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Ian White

A catalyst for evidence-led board evaluation

'The result is a growing recognition that traditional approaches to board and committee evaluation – often qualitative and reliant on director interviews – may no longer be sufficient. Boards are beginning to adopt more structured, evidence-led approaches that provide a clearer picture of performance and support more credible disclosures. This shift is not about bureaucracy; it is about strengthening governance, enhancing trust, and ensuring that the board's assessment of its own effectiveness is grounded in reality.'

Sean O'Hare

Editorial Board

Proxy season trends

Companies are facing a climate of uncertainty and new demands, including adapting to more complex regulations, AI and growing expectations regarding transparency and sustainability. In this context, corporate governance plays a crucial role in generating sustainable value.

During the proxy season, investors intensify their scrutiny and assess whether the board oversees strategy, appropriately manages risks and fosters a culture of integrity in the process of achieving its financial objectives effectively. A recent report from BH Compliance looks at the five trends that are most likely to drive progress in the 2026 proxy season.

Diversity of perspective

Investors have moved beyond looking at diversity purely as a reputational indicator and now consider it a strategic board competency. Boards that add value combine diverse and complementary profiles, which enhance discussions and enable better decision-making.

Diversity, not only in terms of gender but also the right mix of skills, backgrounds and experiences, is a key indicator of board quality and the board's ability to monitor risks and anticipate strategic impacts. It is an aspect that investors examine closely during the proxy season, paying particular attention to key elements in their governance assessments and voting decisions, such as board composition, skills and the disclosed nomination criteria.

Anticipating risks

A clear and coherent narrative, in terms of risk oversight, emerging risks and strategic execution, will be key to dealing with voting pressures and activism in the upcoming proxy season. Effective risk management requires quality information, inter-departmental co-ordination and robust internal controls. But most of all, it requires a culture that identifies threats, strengthens incentives and enables timely decision-making.

Anticipating emerging risks and clearly defining risk appetite and tolerance have become essential for effective corporate governance. The true differentiator will be deciding how far to go when taking on uncertainty to seize opportunities, balancing innovation and control and avoiding both paralysis and excessive risk that compromises sustainability.

Boards that consider risk scenarios, cyber security, digital disruption, geopolitics or regulatory changes make more timely decisions and better prepare their organisations for external events.

Technology

Technology has become more than an operational opportunity and is now a key consideration in board strategy and oversight.

Adoption and monitoring of technology is no longer optional for boards: it has redefined business models and increased competition. The credibility of technological oversight is important during the proxy season; investors look for clarity on the structure that supports the oversight, the expertise behind it and how this is reflected in strategic decisions and risk management.

Board members must have the technical skills to understand the impact of emerging technologies on the business, integrate them into strategic discussions and anticipate risks and opportunities. Failure to do so results in decision-making based on incomplete information and, in rapidly transforming industries, missed strategic opportunities.

Adaptability and transformation

Boards that stand out not only incorporate diverse talent, but also create a culture that nurtures curiosity, continuous learning and adaptability. The role of the board is expected to include questioning assumptions, exploring multiple scenarios and adapting in the face of disruptive changes.

Boards must go beyond rigid corporate governance models and develop more dynamic models that prioritise strategic dialogue, regular performance evaluations and continuous learning through training programmes. Diversity and the ability to update knowledge and adapt quickly allows boards to combine experience with openness to change, anticipate risks and transform uncertainty into competitive advantage.

Geopolitics

Increasing geopolitical volatility and changes in trade and regulatory policies have made supply chain resilience a top priority for boards of directors. Geopolitical and geoeconomic confrontation has become one of the main global risks, directly affecting trade and value chains. Alliances are being reconfigured, protectionism is accelerating and governments are exerting increasing influence over critical supply chains.

In this context, the ability to anticipate disruptions and diversify and redesign supply chains has become a strategic board-level decision, key to protecting operational continuity and long-term value creation.

During the proxy season, leadership must be clearly reflected in the proxy statement, not only in what the company declares, but also how the board oversees, makes decisions and adapts. In an environment marked by increasing risks, rapid technological advancements and expectations of stricter oversight, corporate governance needs to evolve to sustain value creation. Boards that successfully integrate strategic diversity, rigorous risk oversight, technological credibility, adaptability and geopolitical resilience are likely to be better positioned to gain access to better capital, attract talent and develop a sustainable competitive advantage.

For more information go to: https://bit.ly/4sccdCP

Third-Party Risk Management

As organisations increasingly rely on third parties to support critical operations, managing third-party risk has become a strategic priority. A recent report from KPMG explores the latest trends, practices and challenges in Third-Party Risk Management (TPRM). It provides insights into how organisations are evolving their TPRM frameworks, adopting new technologies, using external providers, integrating risk functions and responding to regulatory and operational pressures.

Regulatory compliance/cyber risk

Regulatory compliance and cyber risk continue to dominate TPRM strategy, with 48% of respondents citing cyber risk as the top driver and 45% pointing to compliance. For most organisations TPRM strategy is still driven by a growing awareness that third-party vulnerabilities can rapidly escalate into enterprise-wide threats.

Spending priorities mirror these concerns. Risk assessment and due diligence (52%) and technology/tools for TPRM (51%) top the list for spend categories, followed closely by cyber security/data protection (49%) and regulatory audits (45%). Cyber risk has heightened importance to smaller organisations, according to the survey, and sector-specific nuances also impact drivers of TPRM strategy.

Businesses rely heavily on third-party partnerships to create value and drive innovation. However, whilst 83% of executives plan to expand their partner networks over the next three years, 71% admit that they have trouble getting their partners to align on goals.

Integration

Integration between TPRM and Enterprise Risk Management (ERM) remains fragmented. Seventy-eight per cent of organisations report their programmes as 'mostly integrated' and 71% have achieved full integration. Organisations face the persistent challenge aligning their TPRM with risk functions in a strategically and operationally coherent way. ERM focuses on top risks that could impede strategy whereas TPRM is often more transactional.

TPRM is often viewed through two lenses: compliance and procurement/supply chain. To bridge the gap between these two, leading organisations are embedding TPRM into their business processes and aligning it with enterprise strategy and risk programme design. Technology also plays a role. While 71% of organisations plan further integration over the next three years, only 17% rate their TPRM data as fully reliable.

Scalability

Strategic TPRM operating models are an emerging trend. More than 80% of organisations are using managed services, outsourcing or both to execute core TPRM activities, from due diligence and onboarding to monitoring and remediation. However, only 5% have adopted end-to-end managed services. Forty-four per cent of respondents use managed services for ongoing monitoring and 27% outsource due diligence.

Concerns about losing control and sharing proprietary data are significant barriers to wider adoption of outsourcing, co-sourcing and managed services. There is a growing willingness to outsource but organisations remain cautious about functions they consider core to their business.

As organisations adopt outsourcing, co-sourcing and managed services, effective oversight is non-negotiable. Organisations must have competent people in place to manage the relationship, design a programme that meets their specific needs and continuously review and challenge the outputs. Organisations must also ensure that external providers are aligned with internal risk appetites and resilience goals. Best practice includes establishing clear contractual frameworks with service level agreements and key performance indicators, as well as selecting providers that combine technical expertise with a strong customer-centric approach.

Leveraging AI

AI adoption is growing, however effectiveness of AI is mixed. Whilst up to 58% of respondents claim to use AI, only 22% find it 'very effective' and 40% 'somewhat effective'. This effectiveness gap comes down to trust and orchestration. Organisations that achieve high effectiveness with AI are those that connect disparate processes and have clear ownership over the end-to-end workflow.

The most powerful AI applications combine deep research, purchased insights from databases and data collected directly from the third party to provide a more complete picture of the risk. This allows organisations to assess both current, real-time events but also to run scenarios. Up to 47% of organisations expect moderate AI use in core TPRM tasks over the next three years.

Data quality

Confidence in the effectiveness of TPRM depends on reliable data. The survey reveals that leaders with high quality data are confident in their risk management, whereas leaders with inadequate data quality are not confident.

Improving data quality stands out as an area of significant opportunity for TPRM programmes. While 59% of respondents say that their data is mostly complete, accurate and consistent, just 17% report having the highest quality data. This often stems from fragmented systems and inconsistent data practices. Procurement systems in different countries may not have a global view, making it difficult to assess third-party risk across geographies.

For the full Report go to: https://bit.ly/4lsopwt

The CEO's first year

Few boards take a formal approach to overseeing and supporting the CEO's transition, according to a report from Spencer Stuart. However, boards can reduce the risks and increase the odds of success by recognising the challenges facing a new CEO, building a relationship based on trust and transparency, aligning on strategy and performance expectations and ensuring board composition and governance practices support the CEO's needs.

The Report, *The CEO's First Year Isn't a Victory Lap. It's the Board's Next Test*, looks at common practices that the best boards use to oversee and support a new CEO. It also outlines five steps for boards to help a new CEO succeed during their first year and beyond.

From selection to support

Once a new CEO is selected the board's role shifts from selection to supporting the new CEO. This is a critical switch in attitude and action and one that must happen quickly. Taking up a new CEO role can be a massive disruption to the incoming CEO's personal and professional life. The stress of this career move applies equally to internal candidates and outsiders. In many cases, the incoming CEO can be reluctant to raise or discuss these issues, but board proactivity can help ease the burden and signal support. It can also be a meaningful way to start the relationship-building process.

Board and CEO relationship

Building strong, individual relationships between directors and the new CEO is crucial. Each board member should take time to get to know the CEO personally and professionally. As part of the CEO's onboarding, the board should ensure the CEO is quickly starting to build a relationship with each director. Ideally, the CEO's first 30 days will include one-on-ones with each board member, followed by an in-person meeting between each director and the CEO.

Another early action is for the independent board leader (Chair or lead director) to connect with the CEO and clarify expectations for the first board meeting. The independent board leader can foster a culture of transparency and trust by quickly and directly sharing, on behalf of the board, directors' feedback and concerns with the CEO.

Reassess corporate strategy

The process to find and select a new CEO presents a unique opportunity for the board to reassess the organisation's corporate strategy and strategic direction. As part of this, the board should be actively questioning the direction of the organisation and the implications for the incoming CEO.

Once selected, the board should invite the CEO to share, as early as feasible, an initial assessment of the organisation. This evaluation builds a common, detailed understanding of 'where things are' to inform the strategic plan. Within six to nine months the board should set strategic expectations, the board and CEO aligning on a more detailed strategy, and also set underlying short-term and long-term objectives.

Performance evaluations

Appointment of a new CEO often affects markets and it is unlikely the first year of performance will be directly attributable to the CEO. A structured plan for providing formalised feedback to a new CEO will help the board separate outcomes from behaviours. The first step is for the board to fully understand and align with the CEO's plans to drive the strategies, actions and behaviours expected to succeed in their first three years. The board's evaluation, accountability and compensation strategies should reflect these metrics and take into account both quantifiable outcomes and qualitative measures that incorporate inputs and desired behaviours.

Beyond metrics and measures, boards should be on the lookout for signs that a CEO may be struggling and require additional board engagement. These signs may include: limited clarity on long- or short-term strategy; delays in team and organisational appointments; confusion across the organisation about direction/strategy/intent; inability to explain results (good or bad).

Board composition

The appointment of a new CEO is an important time to review board governance. It should serve as a catalyst for the nominating/governance committee to review board composition, gain input from the CEO on the skills and experiences of highest value based on the new strategic direction and update the board's succession strategy.

Leadership style should also be reviewed. If the relationship between the CEO and independent board leader is not working, the board must intervene and change may be warranted. Boards also should gain alignment with the CEO on the board's role, if any, in the interview process for top executive candidates, especially those who interact regularly with the board.

For the full Report go to: https://bit.ly/4dkmW9l

Sustainability Reporting Standards

The UK Government has released the finalised UK Sustainability Reporting Standards (UK SRS).
UK SRS S1 focuses on broader sustainability-related disclosures that may impact financial performance.
UK SRS S2 addresses climate-related disclosures, including climate risks, strategy, governance and emissions reporting.

One of the key changes is removal of the transition relief that permits delayed reporting in the first year. An entity is required to provide sustainability-related information under UK SRS at the same time as the financial statements.

Also included are amendments to how the Sustainability Accounting Standards Board (SASB) materials are referred to. Under the Standards an entity is not required to refer to, and consider, the applicability of the SASB materials. Instead, they are referred to as a source of guidance that entities 'may' refer to and consider when applying UK SRS.

Time limits attached to transitional reliefs have been removed except in relation to the transitional relief which permits an entity to measure its greenhouse gas emissions using a method other than the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)* in the first year of reporting, subject to certain provisions.

The other transitional reliefs, which relate to climate-first reporting and Scope 3 emissions reporting, may be used indefinitely where UK SRS are applied voluntarily. Where UK law or regulation requires the application of UK SRS, that law or regulation will also set out the availability and duration of transitional reliefs. UK SRS S1 also explains how taking up transitional reliefs interacts with the requirement to make a statement of compliance with the Standards.

Where an entity determines it is impracticable to reliably estimate its financed emissions for the same reporting period as the related financial statements, UK SRS S2 requires the entity to disclose why this is the case, the measurement approach used to estimate any reported financed emissions and any plans to report its financed emissions for the same reporting period as the related financial statements.

The finalised Standards also remove the 'effective date' clauses. Any effective date for mandatory application of UK SRS will be determined by rules set out by the FCA or government regulations.
UK SRS are freely available for an entity to use on a voluntary basis.

Impact of AI on governance models

As boards, general counsel and compliance leaders consider the impact of AI, three central aspects have come to the fore, according to Freshfields: human accountability, diligence and strategy and regulatory compliance.

Despite the rise of AI, most jurisdictions still require human directors and officers. AI can support, but not replace, boards and management. One of the most frequently debated questions is how much autonomy can be granted to AI systems without violating legal limits on delegation. In most European jurisdictions it is not possible legally to transfer ultimate decision-making authority and core management functions to AI systems. Consequently, under current law, AI systems cannot formally serve as board members.

However, AI may be used as a board observer without voting rights, as a decision-support tool or an analytical instrument for data evaluation. Human board members retain ultimate responsibility and fulfil their duties of care when managing AI, including data management, verification and deployment. Boards must also have a certain level of AI literacy and be able to critically assess, interpret and, if necessary, reject AI-generated results.

Integrating AI effectively into strategic decision-making processes requires the development of new standards of care and rigorous assessment, including application of business judgement principles to the nuances and complexities of AI tools. The ultimate decision-making authority and core management functions must remain with human governing bodies.

The expanding regulatory landscape means companies must map out proactively how and where AI is being used, implement robust governance and risk management processes and continually update strategy and compliance documentation to ensure both innovation and legal conformity. In jurisdictions where management authority must remain with humans, discussions focus on the extent to which AI can effectively exercise a management role under the supervision of a formally appointed human authority.

The external legal environment is evolving just as rapidly and organisations must ensure their internal AI strategies align with emerging regulatory frameworks. They must identify where and how AI is used within the organisation; carry out systematic assessments of the legal and operational risks associated with each AI application; and implement comprehensive governance, protocols and documentation – including clear assignment of responsibilities, regular reviews and updating of risk profiles, and evidence of compliance for supervisory bodies and regulators.

Board practices – the good, the bad and the ugly


As part of a webinar presented by members of the *Board Effectiveness Guild*, **Alex Cameron** discusses the behaviours and practices that enable or inhibit a productive dynamic between executives and non-execs in corporate boards and **Chris Stamp** considers understanding the importance of the role of the SID.

Encouraging collaboration

The typical board is not a team in the conventional sense of this term. A board includes two distinct groups, the executive and non-exec members have different roles but a common aim, namely to ensure the sustainable future of the business. The executives run the business on a daily basis and use the non-execs' experience to improve their individual and collective performance. The non-execs do not run the business. Their role is to scrutinise the work of the executives and to contribute their experience to enable the best decisions possible to enable the performance of the executives. Jointly executives and non-execs need to be able to agree the strategic direction of the business to ensure its long-term success.

If these two groups are to achieve their joint aim on behalf of the business, then there must be effective collaboration in place. Collaboration is enabled by what is widely described as the 'dynamic' between these groups. This dynamic cannot operate effectively without trust and mutual respect between the individuals involved. So it is important that boards can explicitly address the precursors of trust – there are three elements to focus on.

1. *The governance of the relationship*. For the dynamic to enable collaboration the executives and non-execs must understand their personal accountabilities. The differences between the roles of executives and non-execs must be clear to all parties.
2. *The operation of the relationship*. The information that flows between each group must be agreed, reliable and creditable. And how this information is used in the boardroom needs to be clear and predictable. Trust in these information flows is critical to enable this dynamic.
3. *The behaviours that underpin the relationship*. Effective governance and operation of the executive/non-exec relationship is insufficient to encourage the collaboration that the board dynamic requires. It is the behaviours of these board members individually and collectively that will make the difference.

There are some key behaviours that must be present:

- *Listening*. True listening, not waiting to speak, means being curious about the views and proposals being presented by others. This desire to understand builds the trust-based dynamic required by the board.
- *Demonstrating empathy*. Genuine interest by non-execs in the pressures and challenges faced by executives is very powerful contribution to building trust. This encourages openness and the sharing of problems with a willingness to collaborate to find joint solutions.
- *Handling conflict*. Conflict is inevitable in the boardroom. If there is no conflict, it is fair to assume that the major issues and disagreements are being avoided. Effective conflict management, often led by the Chair or CEO allows the whole board to raise different views and use this discussion of difference as a creative process to generate new ideas for the benefit of the business.

Getting it wrong

Building trust around the boardroom table is challenging and takes time. The leadership of the Chair is material to the creation of the board dynamic – how meetings are chaired, what behaviours are called out, and what behaviours are encouraged. However, poor behaviours can become ingrained into the habits of a board, and the dynamic is likely to suffer. Some of the most corrosive habits and behaviours are:

- *Interrogation*. Non-execs using their position to aggressively question executives. This approach does not demonstrate any willingness to understand and to find the best solutions for the business. The impact on executives is acute – if an executive's openness only leads to criticism by non-execs, then it is more likely that executives will become more secretive and avoid disclosing their challenges. This, in turn, reduces the opportunities for the non-execs to help.
- *Optimism bias*. Executives who use their time in the boardroom to focus only on communicating good news. This one-sided approach becomes obvious to non-execs who start to question the information provided to them. If a true picture of business performance is not communicated, frustrations rise and trust is eroded.
- *Avoiding conflict*. The boardroom should be a place where board members are prepared to tackle difficult topics where there is a range of views. If executive and/or non-exec board members are not prepared to address the inevitable conflict that will be part of these challenging discussions, decision-making will be impacted and frustration will increase. Conflict cannot be truly avoided; it simply moves out of the boardroom again damaging the level of trust among board members.

The benefits of a trusting dynamic

There can be no assumption that a productive board dynamic between executives and non-execs will develop naturally without any assistance. A productive dynamic is a product of the efforts of committed executive and non-exec board members. An effective board includes individuals who have the courage to take the necessary action to enable the board to deliver its potential for the benefit of the business. Managing the board dynamic is part of that action.

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Opportunities for SIDs to add value

The role of a SID has been an established requirement of UK corporate governance standards for over 20 years and was given particular focus when the Higgs Review considered the effectiveness of non-execs in 2003. The idea of a SID was put forward as a response to high-profile corporate failures which were, in part, considered to be the result of weak board governance in situations where the traditional channels of communication between shareholders and the Chair or CEO had failed. The result was the appointment of a SID from among the independent non-execs to represent their voice within the boardroom which has now become a key requirement in the UK Corporate Governance Code.

After the role of the SID was introduced, there were initial concerns that it would create unhelpful governance bureaucracy and potentially weaken the role of the Chair. As a consequence, many boards took a light touch approach to the new requirement by simply appointing a designated SID but only on the clear underlying assumption that the SID would only become active if and when the traditional channels of communication via the Chair or CEO had indeed failed. In effect, it became a tokenistic role. For some companies, this continues to be the default approach. Where that occurs, it does seem like a missed opportunity.

For many boards now, there is a much greater recognition of the value that the role can provide in enhancing board effectiveness. As a result, many SIDs are more active and proactive in the way that they approach the role. Indeed, the amount of time that a SID devotes to the role may well be a good indicator of how effectively they are performing it.

So, what do good SIDs do?

The FRC's Corporate Governance Code Guidance[1] identifies four primary elements to the SID's role and these provide a strong starting point in any discussion about what activities a good SID will take it upon themselves to do.

1. Be available to shareholders if they have concerns that contact through the normal channels of Chair, chief executive or other executive directors has failed to resolve.
2. Be a sounding board for the Chair, providing them with support in the delivery of their objectives and leading the evaluation of the Chair on behalf of the other directors.
3. Take responsibility for an orderly succession process for the Chair, working closely with the nomination committee.
4. Work with the Chair and other directors, and/or shareholders, to resolve significant issues in the boardroom.

Interaction with shareholders: As a mechanism for ensuring that major institutional shareholders have an alternative route to express concerns if normal, direct channels to the Chair/CEO were ineffective, there are two approaches that SIDs have taken to this. For some, the approach has been seen passively, leaving it for shareholders to reach out, if and when they feel it is necessary. However, for others, the approach is more active with regular outreach to leading investors from the SID to ensure that a trusted channel of communication is established from the outset. The value in this approach is demonstrated in situations where problems do arise as it is more likely that a SID will be more effective if they already have an established relationship with key shareholders rather than starting from scratch in an already difficult situation. Thus, a good SID will take it upon themselves to build good but proportionate working relationships with representatives from leading shareholders in order to ensure that there is a professional basis for any discussions that might be needed if any issues do subsequently arise.

Sounding board for the Chair: The SID's role in acting as a 'sounding board for the Chair' is an increasingly recognised and accepted one. The relationship works well when the Chair and SID have good respect for each other and collaborate well. Twin dangers in this relationship can however arise when the Chair and SID are either too close to or too distant from each other. Thus, a good personal connection is good but diversity of thought and perspective between the two individuals can be very valuable. To provide a good framework for this relationship, regular catch-up calls between the Chair and SID invariably seem to be appreciated by both parties and usually for reasons that go beyond purely governance considerations.

The importance of both good foundations and also healthy distance in the relationship between the Chair and the SID becomes further evident when the SID leads the annual evaluation of the Chair's performance (as required by Provision 12 of the UK Corporate Governance Code). A good relationship will ensure that important but difficult messages can be delivered in a way that will result in constructive and effective discussion, whereas a healthy distance will ensure that the 'elephants in the room' are not overlooked.

Succession planning: The SID often leads the nomination committee for the appointment of a new Chair, acting as a 'kingmaker' or ensuring an orderly transition.

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Crisis management: The SID can play a critical role during periods of stress within the boardroom, particularly if the Chair and/or CEO are central to the cause of stress, for example situations where there is a dispute between the Chair and chief executive (or conversely, their relationship is considered to be close); or where shareholders or non-execs have expressed concerns that are not being addressed by the Chair or chief executive. More broadly, a SID can provide a facilitation or mediation role such as when the strategy is not supported by the entire board or complex processes such as mergers, acquisitions, leadership transitions or when a company faces a reputational crisis. The presence of a clear-headed and emotionally intelligent SID will enhance transparency in such periods of significant change or uncertainty. By providing an impartial perspective, the SID helps to reassure shareholders and other stakeholders that the board is acting responsibly. This role can usually be best performed informally, for example through off-line discussions. That said, if a SID has an established calendar and framework for bilateral engagement respectively with the Chair, the non-execs and the shareholders, it will improve the chances of difficult discussions having positive and effective outcomes.

There is no doubt that the role of SID is now a well-established device for strengthening the board's capacity to govern effectively and maintain public trust. By devoting time to the role – acting as a guardian of good governance and promoting open dialogue, accountability, and balanced decision-making – a SID can add real value to their organisation by fostering trust and facilitating stability and dynamism at board-level to support the long-term success of the organisation.

[1] https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/corporate-governance-code-guidance/

Alex Cameron is a board evaluator and leadership consultant. He has over 30 years' experience working with senior executives and boards to enable their individual and collective performance. As a founding director of Socia Ltd in 2002, Alex has built a strong reputation enabling boards to collaborate effectively, build strong reputations with their stakeholders and meet the demands of an increasingly complex governance environment.

Chris Stamp is a governance professional, board reviewer and business adviser with a strong understanding of corporate governance in UK listed companies built up over 30 years. After working as a company secretary with a number of blue-chip companies, he set up Prism Cosec in 2002, a leading company secretarial practice which is now part of the Equiniti Group. Chris founded Ceradas in 2017 as an independent practice providing corporate governance advisory, professional development and board training and board review services to directors and company secretaries. Chris works with companies across a broad range of sectors from FTSE 100 to small cap, large private and AIM. Find out more at https://www.ceradas.co.uk/

They are both founder members of the Board Effectiveness Guild www.boardeffectivenessguild.co.uk

This article is based on a webinar they delivered in January 2026. If you missed the webinar you can access it here https://www.governance.co.uk/webinars/

Can I just say something?

Ian White looks at the importance of the introverted non-exec, how much value they can add to any board but how they – or their contribution – can often be overlooked.

Introverted non-execs? I have to start with a confession that this is a subject I am biased about as I am definitely an introvert. I have done all the psychometrics – for those of you who are Myers Briggs fans I am 'INFJ' – and the feedback from friends and colleagues is that I am definitely a quiet, more reflective individual. Of course, as all the psychometrics advise these are just preferences and so that doesn't mean that I can't say something or have something to say but I guess I am never going to be the life and soul of the party. In any event, I am not intending to focus on the psychology and psychometrics of introverts (or extroverts) – there are plenty of other articles about those. My focus here is how introverts are value adding to any board but they – or their contribution – can often be overlooked. It is more of practical guidance than looking at the psychology behind introverts.

A principle so important that it became a rule

The management guru, Peter Drucker, in his management book *Effective Executives*, developed eight practices that the modern executive should adopt. However, he added a bonus one which should be a mantra for all directors, both executive and non-exec: 'This one is so important that I will elevate it to a rule: "Listen first, speak last".' This is music to the ears of most of us introverts – we are only too happy to listen to others in the boardroom and reflect upon what is being said. But it is also important for more vocal directors to remember the importance of listening – really active listening. That means understanding and hearing not simply replying with the aim of getting your next point across. So the more extrovert non-execs should start with the premise that they don't always need to say something to make a contribution. Indeed, as we all know being a non-exec requires a different skill set than being an executive: influencing and guiding are more important than doing but that requires non-execs to fully understand and appreciate what is being discussed and only contributing fully to the debate when this is the case.

Why does it appear introverts find board meetings a difficult place to find their voice?

First, we introverts like time to reflect on matters and may not want to contribute – or indeed even make a decision – before we have had a chance to really think over a matter. That doesn't mean we don't have a view nor that we won't make a decision (though a few of us – me included – are prone to some procrastination!) – we just need to consider the matter carefully and assess it in a reasoned fashion. This, of course, can lead to better decision-making (provided that there is decision). It is a continuing process – the most effective boards will debate a matter and action potential strategies on more than one occasion. As Drucker also pointed out: 'follow effective action with quiet reflection. From the quiet reflection will come even more effective action'.

Secondly, it is not as if we don't want to say anything, often we just don't get the chance! I was in a meeting recently where some of the other participants tried to (and did!) dominate the conversation. Often they made the same points over and over again – there is definitely a time when less is more – and appeared rambling at times. I guess to some extent that's the trait of the extrovert – they talk their points out loud whereas we introverts like to think them over a few times before elucidating them. Often the conversation has moved on alas. I recall doing a board review and the Chair saying to me 'the problem with this board is that those directors I want to hear more of don't talk much whereas those who talk too much I would like to hear less frequently!' It is a point that we should all bear in mind at the boardroom table, do we really need to say something? Will it really add anything to the debate?

Thirdly, the more the extroverts talk the less time and opportunity for the introverts to get in. Actually, it is more extreme than this. I recall one of the Excos I was a member of having a team psychometric. The more extrovert the extroverts came, the more they pushed the introverts into the background. So it is really something to think about if you are on the 'E' side of things: by talking too much are you keeping others out? And might their contribution be more valuable? And do you really need to make the same point twice or three times!?

Fourthly, just because we don't say much doesn't mean that we aren't contributing. Silence is golden as they say and even because we introverts don't overtly say things, doesn't mean that we don't influence both inside and outside of the boardroom. In one board review I was involved in, one of the non-execs said little in the boardroom but when I interviewed her as part of the process, she was one of the most insightful of all of the directors. She just contributed when she felt it was necessary. And of course her involvement as a non-exec wasn't just limited to the boardroom but extended throughout the organisation.

Fifthly, as already highlighted, less can be more. It's about the quality not the quantity of the contribution. If you contribute constantly people may be less inclined to take as much notice of what you say, but what if you only say something rarely? In another review I undertook, I interviewed a non-exec who described himself to me as an 'extreme introvert'. He was! He only spoke if he felt he really had a valuable contribution to make. He also got frustrated that when, on occasion, there was only one obvious decision a board could make – there was no other option – the board would take an hour discussing the matter. But the Chair regarded him as the most effective non-exec on the board: 'If X says something everyone listens and takes note'. So limiting your voice may extend your influence.

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So allow the introverts their voice

All non-execs on the board should have something to contribute. At the end of the day, it rests on effective chairing. If the Chair knows the skills and experience of the non-execs well and, more importantly, understands their behaviours and personality traits then he or she will know when to bring them in and how to support them to be most effective on the board. That may mean, of course, limiting the airtime of the extroverts but if it makes the board more effective then that is no bad thing. For the extroverts amongst you let the introverts come in and try not to interrupt them – we introverts dislike the interruption as it breaks our chain of thought and ability to reflect when we are saying something. Best to remember Drucker's rule and speak last for once!

Ian White is a consultant specialising in board effectiveness reviews. Earlier on in his career he had 20 years' experience in executive roles (mainly as general counsel/company secretary). As well as his board work Ian is an APECS Certified Professional Executive Coach and trained as a Team Coach with Meyler Campbell; and is a CEDR Accredited Mediator. He is also the Course Director of the Cranfield Non-Executive Director Programme and consults on leadership matters for in-house and private practice lawyers. More information at www.ianrobertwhite.co.ukian@ianrobertwhite.co.uk

A catalyst for evidence-led board evaluation

Sean O'Hare argues that Provision 29 of the 2024 UK Corporate Governance Code raises the bar for board accountability.

The introduction of Provision 29 in the 2024 UK Corporate Governance Code has been widely described as the most significant governance development in recent years. While the Provision focuses on the board's declaration regarding the effectiveness of material controls, its implications extend far beyond internal controls. Provision 29 signals a shift in expectations around board accountability, transparency, and the evidence underpinning governance disclosures.

For many boards, this shift arrives at a moment when the governance environment is already becoming more demanding. Stakeholders expect clearer reporting, more rigorous oversight, and greater assurance that boards are not simply asserting effectiveness but demonstrating it. Provision 29 crystallises these expectations by requiring boards to make a formal, unambiguous statement – one that must be supported by a defensible process, reliable evidence, and a culture that embraces transparency.

This requirement is prompting boards to look more critically at their own performance. If the board is to attest to the effectiveness of internal controls, it must also be confident in the effectiveness of the governance mechanisms that oversee those controls. This includes the quality of board debate, the robustness of committee work, the clarity of reporting lines, and the board's ability to challenge management. In short, Provision 29 is pushing boards to examine not only what they oversee, but how they oversee it.

The result is a growing recognition that traditional approaches to board and committee evaluation – often qualitative and reliant on director interviews – may no longer be sufficient. Boards are beginning to adopt more structured, evidence-led approaches that provide a clearer picture of performance and support more credible disclosures. This shift is not about bureaucracy; it is about strengthening governance, enhancing trust, and ensuring that the board's assessment of its own effectiveness is grounded in reality.

The approach: From process-driven to evidence-driven evaluation

Provision 29 is accelerating a move toward more rigorous, integrated, and outcome-focused board evaluation. Boards are increasingly recognising that they need a clearer understanding of how well their oversight mechanisms function in practice. This means looking beyond process descriptions and focusing instead on the quality of oversight, the effectiveness of challenge, and the board's ability to anticipate and respond to emerging risks.

A more evidence-led approach is emerging. Boards are examining the information they receive, the timeliness and clarity of reporting, and the extent to which committees are able to probe, test, and challenge management. They are considering how well risk appetite is articulated, how effectively internal audit findings are addressed, and whether the board has sufficient visibility of control weaknesses and remediation plans. This deeper scrutiny is helping boards identify gaps, strengthen oversight, and improve the quality of their disclosures.

Committee evaluations are also becoming more robust. Audit committees, in particular, are under increased scrutiny as they play a central role in the board's ability to make the Provision 29 declaration. But other committees – including risk, remuneration, nomination, and sustainability committees – are also expected to demonstrate effectiveness in a more structured way. Boards are beginning to expect committees to articulate their achievements, challenges, and priorities with greater clarity and to provide evidence of their impact.

External evaluation is playing a growing role in this shift. Independent reviewers bring objectivity, benchmarking insight, and the ability to identify blind spots that internal processes may overlook. Many boards are choosing to use external evaluators more frequently than the Code's recommended three-year cycle, recognising that independence strengthens credibility – particularly when the board must make a formal declaration about effectiveness.

'Provision 29 is pushing boards to examine not only what they oversee, but how they oversee it.'

Provision 29 is also reshaping governance reporting. Stakeholders are already seeing more detailed disclosures about evaluation methodology, key findings, areas for improvement, and progress made since the last review. Boards are moving away from describing the evaluation process and toward articulating outcomes. This shift enhances transparency and signals a commitment to continuous improvement.

Ultimately, Provision 29 is driving a cultural change. Boards are becoming more reflective, more evidence-driven, and more willing to acknowledge areas for development. This cultural shift – toward openness, rigour, and accountability – may prove to be the most important legacy of the new provision.

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Five things for the Chair to focus on

1. Clarify what 'material controls' really mean for the organisation

The Chair should ensure the board has a shared understanding of which controls are material, how they are assessed by management and how they are monitored by the board, and what evidence supports the board's declaration. Clarity at the outset prevents confusion later.

2. Strengthen the evidence base behind board and committee oversight

In line with the Code guidance that the board should exercise professional scepticism in reviewing information and requesting clarification, the Chair can encourage committees to articulate their work more clearly, document their challenge more thoroughly, and ensure that oversight is supported by reliable data rather than informal impressions.

3. Integrate evaluation with risk and control frameworks

Provision 29 requires alignment between board evaluation, risk oversight, and the board's monitoring of internal control processes. The Chair can help ensure these elements are clearly connected rather than treated as separate exercises.

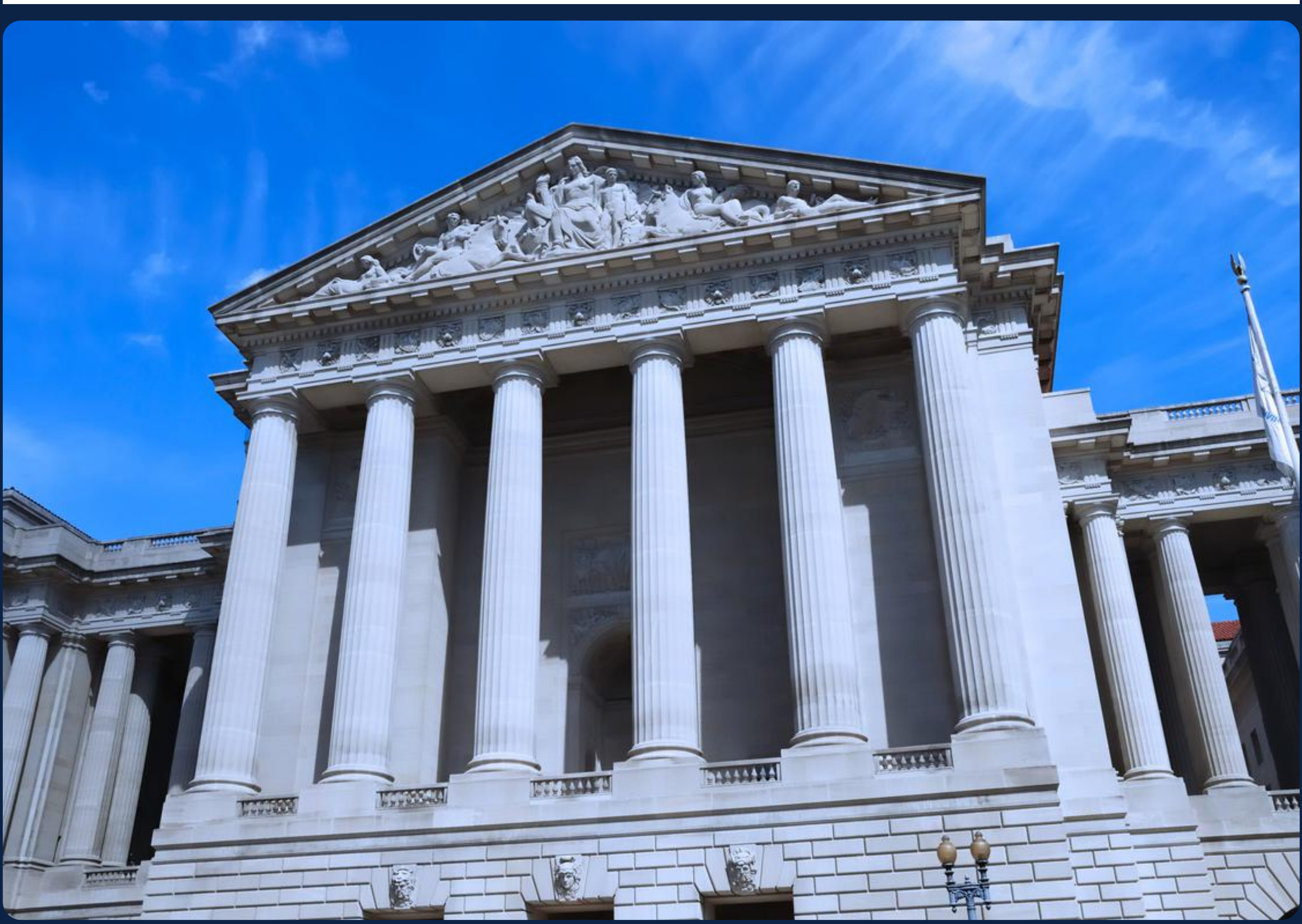
4. Use external evaluation strategically

Independent evaluation enhances credibility and provides valuable insight. The Chair should consider whether the board would benefit from more frequent external reviews, or at least more external input into the internal reviews, particularly during the early years of Provision 29 implementation.

5. Focus on narrative quality in governance reporting

The Chair plays a key role in shaping the tone of the governance narrative. Balanced, evidence-based, forward-looking disclosures build trust and demonstrate that the board takes its responsibilities seriously.

Sean O'Hare is the founder of Boardroom Dialogue, a specialist consultancy transforming governance from a compliance burden into a strategic asset. Through board effectiveness reviews, tailored coaching, and succession advice, he helps boards bridge the gap between 'meeting the Code' and driving performance. A seasoned non-exec and Governance Advisory Board Member, Sean brings a practitioner's perspective to modern board dynamics. He would like to thank his colleague Roz Crawford for her input into this article. https://boardroomdialogue.com/



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Governance Publishing & Information Services Ltd, 4 King's Square, Bridgwater, Somerset, TA6 3YF, UK

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