

Governance Insights Center



PwC's 2024 Annual Corporate Directors Survey

Uncertainty and transformation in the modern boardroom



Introduction

Historically, a looming presidential election has had notable impacts for corporate boards and their agendas, necessitating scenario planning for potential regulatory shifts.

The 2024 election matters more than usual. Not only is the American electorate more polarized than anytime in modern history — making corporate leaders' every statement and decision subject to public criticism — the results could rapidly reshape the business landscape. Which political party emerges victorious in November, in the White House and/or the houses of Congress, may prove enormously consequential for how every industry functions.

The impacts could be dramatic. Policy changes on tariffs, sanctions, treaties and alliances could upend international trade and disrupt supply chains. Revised tax policy, enforcement priorities and infrastructure spending plans could influence capital investment decisions. White House moves could encourage or undercut DEI and ESG programs; antitrust lawsuits could ramp up or cease. Differing approaches to immigration lawmaking and enforcement could upend labor markets. Perhaps most significant for many industries, the incentives that have fueled recent sustainability investments could grow further — or be diminished.

Against this backdrop, a board's ability to be agile and stay current in the face of uncertainty has never been more important. Business leaders are already preparing for different scenarios, with a range of potential electoral outcomes disrupting or accelerating current trends, and each of those scenarios needs board input and oversight.

In light of this, the results of PwC's *Annual Corporate Directors Survey* this year are particularly striking. Our canvass of over 500 public company directors, once again taking the pulse of today's corporate boardrooms, suggests that boards are still evolving slowly — perhaps too slowly to effectively meet the challenges facing companies today and tomorrow, irrespective of potential political disruptions.

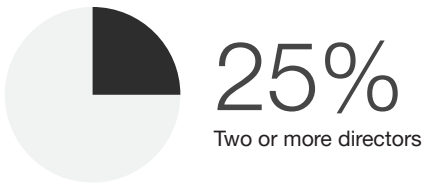
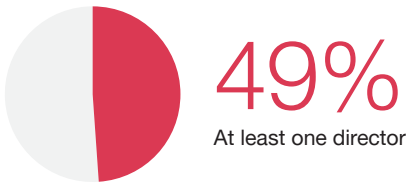
Our director survey reveals mixed feelings about the board assessment process and about the depth of information that management provides, particularly when it comes to GenAI strategy and risks. Directors say they are engaging in shareholder activism more directly and increasingly looking to quantitative metrics to assess corporate culture. And in looking ahead to future board members — respondents prioritize traditional skillsets over specialized expertise.

We hope that directors will see the heightened stakes of the coming months as an inspiration — spurring new determination to transform, whether that means building up personal expertise or supporting increased refreshment.

Key findings

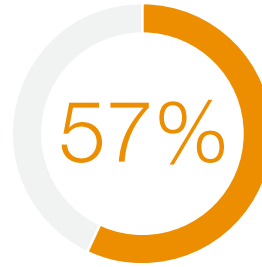
Director discontent with peers is at a record-high

The number of directors who want someone on their board replaced is at a high-water mark...



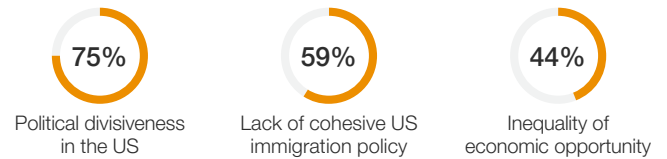
...with perceived ineffectiveness of the assessment process highlighting greater discontent

Directors voice concerns about social and public policy issues, but many boardrooms aren't discussing these topics

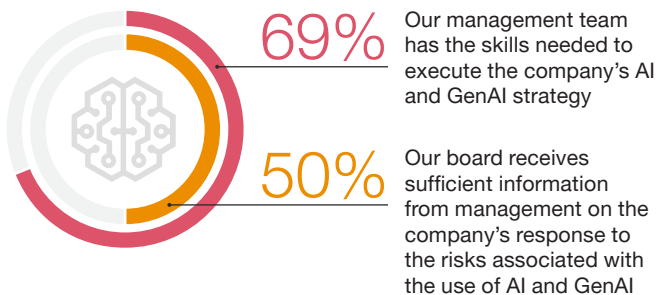


have not discussed their companies' stances on social issues

Have concerns with the impact of the following social issues on your company:

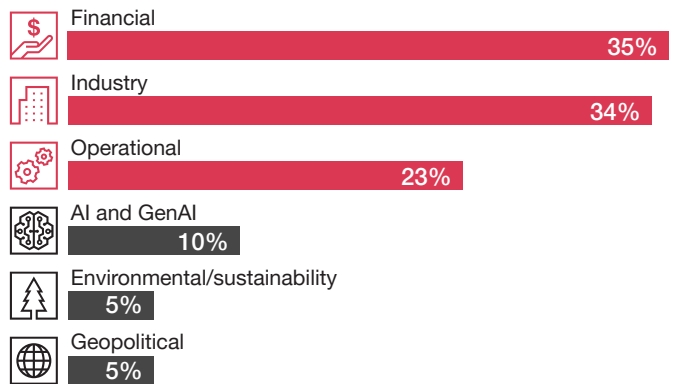


As AI becomes intrinsic to business, boards seek deeper information despite confidence in management's ability to execute the company's AI strategy



Directors push back on narrow expertise, favoring traditional skillsets for new board additions

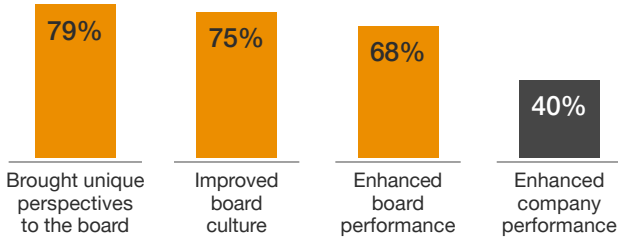
Expertise directors say their boards intend to add in the coming year



Key findings

Directors value diversity on their boards but question its impact on company performance

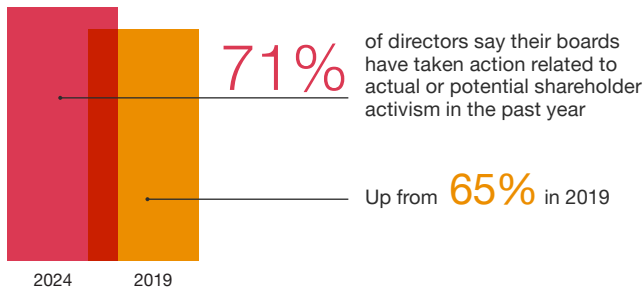
Increases to our board's diversity:



Navigating ambiguity: ESG caught in the crosswinds

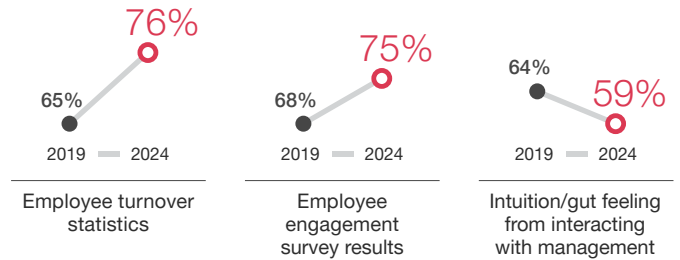


Boards are taking more action amid ongoing shareholder activism



Decoding corporate culture: directors are using more metrics and less intuition

What directors use to evaluate corporate culture:



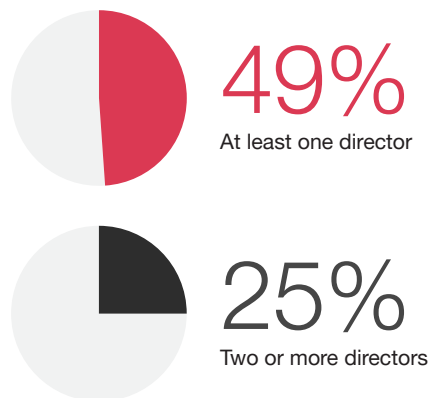
Board assessments and refreshment

What are directors saying?

Director discontent with peers is at a record-high

Historically, nearly half of directors have expressed a desire to replace at least one person on the board. This year's results are consistent with that historical sentiment. And one-quarter of directors now say multiple colleagues should be replaced, a high-water mark. However, a closer look at the data reveals a picture more nuanced than simple discontent: Directors who don't think their board's assessment is an effective tool to enhance board performance are significantly more likely to be unhappy with their peers. And even when directors feel the assessment is an effective tool, nearly four in ten still believe at least one director should be replaced.

The number of directors who want someone on their board replaced is at a high-water mark...



...with perceived ineffectiveness of the assessment process highlighting greater discontent

Q3a. In your opinion, how many directors on your board should be replaced?
Base: 524
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

What's driving this?

Asked to name top reasons for not removing underperforming peers, directors cite collegiality and personal relationships, the awkwardness and time involved in replacing a director, and board leadership's reluctance to engage in difficult conversations with underperforming directors. Some directors also note the challenges involved in replacing activist-appointed directors or those who are minorities or women. Directors overwhelmingly — 88% — trust their board to effectively assess its own performance. And nearly three-quarters of directors (74%) say that their board leader is effective at dealing with underperforming directors. Even with those high levels of confidence, there is a disconnect because many directors still view the assessment process as flawed.

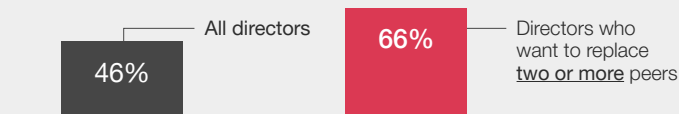
Among directors who believe their board process is an ineffective tool to enhance board performance, 44% attribute it to members being insufficiently invested in the process. With fewer directors reporting that their boards are acting on assessment results and many believing the process doesn't drive change, a truly effective approach to board refreshment may require directors to look beyond the assessment. This may also be a great opportunity to take a look at the board's culture. Does the culture value individuals who know when to step down, or do people perceive stepping down voluntarily as unusual?

What's underneath the data?

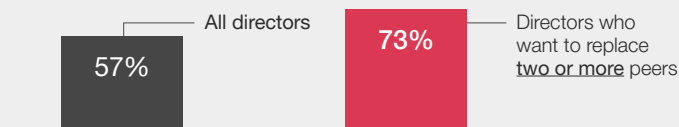
Director discontent tied to perceived ineffectiveness of assessments

Directors who are more unhappy with a peer's performance are more likely to view the assessment process as a check-the-box exercise and feel constrained from giving candid feedback that could inspire change.

Assessments are too much of a "check the box" exercise



There are inherent limitations to being frank in assessments



Q6. Regarding board/committee performance assessments, to what extent do you believe the following?
Responses: Very much and somewhat
Base: 493-494
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

What should directors do?

A PwC perspective

To transform the assessment process into a meaningful tool for board improvement, directors need to critically evaluate and consider whether their current practices are fit for purpose. The board chair or lead independent director is key to an effective assessment process, responsible for setting the tone, establishing intent and fostering a positive environment for constructive feedback. And importantly, board leadership must deliver feedback and hold directors accountable. The results should be transparently discussed, with clear follow-up actions and timelines established.

Board actions

- **Develop clear action plans.** After the assessment, establish specific follow-up actions and timelines, along with who is responsible for each action. Regularly review progress to monitor continuous improvement and accountability.
- **Conduct individual assessments.** Individual director evaluations can identify specific areas for growth and development and help show how each member contributes to the board's overall performance.
- **Engage third parties.** Consult third-party experts to conduct objective and thorough board assessments or to evaluate your current process. This can help incorporate unbiased insights and recommendations.
- **Set the right tone at the top.** Establishing a productive tone starts with the chair/lead independent director. Make it clear that changing course on decisions is welcomed, mistakes are opportunities and respect is based on a collective set of experiences rather than avoidance of missteps.

For more information

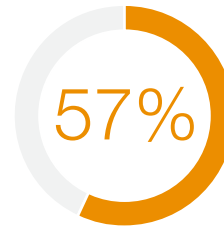
- » [Why boards should evaluate individual director performance](#)
- » [Conducting effective board assessments](#)
- » [Why good boards make bad decisions: Four factors undermining board effectiveness](#)

Social and public policy issues

What are directors saying?

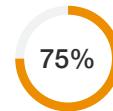
Directors voice concerns about social and public policy issues, but many boardrooms aren't discussing these topics

Despite directors' notable concerns about political divisiveness, immigration policy and economic inequality, more than half of directors say their boards have not discussed their companies' stances on these issues in the past year.

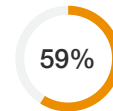


have not discussed their companies' stances on social issues

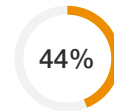
Have concerns with the impact of the following social issues on your company:



Political divisiveness in the US



Lack of cohesive US immigration policy



Inequality of economic opportunity

Q20. In the last 12 months, how often has your board discussed the following ESG issues?; Q16. How concerned are you with the impact of the following social and/or political issues on your company? Responses: Very and somewhat concerned
Base: 461; 471-478
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

What's driving this?

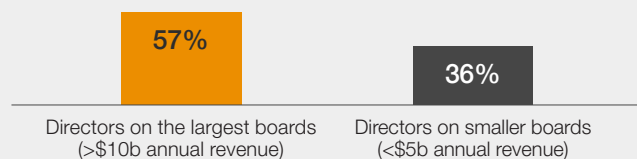
Expectations related to the board's role in social and public policy issues are evolving, with both external and internal stakeholders increasingly pressuring companies to take a clear stance. The days of companies and their leaders being silent appear to be gone, with refusal to comment often as risky as boldness. Yet, understandably, many directors would prefer to defer discussions of social issues, and with boards overseeing a multitude of areas, those topics may fall victim to time constraints.

What's underneath the data?

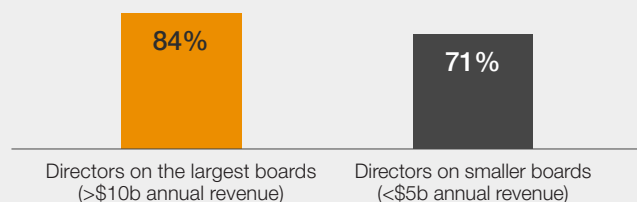
Larger company boards are more likely to discuss political and social policy issues

Directors on boards of the largest companies are more proactive in discussing their companies' stances on social issues than those at their smaller counterparts. The largest corporations' visibility and influence make them more likely targets of public scrutiny and pressure, driving the urgency for their boards to address these issues head-on.

Have discussed the company's stance on social issues in past 12 months



Have concerns about political divisiveness



Q20. In the last 12 months, how often has your board discussed the following ESG issues?; Q16. How concerned are you with the impact of the following social and/or political issues on your company? Responses: Very and somewhat concerned
Base: 364; 371
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

What should directors do?

A PwC perspective

As social and public policy issues become more pervasive, boards should proactively incorporate these topics into their discussions. Consider adding social issues to the board agenda, starting with a thorough understanding of management's stances and their potential impact on the organization, the industry and broader stakeholders. Bold and open conversations are essential for aligning the board's perspective with stakeholder expectations and preparing for any potential backlash. Additionally, companies need to prioritize their efforts and understand what matters most to their business and why.

Board actions

- **Understand the impact of social issues.** Directors should know whether management has conducted impact analyses related to relevant social issues. This includes modeling how events (e.g., geopolitical) could affect the company and understanding the potential risks and opportunities these issues present.
- **Understand management's evaluation process.** The board should understand management's process for evaluating the company's position on social issues and the related impact on the company's broader stakeholders. Part of that process is deciding when and how developments related to those issues get elevated to the board, including whether the organization should make a public statement.
- **Gauge stakeholder expectations.** It's important for directors to know if management understands stakeholder expectations regarding the company's stance on social issues. This involves assessing how management addresses and manages these expectations to align with the company's values and strategic goals.
- **Enhance crisis management and communication plans.** Boards should review and update their crisis management response playbooks to include scenarios involving social and political issues. Effective communication strategies are vital for managing potential crises and maintaining stakeholder trust.

For more information

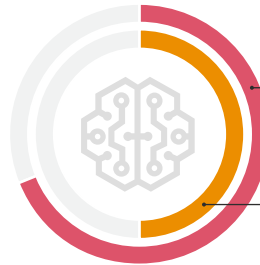
- » [Sustainability and ESG oversight: the corporate director's guide](#)
- » [Being prepared for the next crisis: the board's role](#)

Artificial intelligence and generative AI

What are directors saying?

As AI becomes intrinsic to business, boards seek deeper information despite confidence in management's ability to execute the company's AI strategy

Although nearly seven in 10 directors believe their management team has the necessary skills to execute the company's AI and GenAI strategy, only half feel they receive sufficient information on the company's response to the associated risks. This concern aligns with directors' top worry on the subject: the need to keep pace with rapid developments.



69%

Our management team has the skills needed to execute the company's AI and GenAI strategy

50%

Our board receives sufficient information from management on the company's response to the risks associated with the use of AI and GenAI

Q10. To what extent do you agree with the following regarding AI and GenAI? Responses: Very much and somewhat
Base: 486-488

Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

What's driving this?

We continue to hear from directors that management doesn't offer sufficient information on AI and GenAI. The accelerated pace of these technologies and the topic's pervasiveness are among the reasons driving boards to seek more information. Management teams may be on top of AI and GenAI developments, but the survey responses suggest that information isn't consistently making it to the boardroom.

Additionally, directors may find it challenging to oversee an area in which they lack experience, especially when it presents risks that are not fully understood. AI and GenAI bring significant opportunities and risks, making it crucial for boards to stay informed. Competitive pressures, increasing regulatory scrutiny and ethical concerns around AI usage also amplify the demand for educating the board.

What should directors do?

A PwC perspective

To effectively oversee AI and GenAI, directors need to receive consistent, insightful reporting from management. They also need to be vigilant about their own upskilling on the evolving topic. Boards should request comprehensive and up-to-date information on both the opportunities and risks to the company of AI and GenAI. With only 49% of directors saying that they receive sufficient education on AI and GenAI and just 52% indicating they spend enough time understanding the impacts of GenAI on their company, it's crucial for boards to establish a robust framework for AI governance that includes clear policies, regular updates and transparent risk management strategies.

Board actions

- **Develop a board approach.** Develop an oversight approach to AI and GenAI by getting educated on the technology and reviewing its costs and benefits. Establish a governance model with clear accountability, oversee a plan to measure success and consider communication with stakeholders.
- **Demand more insights.** Challenge management to provide comprehensive and tailored reports on the company's AI strategy and associated risks.
- **Understand strategic opportunities.** Boards should understand how management monitors competitor AI use, prioritizes strategic AI use cases and engages external specialists as needed. Additionally, boards should confirm that management has in place the necessary technology and infrastructure, is assessing third-party provider risks, and is adapting talent strategies to upskill employees and address new skill requirements.
- **Oversee risks and controls for trusted AI.** Understand how (if) management has implemented a governance framework that promotes responsible AI use. This includes establishing clear policies, controls and processes to manage risks related to data privacy, security and ethical considerations. Boards should regularly review these frameworks.
- **Keep up with emerging regulations.** Stay informed about the evolving regulatory landscape surrounding AI and GenAI. Confirm that management has processes in place to comply with new regulations and has integrated those processes into the company's overall risk management strategy.

For more information

- » [Six board priorities for an early-stage GenAI strategy](#)
- » [The power of AI and generative AI: what boards should know](#)

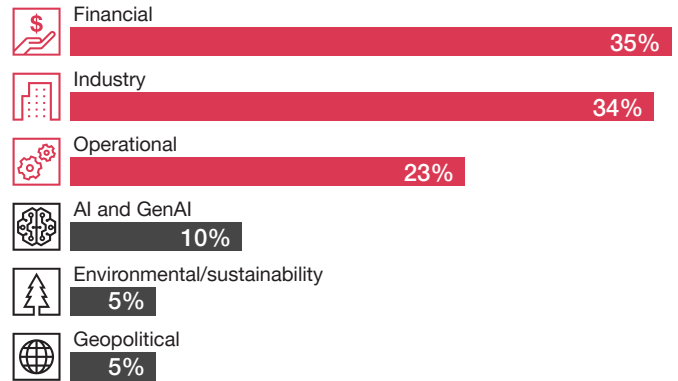
Board composition

What are directors saying?

Directors push back on narrow expertise, favoring traditional skillsets for new board additions

Directors continue to resist adding narrow areas of expertise to their boards, instead prioritizing traditional skillsets over the next year, with financial, industry and operational expertise topping the list. Boards are less likely to look to recruit expertise in specialized areas such as AI/GenAI, environmental/sustainability and geopolitics.

Skills directors say their boards intend to add in the coming year



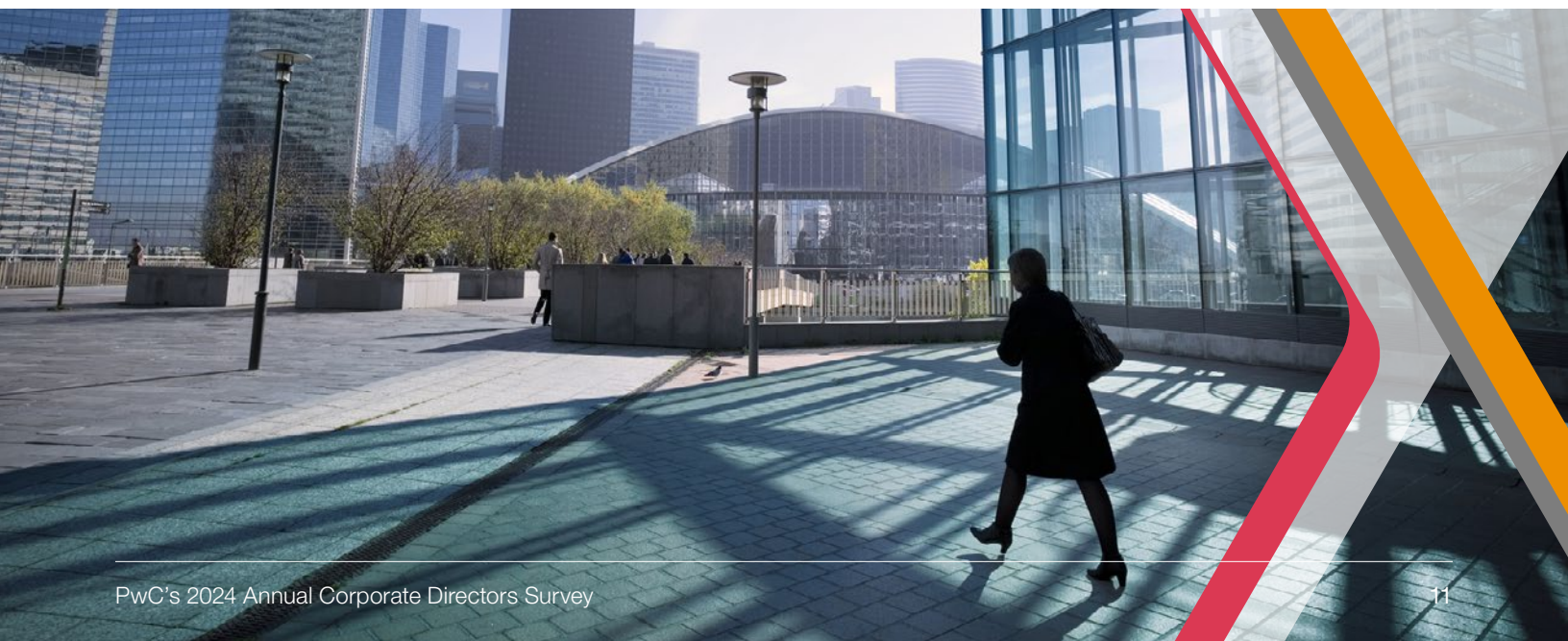
Q1. Over the next 12 months which of the following skills/attributes do you plan to add to your board? (select all that apply)

Base: 526

Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

What's driving this?

Pressure from various stakeholders has mounted in the last several years to have specific areas of expertise on the board. Indeed, executives in our *Board effectiveness: A survey of the C-suite* told us that environmental/sustainability and AI/GenAI expertise are at the top of their wish lists for board skills in the near term. Boards nevertheless remain focused on core skills. This may be tied to an emphasis on long-term stewardship, steering away from the buzz of trending topics. For example, only 13% of directors say their boards added someone with cybersecurity expertise in the past year.



What should directors do?

A PwC perspective

To have a diverse, well-rounded board, directors need to proactively manage refreshment and succession priorities. This includes taking a long-term view of the company's strategy and considering what skillsets are needed at the board level to help oversee execution of these priorities.

Board actions

- **Prioritize refreshment and succession planning.** Make these priorities explicit on the board and committee agendas. Develop criteria for board composition, address director tenure, create succession plans and involve the full board in the process. Promote a board culture that supports candid discussions and maintains transparency to meet shareholder expectations.
- **Assess skills and incorporate assessment results.** Evaluate current directors' skills against long-term strategic needs. Address gaps by adding expertise or external consultants, using board composition matrices to guide this process. Incorporate feedback from annual assessments, recognize the value of specialized knowledge and cultivate an environment where all directors can contribute broadly.
- **Set clear expectations around tenure.** Establish guidelines for director turnover, emphasizing that renominations depend on company needs and individual performance. Periodically review tenure-limiting policies, considering the optimal mix of director tenures. Use annual performance assessments to evaluate director effectiveness and consider the views of institutional investors and proxy advisory firms on tenure and independence.
- **Plan for leadership changes with a multi-year view.** Anticipate both planned and unplanned boardroom vacancies over a three-to-five-year horizon. Use tools such as a waterfall chart to map directors' skills, roles, tenure and projected departure dates, allowing for strategic planning and smooth transitions. Prepare for unexpected turnover, especially in leadership positions, to maintain board stability and performance.

For more information

» [Serving on and chairing the nominating/governance committee](#)

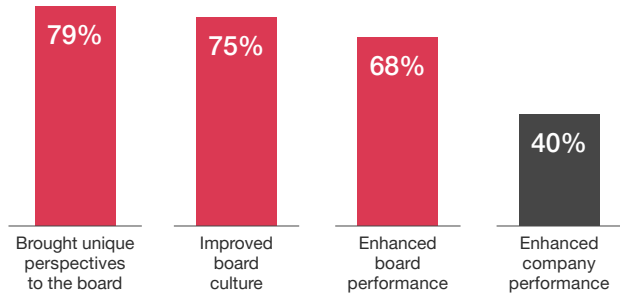
Board diversity

What are directors saying?

Directors value diversity on their boards but question its impact on company performance

Most directors recognize the benefits of board diversity, noting that it brings unique perspectives, improves board culture and enhances the board's overall performance. However, there is some skepticism about whether it translates to improved company performance. And only about one-third of directors (35%) say increases in their boards' diversity translated to significant impact.

Increases to our board's diversity:



Q4. Have increases to your board's diversity:
Base: 424-471
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

What's driving this?

Directors are positive about the impacts of diversity on their boards, yet only a minority see its impact on company performance. It's easier to see benefits when the board is directly affected (e.g., culture, performance) and less so when it comes to something as many steps removed as the bottom line.

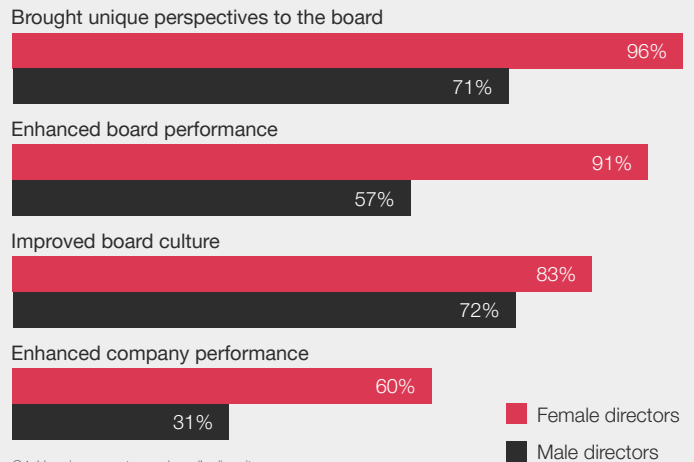
The lack of confidence does not seem to be due to a shortage of qualified candidates: Nearly all directors (91%) say they are confident in their boards' ability to identify diverse candidates. Additionally, 86% of directors believe that their boards can effectively leverage the benefits that diversity brings.

What's underneath the data?

Female directors have a more positive view of diversity's impact

There is a notable difference in perception between female and male directors when it comes to the benefits of board diversity. Consistent with years past, female directors are generally more positive about diversity impacts overall. This highlights a continued gender disparity in how boards recognize the advantages of diversity, suggesting that female directors, as part of the diverse groups themselves, may have a heightened awareness and appreciation for these qualities.

Increases to our board diversity:



Q4. Have increases to your board's diversity:
Base: 369-410
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.



What should directors do?

A PwC perspective

To effectively leverage the benefits of board diversity, boards should focus on creating an inclusive culture that embraces diverse perspectives and fosters an environment in which all members can contribute meaningfully. Leadership sets the tone and priorities for the board, making it crucial to set clear goals for board diversity and incorporate these goals into strategic planning discussions. Diversity comes in many forms, including gender, ethnicity and age, as well as diversity of thought. Having these different viewpoints in the room can bring unique perspectives, enhance decision-making and drive innovation.

Board actions

- **Incorporate diversity into succession planning.** Incorporate diversity as a key consideration in board refreshment and succession planning. Identify and recruit candidates from diverse backgrounds and outside of the usual pipelines to maintain a balanced and inclusive board.
- **Champion inclusion.** Actively promote inclusion on the board and throughout the organization. Promote integration of diverse perspectives into all aspects of the company's operations and decision-making processes.
- **Set clear diversity goals.** Establish specific, measurable goals for board diversity and include them in the board's strategic plan. Regularly monitor progress against these goals and adjust strategies as necessary.

For more information

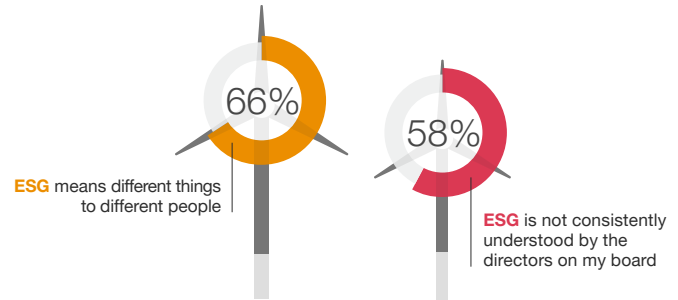
» [Women on boards: Why it matters](#)

Environmental, social and governance

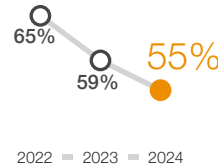
What are directors saying?

Navigating ambiguity: ESG caught in the crosswinds

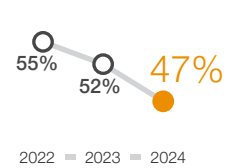
Some boardrooms have seen a declining focus on ESG issues over the past three years, with fewer directors reporting that they are part of ERM discussions or regularly included on their board agendas. Even with pullback on ESG by some, the concept is still relevant and may simply be challenged by the ambiguity that surrounds it, or by the association many have with the “E” elements. For example, topics like cybersecurity and talent management are ESG topics that likely aren’t met with the same resistance as climate change and are showing up more often on agendas. With most directors acknowledging that ESG means different things to different people, and more than half saying their board does not consistently understand ESG, complexity and challenges continue to surround this elusive topic.



ESG issues are part of your board's ERM discussions



ESG issues are regularly a part of your board agenda



Q19. With which of the following statements regarding ESG do you agree? (select all that apply); Q21. With which of the following statements do you agree about ESG issues? (select all that apply)
Base: 469; 451 (2024); 531 (2023); 636 (2022)
Sources: PwC, 2024 Annual Corporate Directors Survey, September 2024; PwC, 2023 Annual Corporate Directors Survey, October 2023; PwC, 2022 Annual Corporate Directors Survey, October 2022.

What's driving this?

The challenge with ESG lies in its multifaceted nature, pulling together a wide range of topics that truly do mean different things to different people. Conversations on environmental, social and governance issues have become increasingly complex and fraught. Regulated reporting requirements and polarized political discourse have further complicated the board's role in ESG oversight.

The vast array of ESG topics affects companies differently, with varying impacts over different timeframes, making it difficult for boards to consistently address and prioritize these issues. Despite the real risks and potentially significant opportunities that ESG presents, only 22% of directors believe it has a direct impact on the company bottom line. Additionally, many feel fatigue around the subject, possibly conflating more discussions and data with actual preparedness and understanding.

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