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Building a great board: Global views on board composition

Aligning boardroom talent with the company’s strategy is a key driver of many boards’ increasing focus on board composition and succession planning today. Indeed, talent in the boardroom is also front and center for investors, regulators, and the media: Does the board have the skills and expertise as well as the diversity and variety of perspectives that are essential to being effective in their oversight role—and to contribute to the long-term success of the company?

To better understand the tools and approaches that directors are using to achieve the right mix of skills, backgrounds, experiences, and perspectives in the boardroom—what works, what doesn’t, and what might get in the way—we surveyed more than 2,300 directors and senior executives in 46 countries/jurisdiction around the world including 158 from China/Hong Kong. We also explored these issues through interviews with board members and business leaders from six countries/jurisdictions for the latest edition of Global Boardroom Insights from KPMG’s Audit Committee Institutes.1

Taken together, the interviews and survey results show that many boards are reassessing how they approach board composition from start to finish—from recruiting and onboarding to board evaluation and succession. As one director noted, “Getting the right people with the right skills, both technically and personally, is as much an art as it is a science, but board composition can be far more systematic than simple guesswork.”

As our survey findings show, directors in China/Hong Kong see much room for improvement; only 35 percent said they are “satisfied,” and 58 percent “somewhat satisfied” that their board has the right combination of skills, background, and experiences. The survey identifies some of the key challenges or barriers to building high-performing boards, as well as steps boards are taking to overcome these hurdles and position themselves as strategic assets for their companies.

We hope these results and observations will help facilitate robust boardroom conversations about board composition and succession planning, and provide some insights to assist boards as they tackle the difficult challenge of building and maintaining the “right” board.

— KPMG’s Audit Committee Institutes

1 KPMG Audit Committee Institutes, Global Boardroom Insights: Building a Great Board.
Five takeaways: A China/Hong Kong Perspective

Board composition—and alignment with strategy—is a key priority. Given the demands of today’s business and risk environment—not to mention increasing scrutiny by investors, regulators, and the media—a critical priority for most every board is to align boardroom talent with company strategy, both for the short-term and the long-term as the strategy evolves. Survey respondents identified several related reasons for this intense focus on board composition, including the need for greater diversity, and the need for directors with an understanding of the competitive environment, the pace of technology change, and the potential disruptors of the company’s business model.

Significant barriers exist to building a high-performing board. The barrier most frequently cited by China/Hong Kong survey respondents was “finding directors with both general business experience and specific expertise needed by the company” (63 percent). Resistance to change due to “status quo” thinking ranked second (55 percent), followed by identifying the board’s future talent needs (46 percent).

Despite wide recognition of the importance of succession planning in achieving optimal board composition, few boards have a formal succession plan in place. While the vast majority of survey respondents said that a formal board succession plan is a key mechanism to achieving the right board composition, only 26 percent reported having either a formal succession plan in place or in process.

There are important mechanisms to help maintain optimal board composition—but they are often underutilised. Respondents overwhelmingly cited robust board evaluations (84 percent) and formal succession plans (75 percent) as the most effective mechanisms to achieve the right board composition. However, as noted above, few boards have formal succession plans in place, and one-third cite “lack of robust board and individual director evaluations” and “difficulty in removing underperforming directors” as among the greatest barriers to building and maintaining a high-performing board.

Generating the necessary change and turnover to achieve the “right” board composition requires an active approach. The survey findings point to the need for a strategic, integrated approach to board succession planning, composition, and diversity, which should be part of discussions by the full board about long-term strategy. Of course, robust board and individual director evaluations are also critical—and a key area that requires attention by many boards.
## Survey respondents

### By title/role

<table>
<thead>
<tr>
<th>Title/Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-executive director</td>
<td>41%</td>
</tr>
<tr>
<td>Audit committee chair or member</td>
<td>39%</td>
</tr>
<tr>
<td>C-level/senior management</td>
<td>27%</td>
</tr>
<tr>
<td>Compensation committee chair or member</td>
<td>18%</td>
</tr>
<tr>
<td>Nominating/governance committee chair or member</td>
<td>17%</td>
</tr>
<tr>
<td>Nonexecutive chair or lead director</td>
<td>13%</td>
</tr>
<tr>
<td>Other</td>
<td>21%</td>
</tr>
</tbody>
</table>

Multiple responses allowed

### By industry*

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking/financial services</td>
<td>24%</td>
</tr>
<tr>
<td>Industrial manufacturing/chemicals</td>
<td>16%</td>
</tr>
<tr>
<td>Retail/consumer goods</td>
<td>10%</td>
</tr>
<tr>
<td>Technology/software</td>
<td>8%</td>
</tr>
<tr>
<td>Energy/natural resources</td>
<td>7%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>7%</td>
</tr>
<tr>
<td>Insurance</td>
<td>6%</td>
</tr>
<tr>
<td>Real estate</td>
<td>4%</td>
</tr>
<tr>
<td>Transportation</td>
<td>3%</td>
</tr>
<tr>
<td>Building/construction</td>
<td>3%</td>
</tr>
<tr>
<td>Communications/media</td>
<td>3%</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>3%</td>
</tr>
<tr>
<td>Higher education</td>
<td>3%</td>
</tr>
</tbody>
</table>

*Note: Those who selected “Other” have been excluded.

### Participating countries/jurisdictions

- Angola
- Argentina
- Australia
- Austria
- Bahrain
- Belgium
- Bermuda
- Brazil
- Canada
- Chile
- China/Hong Kong
- Colombia
- Denmark
- Finland
- France
- Germany
- Ghana
- India
- Indonesia
- Ireland
- Israel
- Italy
- Japan
- Korea
- Luxembourg
- Malaysia
- Malta
- Mexico
- Netherlands
- New Zealand
- Nigeria
- Philippines
- Poland
- Portugal
- Qatar
- Saudi Arabia
- Singapore
- South Africa
- Spain
- Switzerland
- Taiwan
- Turkey
- United Arab Emirates
- United Kingdom
- United States
- Vietnam

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Q What challenges or concerns are most influencing how your board is thinking about its current and future composition—skill sets, backgrounds, experiences, and perspectives?

Board composition—and alignment with strategy—is a key priority. A prior KPMG survey\(^2\) showed that the board’s involvement in strategy has increased in the last three years, and that is supported by this latest pulse survey, but from a board-talent perspective. Given the demands of today’s business and risk environment—not to mention increasing scrutiny by investors, regulators, and the media—it comes as no surprise that a critical priority for boards today is to align boardroom talent with company strategy, both for the short-term and the long-term as the company’s strategy evolves. The directors we interviewed agreed. As one board member told us, “Whether it’s addressing a gap around technology or finding people who have international experience, talent needs to be part of the strategy discussion.” Another said, “Strategy is the number one reason that boards are looking at their skill sets and composition. Where are the board’s gaps in relation to the company’s strategy?”

More than half of those polled cited the need for greater diversity in backgrounds and perspectives. One director noted, “Diversity in terms of the ‘background’ of board members is important, both in terms of technical knowledge or specialty and in terms of business knowledge and international experience.” Survey respondents identified several other reasons for this intense focus on board composition, including the need for directors with an understanding of the competitive environment, the pace of technology change, and the potential disruptors of the company’s business model. One board member told us, technology is “about staying competitive,” and finding directors with “seasoned business experience and an understanding of technology is a real challenge.” In comparison to global results, a greater investor focus and concerns about board composition in China/Hong Kong stands out as a driver for boards thinking about their composition.

How satisfied are you that your board has the right combination of skill sets, backgrounds, experiences, and perspectives to probe management’s strategic assumptions and help the company navigate an increasingly volatile and fast-paced global environment?

Two thirds of directors in China/Hong Kong polled see room for improvement when it comes to the board’s overall ability to challenge management and help steer the company through uncertainty. Just 35 percent of those surveyed in China/Hong Kong said they are satisfied that their board has the right combination of skills, backgrounds, experiences, and perspectives to probe management’s strategic assumptions and help the company navigate an increasingly volatile and fast-paced global environment, while the majority said they are only somewhat satisfied (58 percent) or not satisfied (7 percent).

One board member emphasised the importance of diversity of industry and entity in the boardroom, e.g., recruiting directors with backgrounds in academia, government, civil society, as well as entrepreneurs and those from family businesses. “It goes back to talent,” she noted. “A talented person will raise alternatives and scenarios. They’ll do it in a collegial way that gets the board thinking about different possibilities. Real diversity of thought requires diversity of experience ... so diversity is a much larger issue than just gender or age. There’s a broader strategic context and importance to diversity that boards need to consider.”

<table>
<thead>
<tr>
<th></th>
<th>Global</th>
<th>China/Hong Kong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td>36%</td>
<td>35%</td>
</tr>
<tr>
<td>Somewhat satisfied</td>
<td>49%</td>
<td>58%</td>
</tr>
<tr>
<td>Not satisfied</td>
<td>14%</td>
<td>7%</td>
</tr>
</tbody>
</table>

1% Other
Significant barriers exist to building a high-performing board. The barrier most frequently cited by China/Hong Kong based survey respondents was “finding directors with both general business experience and specific expertise needed by the company” (63 percent). Resistance to change due to “status quo” thinking ranked second (55 percent) followed by identifying the board’s future talent needs (46 percent). These top three barriers are consistent with the ones facing directors globally.

“Companies should be forward-looking when appointing directors, otherwise the composition and expertise of the board may not be in line with the company’s current stage of development,” agreed one director we interviewed. “A ‘status quo’ bias is a huge impediment to maintaining a high-performing board.”

A number of survey respondents highlighted the importance of effective director recruitment and selection, and “including the board as an element of the company’s strategic plan” as keys to building an effective board and positioning the board for the future.

In your view, what are the greatest barriers to building—and maintaining—a high-performing board?

### Global

- **Finding directors with both general business experience and specific expertise**
  - 69%
- **Identifying the talent the board will need in 3–5 years**
  - 55%
- **Resistance to change due to “status quo” thinking**
  - 43%
- **Board culture that does not encourage questioning and open discussion**
  - 32%
- **Lack of robust board and individual director evaluations**
  - 31%
- **Difficulty in removing underperforming directors**
  - 29%
- **Gradual loss of independence (real or perceived) of long-serving directors**
  - 21%
- **Lack of effective onboarding for new directors**
  - 11%
- **Lack of effective onboarding for new directors**
  - 10%

### China/Hong Kong

- **Finding directors with both general business experience and specific expertise**
  - 63%
- **Identifying the talent the board will need in 3–5 years**
  - 46%
- **Resistance to change due to “status quo” thinking**
  - 55%
- **Board culture that does not encourage questioning and open discussion**
  - 39%
- **Lack of robust board and individual director evaluations**
  - 37%
- **Difficulty in removing underperforming directors**
  - 27%
- **Gradual loss of independence (real or perceived) of long-serving directors**
  - 23%
- **Lack of effective onboarding for new directors**
  - 8%
- **Lack of effective onboarding for new directors**
  - 10%

Multiple responses allowed
Despite wide recognition of the importance of succession planning in achieving optimal board composition, few boards in China/Hong Kong have a formal succession plan in place.

As shown on page 9, 75 percent of those polled in China/Hong Kong cited a formal board succession plan as an effective mechanism to build the “right” board composition—second only to board evaluations. However, 39 percent of respondents reported little or no discussion about board succession, and another 35 percent reported only informal discussion, when a seat needs to be filled. Just 11 percent reported that robust succession planning discussions were “in process,” and only 15 percent reported having “a formal succession plan, aligned with future needs, in place and periodically reviewed.” While boards generally have become more focused in recent years on their critical role in succession planning for the chief executive officer, it appears many may be lagging in terms of their own succession plans. A director recruitment specialist noted that boards in recent years “have taken an increasingly rigorous approach to the succession of the executive leadership team, with human resources most often the owner of a succession talent map which is reviewed regularly by the board.” Boards can apply a similar approach to their own composition.

### To what extent has your board addressed board succession planning?

<table>
<thead>
<tr>
<th></th>
<th>Global</th>
<th>China/Hong Kong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informally or when seats need to be filled</td>
<td>36%</td>
<td>35%</td>
</tr>
<tr>
<td>Little/no discussion</td>
<td>33%</td>
<td>39%</td>
</tr>
<tr>
<td>Robust board discussion, succession planning in process</td>
<td>17%</td>
<td>11%</td>
</tr>
<tr>
<td>Formal succession plan, aligned with future needs, in place and periodically reviewed</td>
<td>14%</td>
<td>15%</td>
</tr>
</tbody>
</table>
In your view, what are the most effective mechanisms to achieving the right mix of skills, backgrounds, experiences, and perspectives on the board?

There are important mechanisms to help maintain optimal board composition—but they are often underutilised.

China/Hong Kong respondents overwhelmingly cited robust evaluations (84 percent) and formal succession plans (75 percent) as the most effective mechanisms to achieve the right board composition. However, as noted previously, few boards have formal succession plans in place, and one-third cite “lack of robust board and individual director evaluations” and “difficulty in removing underperforming directors” as among the greatest barriers to building and maintaining a high-performing board. As one director recruitment professional noted, “Board evaluations can be a useful tool, especially at the start of a change program or when the board is about to go through a period of profound change. In cases where there are ongoing difficulties around the boardroom table that aren’t resolved or if the company has changed significantly since the core members of the board were appointed, a good board evaluation should flush this out.”

Nearly half of the respondents ranked tenure limits for individual directors as an effective mechanism to maintain optimal board composition. However, recent board surveys indicate that director tenure limits are not currently widely adopted,3 and investors’ views on tenure limits are mixed.4 Over one-third of survey respondents said that “monitoring the board’s average tenure” was important, and we note that some institutional investors have recently adopted policies that consider average board tenure.

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Global</th>
<th>China/Hong Kong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robust board evaluations</td>
<td>87%</td>
<td>84%</td>
</tr>
<tr>
<td>Formal board succession plans</td>
<td>77%</td>
<td>75%</td>
</tr>
<tr>
<td>Tenure limit (years or terms) for individual directors</td>
<td>49%</td>
<td>47%</td>
</tr>
</tbody>
</table>

3 2015 Spencer Stuart Board Index, stating that 13 S&P 500 boards (3 percent) set explicit term limits for non-executive directors, 66 percent state in their corporate governance guidelines that they do not have term limits, and 31 percent do not mention term limits.

What steps is your board taking to position itself for the future?

Generating the necessary change and turnover to achieve the “right” board composition requires an active approach.

What steps are boards taking now to position themselves for the future? Nearly half of China/Hong Kong survey respondents reported that their board is assessing its future needs, and 37 percent said their board is actively recruiting for specific expertise/skills. Other actions include improving director onboarding/education, as well as actively casting a wide net to enhance diversity. Underscoring one of the major barriers boards are facing, only 6 percent of those polled reported removing underperforming directors. One board member interviewed highlighted the importance of taking action in that respect, noting, “If a director is no longer making a meaningful contribution for whatever reason, the board should address that directly and respectfully.”

The key takeaway from the survey is that a strategic, integrated approach to board succession planning, composition, and diversity is required and should be part of discussions by the full board about long-term strategy. Of course, robust board and individual director evaluations are also critical—and a key area that requires attention by many boards. For many boards, this is a significant challenge, and there is work to do.

<table>
<thead>
<tr>
<th>Global</th>
<th>China/Hong Kong</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>47%</strong></td>
<td>Currently assessing board’s future needs</td>
</tr>
<tr>
<td><strong>45%</strong></td>
<td>Actively recruiting for specific expertise/skills/perspectives</td>
</tr>
<tr>
<td><strong>31%</strong></td>
<td>Improving director onboarding/education</td>
</tr>
<tr>
<td>31%</td>
<td>Improving board and individual evaluations to identify gaps</td>
</tr>
<tr>
<td>29%</td>
<td>Actively casting a wide net to enhance diversity</td>
</tr>
<tr>
<td>16%</td>
<td>Removing underperforming directors</td>
</tr>
<tr>
<td>15%</td>
<td>None of the above</td>
</tr>
<tr>
<td>2%</td>
<td>Other</td>
</tr>
</tbody>
</table>

Multiple responses allowed
Around the world: Notable country and industry trends

Globally, the survey data reflected some notable variations.

By country/jurisdiction

Most satisfied that the board has the right combination of skill sets, backgrounds, experiences, and perspectives to probe management’s strategic assumptions: Israel, Singapore, Australia, Chile

Least satisfied that the board has the right combination of skill sets, backgrounds, experiences, and perspectives to probe management’s strategic assumptions: Korea, Japan, Nigeria

Highest percentage reporting little/no discussion about board succession: Poland, Japan, Brazil, Turkey, Bahrain, Colombia, Chile

No respondents reporting a formal board succession plan: Belgium, Canada, Chile

Highest percentage reporting a formal board succession plan: Nigeria, Switzerland (38 percent)

By industry

Cited cyber risk as a key driver in thinking about board composition: banking/financial services sector (29 percent, versus 17 percent overall)

Highest percentage citing the need for international perspectives/experience: industrial manufacturing/chemicals sector (45 percent versus 30 percent)

Highest percentage citing alignment of board talent with strategy: healthcare industry (85 percent, compared with 75 percent overall)

Least satisfied that the board has the right combination of skill sets, backgrounds, experiences, and perspectives to probe management’s strategic assumptions: retail/consumer goods sector (28 percent, compared with 36 percent overall)

Highest percentage reporting only informal discussion of board succession planning: tech/software sector (44 percent versus 36 percent overall)
Benchmark your own views on building a high-performing board

Q1 What challenges or concerns are most influencing how your board is thinking about its current and future composition—skill sets, backgrounds, experiences, and perspectives? (select three)
☐ Alignment of board talent with company’s 3- to 5-year strategy
☐ Need for greater diversity of viewpoints/backgrounds
☐ Business model disruption and other competitive threats
☐ Pace of technology change
☐ Need for international perspective/experience
☐ Investor focus/concerns about current board composition
☐ Cyber risk
☐ Other

Q2 How satisfied are you that your board has the right combination of skill sets, backgrounds, experiences, and perspectives to probe management’s strategic assumptions and help the company navigate an increasingly volatile and fast-paced global environment?
☐ Satisfied
☐ Somewhat satisfied
☐ Not satisfied
☐ Other

Q3 In your view, what are the greatest barriers to building—and maintaining—a high-performing board? (select three)
☐ Finding directors with both general business experience and specific expertise (e.g., technology/cyber security)
☐ Identifying the talent the board will need in 3–5 years
☐ Resistance to change due to “status quo” thinking—i.e., “what has worked in the past will continue to work in the future”
☐ Board culture that does not encourage questioning and open discussion
☐ Lack of robust board and individual director evaluations
☐ Difficulty in removing underperforming directors
☐ Gradual loss of independence (real or perceived) of long-serving directors
☐ Lack of effective onboarding for new directors
☐ Other

Q4 To what extent has your board addressed board succession planning?
☐ Formal succession plan, aligned with future needs, in place and periodically reviewed
☐ Robust board discussion—succession planning in process
☐ Board’s future needs discussed only informally or when a board seat needs to be filled
☐ Little or no discussion about board succession
☐ Other

Q5 In your view, what are the most effective mechanisms to achieving the right mix of skills, backgrounds, experiences, and perspectives on the board? (select three)
☐ Robust board evaluations—including a process to address gaps and underperforming directors
☐ Formal board succession plan
☐ Tenure limit (years or terms) for individual directors
☐ Monitoring the board’s average director tenure
☐ Age limit
☐ Expanding the size of the board
☐ Other

Q6 What steps is your board taking to position itself for the future? (select all that apply)
☐ Currently assessing board’s future needs
☐ Actively recruiting for specific expertise/skill sets/perspectives, e.g., technology, cyber, international
☐ Improving board and individual director evaluations to identify gaps
☐ Improving director onboarding and ongoing education
☐ Actively casting a wide net to enhance diversity
☐ Removing underperforming director(s)
☐ Other
☐ None of the above
Appendix: Country results

This appendix contains detailed data from 26 countries/jurisdictions that received at least 20 survey responses. Survey data from all 46 participating countries/jurisdictions are included in the TOTAL column.
## What challenges or concerns are most influencing how your board is thinking about its current and future composition—skill sets, backgrounds, experiences, and perspectives? (select three)

<table>
<thead>
<tr>
<th>Challenge</th>
<th>% TOTAL</th>
<th>United States</th>
<th>China/Hong Kong</th>
<th>United Kingdom</th>
<th>Brazil</th>
<th>Japan</th>
<th>Colombia</th>
<th>India</th>
<th>Poland</th>
<th>Switzerland</th>
<th>Ireland</th>
<th>Israel</th>
<th>South Africa</th>
<th>Austria</th>
<th>Singapore</th>
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<th>France</th>
<th>Philippines</th>
<th>Chile</th>
<th>Turkey</th>
<th>Australia</th>
<th>Argentina</th>
<th>Malaysia</th>
<th>Nigeria</th>
<th>Bahrain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alignment of board talent with company’s 3- to 5-year strategy</td>
<td>75</td>
<td>77</td>
<td>77</td>
<td>79</td>
<td>81</td>
<td>82</td>
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<td>96</td>
<td>83</td>
<td>71</td>
<td>52</td>
<td>81</td>
</tr>
<tr>
<td>Need for greater diversity of viewpoints/backgrounds</td>
<td>61</td>
<td>58</td>
<td>63</td>
<td>58</td>
<td>69</td>
<td>62</td>
<td>64</td>
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<td>71</td>
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</tr>
<tr>
<td>Business model disruption and other competitive threats</td>
<td>54</td>
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<td>52</td>
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<td>Pace of technology change</td>
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</tr>
<tr>
<td>Need for international perspective/experience</td>
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<td>34</td>
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**TOTAL n** 2354  798  158  126  105  74  72  71  68  63  59  53  37  36  34  32  29  26  25  24  24  24  21  21  21

Multiple responses allowed

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How satisfied are you that your board has the right combination of skill sets, backgrounds, experiences, and perspectives to probe management’s strategic assumptions and help the company navigate an increasingly volatile and fast-paced global environment?

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May not equal 100% due to rounding
In your view, what are the greatest barriers to building—and maintaining—a high-performing board? (select three)

| Finding directors with both general business experience and specific expertise (e.g., technology/cyber security) | 69 | 71 | 63 | 82 | 52 | 69 | 61 | 70 | 59 | 81 | 85 | 72 | 84 | 83 | 88 | 72 | 66 | 72 | 42 | 68 | 58 | 33 | 67 | 63 | 81 | 62 | 76 |
| Identifying the talent the board will need in 3–5 years | 55 | 60 | 46 | 67 | 56 | 62 | 49 | 49 | 31 | 56 | 58 | 51 | 41 | 31 | 76 | 56 | 66 | 45 | 58 | 64 | 54 | 33 | 75 | 58 | 38 | 24 | 43 |
| Resistance to change due to “status quo” thinking, i.e., “what has worked in the past will continue to work in the future” | 43 | 40 | 55 | 37 | 42 | 42 | 40 | 61 | 47 | 38 | 34 | 53 | 38 | 44 | 35 | 31 | 34 | 50 | 32 | 33 | 63 | 29 | 63 | 48 | 38 | 57 |
| Board culture that does not encourage questioning and open discussion | 32 | 27 | 39 | 35 | 32 | 28 | 25 | 35 | 26 | 29 | 41 | 26 | 38 | 39 | 21 | 41 | 38 | 34 | 50 | 24 | 21 | 50 | 33 | 29 | 43 | 48 | 48 |
| Lack of robust board and individual director evaluations | 31 | 24 | 37 | 17 | 44 | 55 | 40 | 23 | 53 | 25 | 22 | 28 | 32 | 28 | 26 | 31 | 22 | 34 | 19 | 24 | 25 | 58 | 17 | 38 | 29 | 43 | 24 |
| Difficulty in removing underperforming directors | 29 | 33 | 27 | 17 | 32 | 12 | 33 | 25 | 18 | 32 | 17 | 36 | 24 | 33 | 24 | 25 | 44 | 31 | 54 | 28 | 38 | 29 | 21 | 17 | 24 | 38 | 29 |
| Gradual loss of independence (real or perceived) of long-serving directors | 21 | 18 | 23 | 17 | 30 | 11 | 24 | 20 | 49 | 21 | 25 | 17 | 27 | 17 | 15 | 13 | 9 | 24 | 19 | 24 | 46 | 29 | 21 | 17 | 14 | 24 | 19 |
| Lack of effective onboarding for new directors | 11 | 11 | 8 | 10 | 6 | 19 | 21 | 13 | 9 | 8 | 12 | 13 | 3 | 19 | 9 | 13 | 13 | 21 | 4 | 24 | 8 | 0 | 8 | 17 | 10 | 19 | 5 |
| Other | 10 | 15 | 3 | 17 | 5 | 1 | 7 | 4 | 9 | 11 | 7 | 4 | 14 | 6 | 6 | 19 | 13 | 3 | 4 | 12 | 17 | 4 | 29 | 0 | 14 | 5 | 0 |
| TOTAL n | 2354 | 798 | 158 | 126 | 105 | 74 | 72 | 71 | 68 | 63 | 59 | 53 | 37 | 36 | 34 | 32 | 32 | 29 | 26 | 25 | 24 | 24 | 24 | 21 | 21 | 21 |
To what extent has your board addressed board succession planning?

| Formal succession plan, aligned with future needs, in place and periodically reviewed | United States | China/Hong Kong | United Kingdom | Brazil | Japan | Colombia | India | Poland | Switzerland | Ireland | Israel | South Africa | Austria | Singapore | Belgium | Canada | Korea | France | Philippines | Chile | Turkey | Australia | Argentina | Malaysia | Nigeria | Bahrain |
| TOTAL | 14 | 15 | 21 | 9 | 3 | 7 | 7 | 1 | 38 | 17 | 17 | 5 | 14 | 12 | 0 | 0 | 7 | 8 | 16 | 0 | 8 | 17 | 21 | 19 | 38 | 14 |

| Robust board discussion—succession planning in process | 17 | 23 | 11 | 37 | 10 | 3 | 14 | 13 | 1 | 25 | 14 | 25 | 24 | 8 | 9 | 16 | 31 | 17 | 8 | 0 | 4 | 4 | 29 | 8 | 10 | 10 | 0 |

| Board’s future needs discussed only informally or when a board seat needs to be filled | 36 | 37 | 35 | 33 | 25 | 36 | 33 | 41 | 29 | 30 | 39 | 17 | 49 | 56 | 50 | 44 | 38 | 55 | 58 | 52 | 50 | 33 | 33 | 48 | 19 | 38 |

| Little or no discussion about board succession | 33 | 25 | 39 | 9 | 56 | 58 | 46 | 39 | 68 | 6 | 31 | 42 | 22 | 22 | 29 | 41 | 31 | 21 | 27 | 32 | 46 | 54 | 21 | 42 | 24 | 33 | 48 |

| TOTAL n | 2354 | 798 | 158 | 126 | 105 | 74 | 72 | 71 | 68 | 63 | 59 | 53 | 37 | 36 | 34 | 32 | 29 | 26 | 25 | 24 | 24 | 24 | 21 | 21 | 21 | 17 |
In your view, what are the most effective mechanisms to achieving the right mix of skills, backgrounds, experiences, and perspectives on the board? (select three)

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Multiple responses allowed
|                                                                                           | TOTAL | United States | China/Hong Kong | United Kingdom | Brazil | Japan | Colombia | India | Poland | Switzerland | Ireland | South Africa | Austria | Singapore | Belgium | Canada | Korea | France | Philippines | Chile | Turkey | Australia | Argentina | Malaysia | Nigeria | Bahrain |
|-------------------------------------------------------------------------------------------|-------|---------------|----------------|----------------|--------|-------|----------|-------|--------|-------------|---------|-------------|--------|----------|---------|-------|-------|--------|...............|-------|--------|-----------|-----------|---------|---------|---------|
| **Currently assessing board’s future needs**                                               | 47    | 57            | 48             | 56             | 44     | 31    | 24       | 48    | 37     | 52          | 56      | 23          | 41     | 47       | 38      | 28     | 44    | 31     | 35               | 52    | 38     | 29        | 54        | 29      | 33      | 33      |
| **Actively recruiting for specific expertise/skill sets/perspectives, e.g., technology, cyber, international** | 45    | 53            | 37             | 57             | 25     | 23    | 51       | 38    | 31     | 52          | 37      | 47          | 49     | 33       | 29      | 31     | 38    | 52     | 54               | 28    | 42     | 38        | 42        | 42      | 29      | 38      |
| **Improving board and individual director evaluations to identify gaps**                   | 31    | 28            | 31             | 37             | 47     | 19    | 25       | 38    | 29     | 29          | 41      | 19          | 41     | 33       | 35      | 53     | 28    | 34     | 31               | 32    | 38     | 25        | 21        | 8       | 43      | 43      |
| **Improving director onboarding and ongoing education**                                    | 31    | 28            | 35             | 29             | 28     | 19    | 50       | 42    | 34     | 21          | 34      | 43          | 27     | 39       | 29      | 34     | 34    | 50     | 34               | 27    | 36     | 42        | 8         | 21      | 33      | 58      |
| **Actively casting a wide net to enhance diversity**                                       | 29    | 31            | 34             | 34             | 20     | 30    | 13       | 32    | 10     | 25          | 22      | 28          | 46     | 39       | 21      | 19     | 19    | 19     | 55               | 31    | 24     | 13        | 33        | 29      | 8       | 24      |
| **Removing underperforming director(s)**                                                   | 16    | 19            | 6              | 14             | 18     | 16    | 19       | 7     | 22     | 17          | 8       | 9           | 14     | 17       | 6       | 9      | 22    | 24     | 19               | 12    | 13     | 17        | 0         | 10      | 10      | 19      |
| **Other**                                                                                 | 2     | 2             | 1              | 2              | 2      | 1     | 3        | 1     | 4      | 3           | 0       | 6           | 3      | 3        | 0      | 3      | 0     | 0      | 0                | 4     | 13     | 4         | 8         | 13      | 0       | 0       |
| **None of the above**                                                                      | 15    | 12            | 15             | 3              | 21     | 28    | 21       | 13    | 21     | 14          | 12      | 15          | 16     | 6        | 24     | 13     | 13    | 0      | 8                | 28    | 17     | 29        | 13        | 33      | 19      | 10      |
| **TOTAL n**                                                                               | 2158  | 798           | 158            | 126            | 105    | 74    | 72       | 71    | 68     | 63          | 59      | 53          | 37     | 36       | 34      | 32     | 29    | 26     | 25               | 24    | 24     | 24        | 21        | 21      | 21      | 21      |
Additional reading

Global Boardroom Insights: Building a Great Board
Global Boardroom Insights: Calibrating Risk Oversight
Global Boardroom Insights: The Future of Audit
Pulse Survey: A Board’s-Eye View on Strategy and Risk
Shanghai:

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