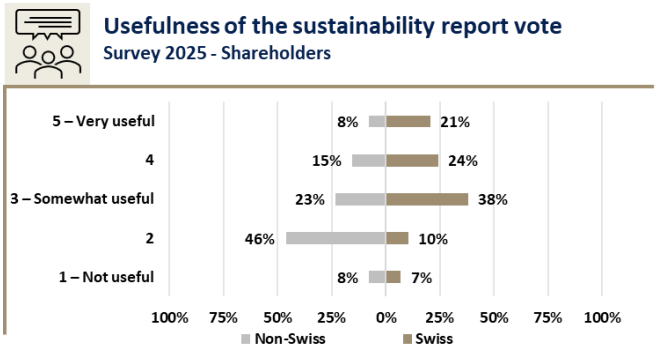

Figure 5: Sustainability

The mandatory Swiss sustainability report vote has received mixed reception. Swiss asset managers are most positive (50% finding it very useful), followed by asset owners (40%), while only 23% of non-Swiss asset managers and 18% of companies view it as (very) useful. This pattern aligns with 2024 survey findings showing that 73% of non-Swiss asset managers believe the vote's goal is unclear, compared to only 39% among Swiss asset managers. The 2021 expectations — where 81% of shareholders and 58% of companies anticipated benefits — remain unmet, primarily because the regulator failed to clearly define the vote's ultimate purpose.

Regarding CSRD reporting compliance, companies proceed cautiously: 56% plan to continue as planned while 39% will reduce implementation speed and 26% lower allocated resources significantly. Shareholders show a somewhat stronger commitment (72% continuing as planned, only 14% reducing efforts), arguably reflecting different cost-benefit assessments and competing priorities.

Key Audit Matters: Gap Between Promise and Practice

- **44%** of companies believe KAMs improve understanding of risks, compared to only **29%** of shareholders
- **68%** of shareholders consider KAMs not very meaningful and thus only use them in exceptional cases
- **80%** of shareholders believe KAMs should be extended to sustainability report audits, versus only **35%** of companies

Key Audit Matters (KAMs), introduced for 2017 financial reports in Switzerland, have failed to deliver on their initial expectations. When first implemented, 70% of shareholders held positive expectations that KAMs would enhance their understanding of risks and audit processes (SWIPRA Survey 2017). However, the current survey reveals another reality: only 29% of shareholders currently believe these disclosures meaningfully improve risk understanding. Nearly 20% of shareholders consider KAMs to be of no or very little benefit, representing a significant erosion of confidence since introduction (see Figure 6).

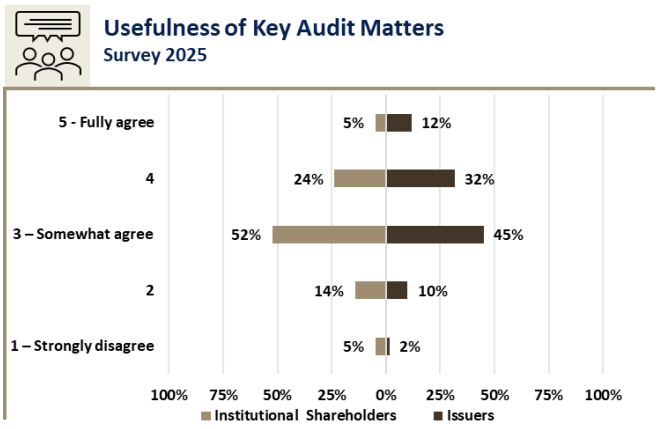

Figure 6: Audit

The limited utility shareholders derive from KAMs is reflected in usage patterns. A majority (68%) considers KAMs as not very meaningful and therefore only employ this information in exceptional cases. A mere 22% find KAMs meaningful enough to regularly incorporate into their investment analysis.

And despite shareholders' disappointment with KAMs in financial reporting, 80% support extending KAMs to

sustainability report audits. This contrasts sharply with companies' views, as only 35% favor such an extension. Shareholders' support likely reflects hope that applying KAMs to sustainability assurance might prove more informative than it has for financial audits or alternatively may represent a desire for enhanced scrutiny of sustainability reporting. The reluctance of companies may stem from concerns about costs, complexity, or the ultimate benefit of the disclosure of such KAMs.

About the survey

In collaboration with researchers from the University of Zurich, all companies in the Swiss Performance Index SPI® and institutional shareholders from Switzerland and abroad were invited to take part in the twelfth SWIPRA survey on corporate governance in Switzerland. During the survey period (August to November 2025), 81 representatives of companies listed on the SIX Swiss Exchange, representing around 74% of the market capitalization of the Swiss Performance Index, and 61 institutional asset managers and asset owners from Switzerland and abroad took part. The participating investors, around a third of whom are based abroad, represent at least 34.2% (source: ThinkingAhead Institute) of the equity investments under management of the 100 largest asset managers and the majority hold substantial stakes in Swiss companies.

About SWIPRA Services

SWIPRA Services supports boards of directors with independent, customized assessments and coaching. We provide our clients with practical advice taking into account relevant stakeholder opinions. Our aim is to make leadership teams more effective and efficient, strengthen reputation and increase company value in the long term.

To further develop corporate governance in Switzerland, SWIPRA Services works with a high-level think tank consisting of companies and institutional investors and conducts independent, representative studies. SWIPRA Services is also active in education and management training as well as public relations work on corporate governance and stakeholder management issues.

Together with our partners at TBA Trusted Board Advisors, we advise companies on corporate governance, strategic communication, reputation and stakeholder management.

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