

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.

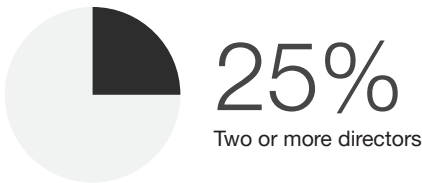
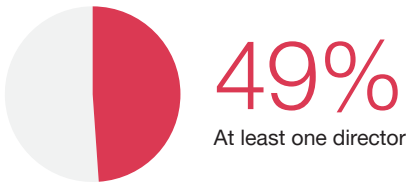
Our director survey reveals mixed feelings about the board assessment process and about the depth of information that management provides, particularly when it comes to GenAI strategy and risks. Directors say they are engaging in shareholder activism more directly and increasingly looking to quantitative 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

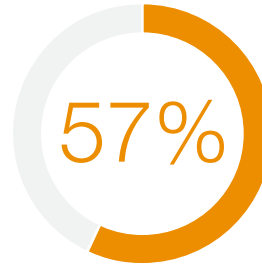
## Director discontent with peers is at a record-high

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



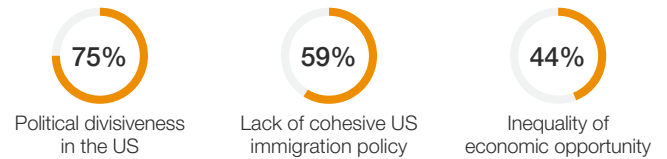
...with perceived ineffectiveness of the assessment process highlighting greater discontent

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

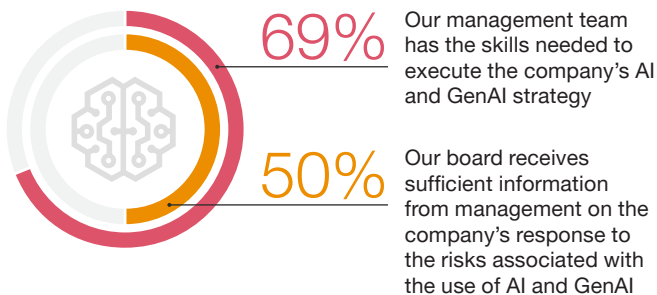


have not discussed their companies' stances on social issues

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

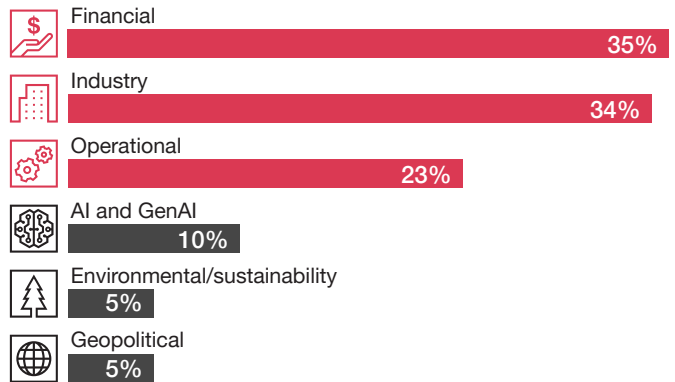


## As AI becomes intrinsic to business, boards seek deeper information despite confidence in management's ability to execute the company's AI strategy



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

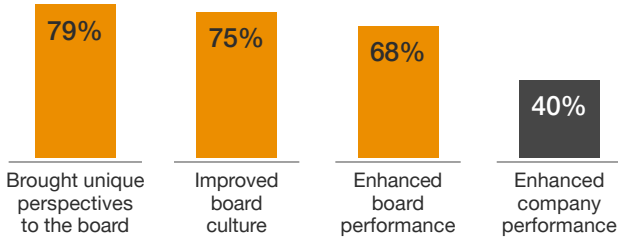
Expertise directors say their boards intend to add in the coming year



# Key findings

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

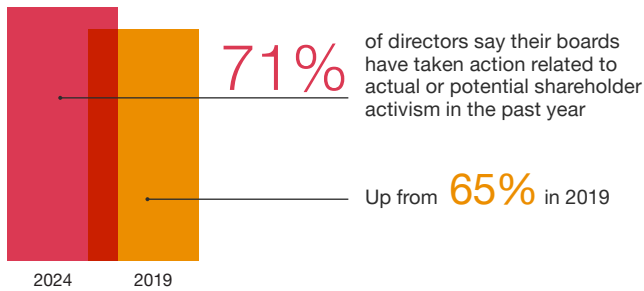
Increases to our board's diversity:



## Navigating ambiguity: ESG caught in the crosswinds

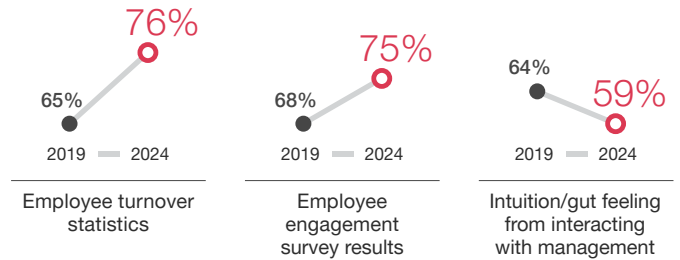


## Boards are taking more action amid ongoing shareholder activism



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

What directors use to evaluate corporate culture:



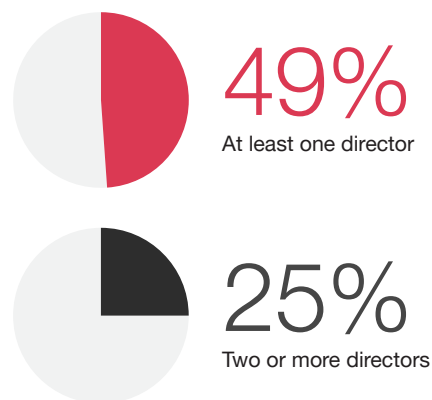
# Board assessments and refreshment

## 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.

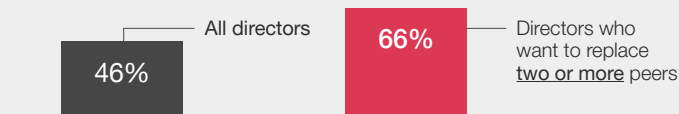
Among directors who believe their board process is an ineffective tool to enhance board performance, 44% attribute it to members being insufficiently invested in the process. With fewer directors reporting that their boards are acting on assessment results and many believing the process doesn't drive 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

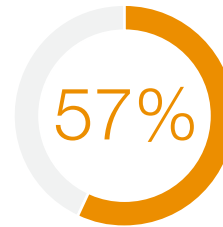
- » [Why boards should evaluate individual director performance](#)
- » [Conducting effective board assessments](#)
- » [Why good boards make bad decisions: Four factors undermining board effectiveness](#)

# Social and public policy issues

## What are directors saying?

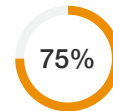
### Directors voice concerns about social and public policy issues, but many boardrooms aren't discussing these topics

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.

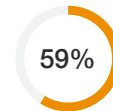


have not discussed their companies' stances on social issues

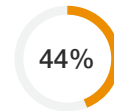
#### Have concerns with the impact of the following social issues on your company:



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?

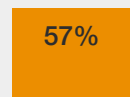
Expectations related to the board's role in social and public policy issues are evolving, with both external and internal stakeholders increasingly pressuring companies to take a clear stance. The days of companies and their leaders being silent appear to be gone, with refusal to comment often as risky 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?

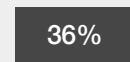
### Larger company boards are more likely to discuss political and social policy issues

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

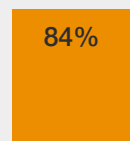


Directors on the largest boards (>\$10b annual revenue)

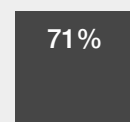


Directors on smaller boards (<\$5b annual revenue)

#### Have concerns about political divisiveness



Directors on the largest boards (>\$10b annual revenue)



Directors on smaller boards (<\$5b annual revenue)

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](#)

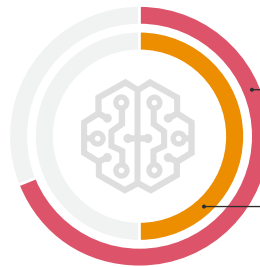


# Artificial intelligence and generative AI

## 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](#)

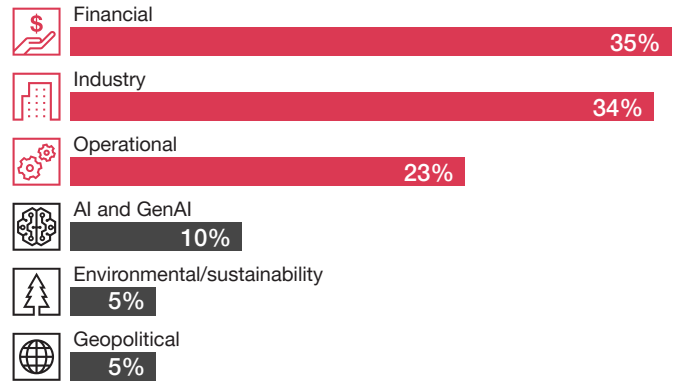
# Board composition

## 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



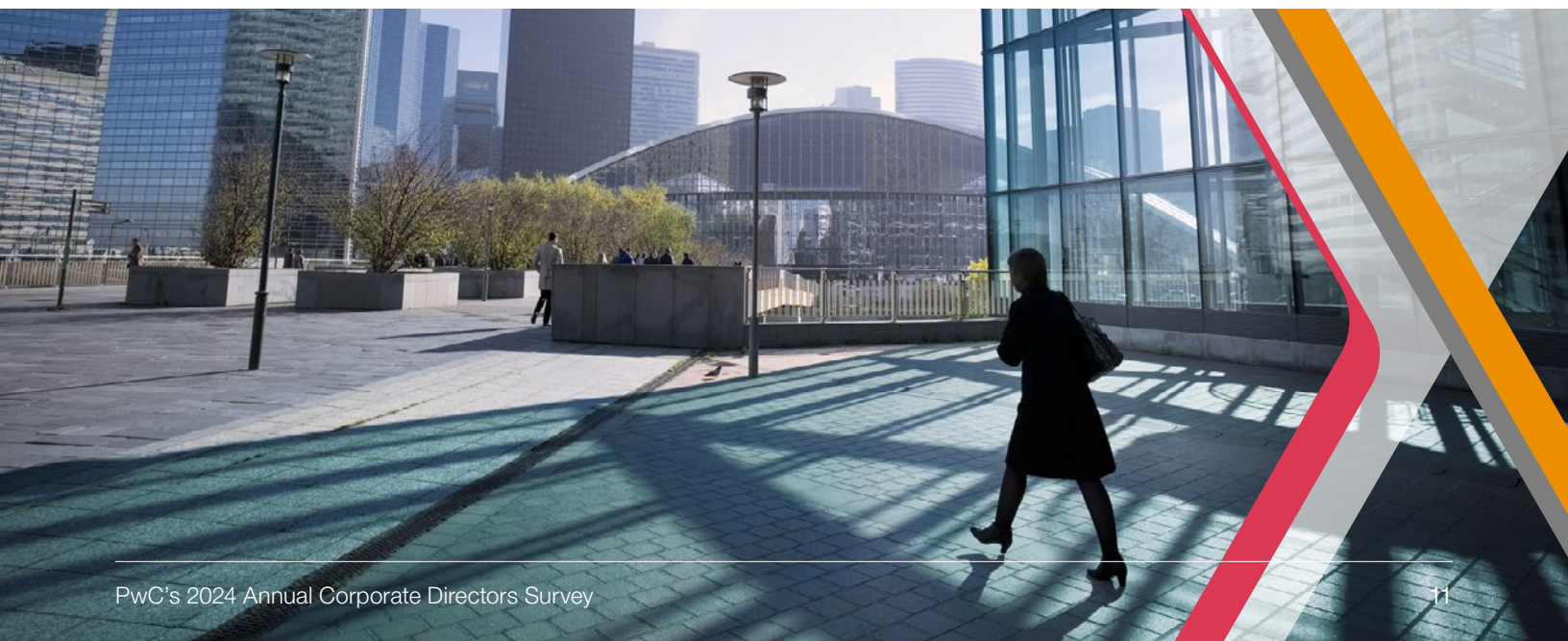
Q1. Over the next 12 months which of the following skills/attributes do you plan to add to your board? (select all that apply)

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](#)

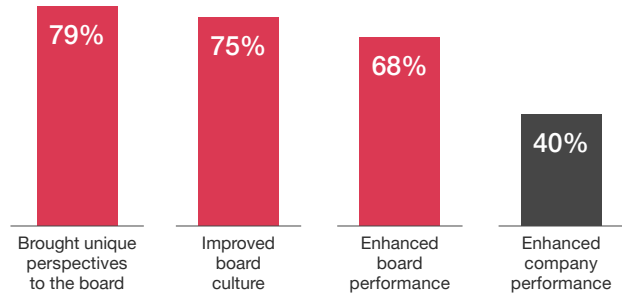
# Board diversity

## 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.

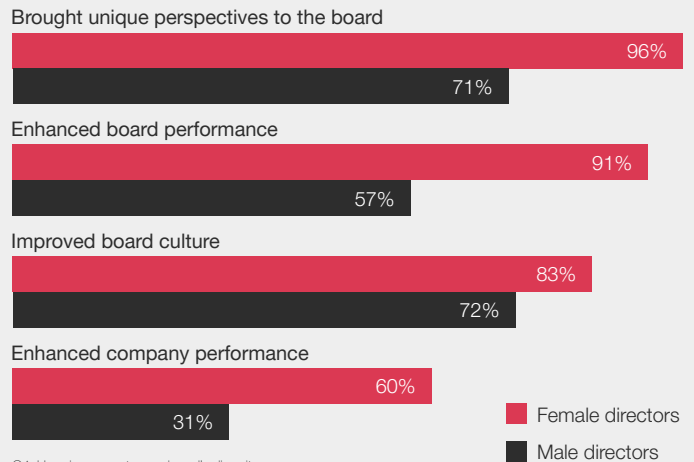
The lack of confidence does not seem to be due to a shortage of qualified candidates: Nearly all directors (91%) say they are confident in their boards' ability to identify diverse candidates. Additionally, 86% of directors believe that their boards can effectively leverage the benefits that diversity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

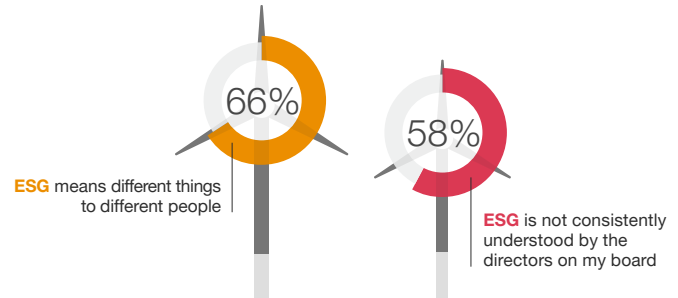
» [Women on boards: Why it matters](#)

# Environmental, social and governance

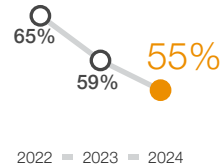
## What are directors saying?

### Navigating ambiguity: ESG caught in the crosswinds

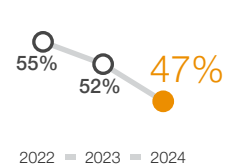
Some boardrooms have seen a declining focus on ESG issues over the past three years, with fewer directors reporting that they are part of ERM discussions or regularly included on their board agendas. Even with pullback on ESG by some, the concept is still relevant and may simply be challenged by the 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.

## What's underneath the data?

**Directors on the largest boards are more confident in understanding ESG and are more likely to see its impact on company performance**

Directors on the largest boards are more likely to say their boards consistently understand ESG. What is telling is that these directors are also more than twice as likely to see the impact on the company bottom line, demonstrating a link between understanding ESG and recognizing its influence on company performance.

ESG is consistently understood by the directors on my board

**52%** Directors on the largest boards  
(>\$10b annual revenue)

**36%** Directors on smaller boards  
(<\$5b annual revenue)

ESG makes a difference to the company bottom line

**32%** Directors on the largest boards  
(>\$10b annual revenue)

**15%** Directors on smaller boards  
(<\$5b annual revenue)

Q19. With which of the following statements regarding ESG do you agree? (select all that apply)

Base: 371

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

## What should directors do?

### A PwC perspective

To effectively oversee all that ESG involves, directors need to move beyond the terminology and understand management's process for identifying the organization's most important risks and how they may evolve over time. Whether the company elects to call it ESG or sustainability, identifying the issues that credibly drive sustainable value creation involves expanding the lens when developing long-term strategic plans, identifying and mitigating material risks, and recognizing emerging growth opportunities. If that sounds like an approach to strategy and risk oversight more generally, that is the point.

Directors play a crucial role in guiding management to allocate resources and attention to sustainability issues. Forward-looking companies recognize the connection between committing resources to sustainability initiatives and achieving long-term success. Boards need to discern which topics have a direct impact on near-term performance or capital allocation decisions and which require monitoring without necessitating direct input.

### Board actions

- **Confirm strategy.** Understand how management integrates sustainability risks and opportunities into the company's long-term strategy and how progress is measured and monitored.
- **Review messaging.** Verify that sustainability messaging and activities align with discussions on which topics are linked to risks and opportunities. Keep the board's communication on these issues consistent and clear.
- **Understand the risk assessment.** Understand how sustainability risks that have been identified are incorporated into the ERM framework to determine which meet the definition of materiality. Determine whether the oversight of these risks is allocated to the full board or specific committees.
- **Understand the disclosure approach.** Understand whether the company is subject to any required disclosures and related responsibilities. Understand management's process for identifying requirements, drafting disclosures, assessing the quality of the data published and monitoring peer/industry trends.

### For more information

- » [Sustainability and ESG oversight: the corporate director's guide](#)
- » [What boards need to know about the SEC's climate-related disclosure rules](#)
- » [The audit committee has specific responsibilities under the EU's CSRD](#)



# Shareholder activism

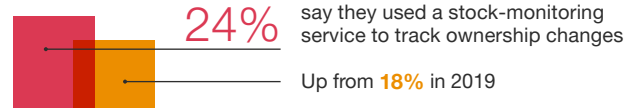
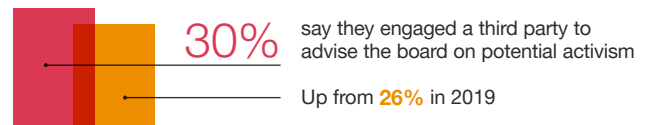
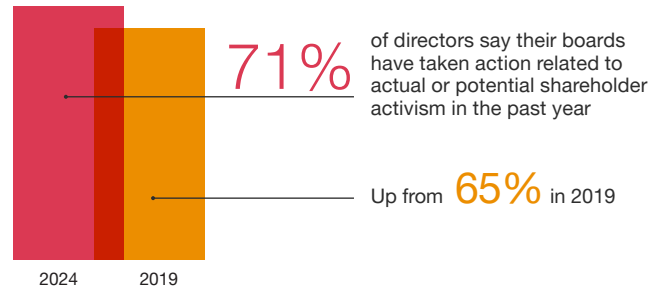
## What are directors saying?

### Boards are taking more action amid ongoing shareholder activism

More directors say their boards are taking action related to shareholder activism than they were five years ago. There were increases in the percentage who say their boards revised executive compensation structures, used stock-monitoring services to track ownership changes and engaged third parties to advise on potential activism.

## What's driving this?

Boards are becoming more proactive in response to the constant threat of shareholder activism. By anticipating which activists may engage with the company, the issues they might raise and how other shareholders could respond, directors are better positioned to preemptively address any potential concerns. This stance allows a board to push management to tackle issues that could attract activist attention, helping to ward off activists and potentially improving company performance and relationships with key stakeholders.



Q14. During the last 12 months, has your board done any of the following related to actual or potential shareholder activism? (select all that apply)

Base: 482 (2024); 715 (2019)

Sources: PwC, 2024 Annual Corporate Directors Survey, September 2024; PwC, 2019 Annual Corporate Directors Survey, October 2019.



## What should directors do?

### A PwC perspective

The role of the board in an activist environment is important. Directors can help their companies anticipate which activists might target the company and the issues they might raise. By staying familiar with current activism trends, they can encourage management to proactively address common issues that are attracting attention. Directors should always make it their business to stay informed about company strategy and how effectively it is being executed. Focusing on common triggers for activist engagement may help boards cut through the noise.

### Board actions

- **Know your shareholders.** Review the list of top shareholders and understand the plan for the board to be informed of material changes. Understand management's shareholder engagement plan, both the process for reacting to requests and the process for proactively seeking a discussion.
- **Take a candid look at your company.** Focus on common triggers for activist engagement. Seek insights from outside experts, industry analysts, investment bankers or others to understand how investors and potential activists perceive the company.
- **Have a plan to engage.** Develop a clear plan for engaging with activists so that the board and management are aligned in their approach to handling potential activist situations.

### For more information

- » [The director's guide to shareholder activism](#)
- » [Director-shareholder engagement: getting it right](#)
- » [2024 proxy season recap: Disclosures catch up with investor expectations](#)

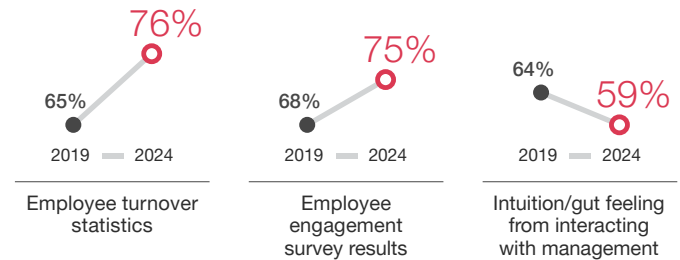
# Corporate culture

## What are directors saying?

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

Directors are increasingly relying on data and metrics, such as employee turnover statistics and engagement survey results, to evaluate corporate culture, while placing slightly less importance on intuition and gut feelings.

#### What directors use to evaluate corporate culture:



Q24. Which of the following do you use to evaluate your company's corporate culture? (select all that apply)  
 Base: 460 (2024); 710 (2019)  
 Source: PwC, 2024 Annual Corporate Directors Survey, September 2024; PwC, 2019 Annual Corporate Directors Survey, October 2019.

## What's driving this?

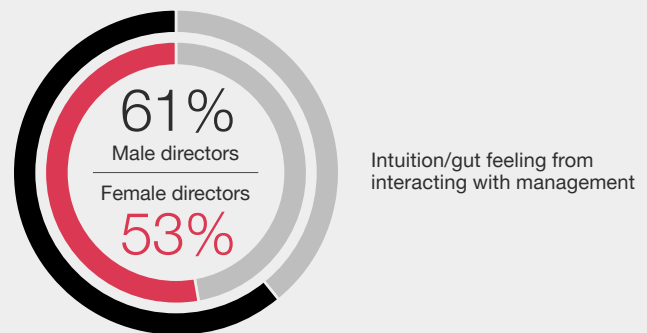
The increased focus on corporate culture in recent years follows several high-profile corporate failures attributed to cultural issues, underscoring the need for more robust and data-driven oversight from boards. Qualitative assessments alone have proven insufficient for evaluating corporate culture. Whether the goal is to improve or sustain a strong culture, boards need quantitative data to get deeper insights into the state of the company and identify any issues that need to be addressed. While directors will inevitably use some level of intuition, there is a growing realization that relying on gut feelings, especially when people aren't involved in daily operations, may not be the best approach.

## What's underneath the data?

### Male directors tend to rely more on gut feeling when it comes to evaluating corporate culture

While male directors are relying less on gut feeling to evaluate corporate culture than they were five years ago, they are still more likely to do so than female directors.

#### How do you evaluate your company's corporate culture?



Q24. Which of the following do you use to evaluate your company's corporate culture? (select all that apply)  
 Base: 442  
 Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.



## What should directors do?

### A PwC perspective

While relying on intuition can be useful, it is necessary for boards to prioritize data-driven approaches when evaluating corporate culture, especially given their more limited interaction with employees outside the C-suite. Robust data and metrics provide deeper insights and more objective assessments of the company's culture, helping boards to identify and address any underlying issues effectively.

### Board actions

- **Establish a board approach to overseeing culture.** Given the importance of culture in executing strategy, monitoring it really should be the responsibility of the full board, but board committees also play a critical role. The topic should be on the board's agenda at least annually.
- **Align culture with purpose and strategy.** Understand the company's culture to determine whether it is driving the strategy, promoting the right behaviors and encouraging employees to take appropriate risks. A formal assessment may be conducted internally or by a third party to determine how it aligns with the company's purpose, values and strategy.
- **Utilize data and metrics.** One of the best ways to capture information about cultural shifts is to use a tool such as a dashboard with green, yellow and red flags to highlight changes and activity over time.
- **Reflect corporate values in board practices.** Boards themselves can have a major impact on corporate culture, setting the tone at the top. Directors' actions reverberate throughout a company, creating accountability and sending signals to employees at all levels. Directors need to be aware of their influence and understand how their decisions and actions align with company strategy.

### For more information

- » [Why does the board need to know the company's culture?](#)

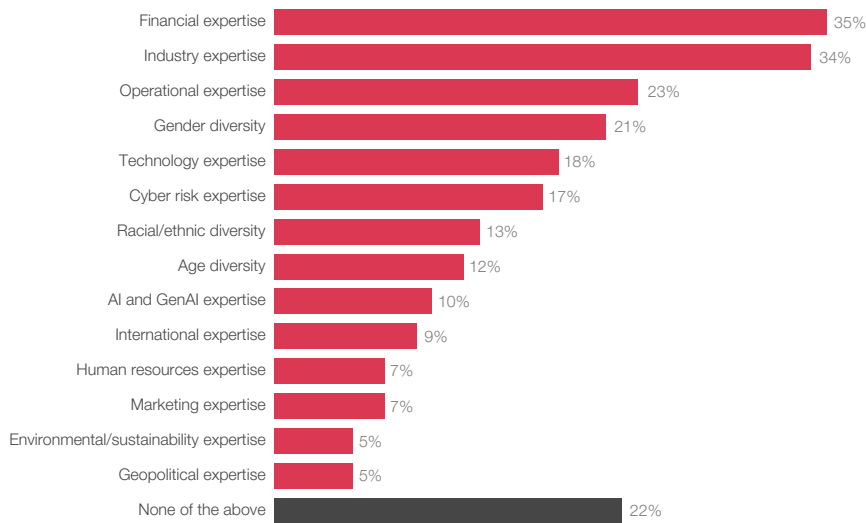
# Appendix

## Complete survey findings

Note: Due to rounding, some charts may not add to 100%

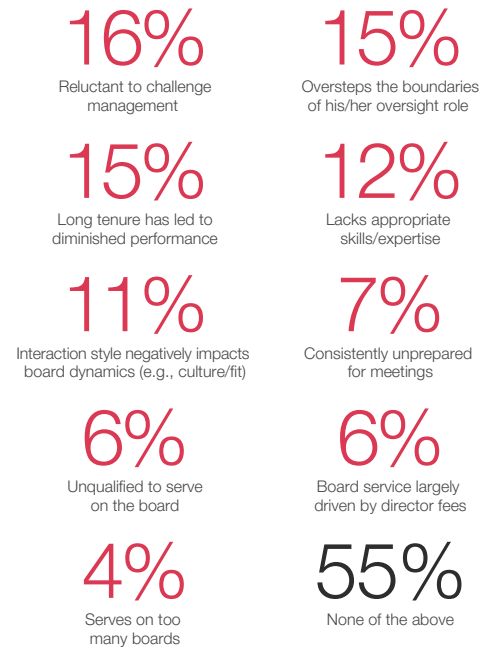
### Board composition and diversity

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



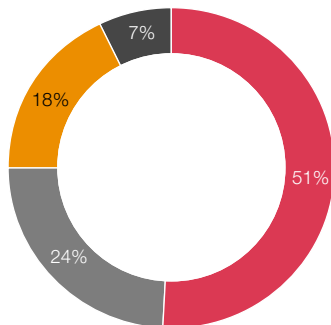
Base: 526  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

2. Do you believe any of the following about any of your fellow board members? (select all that apply)



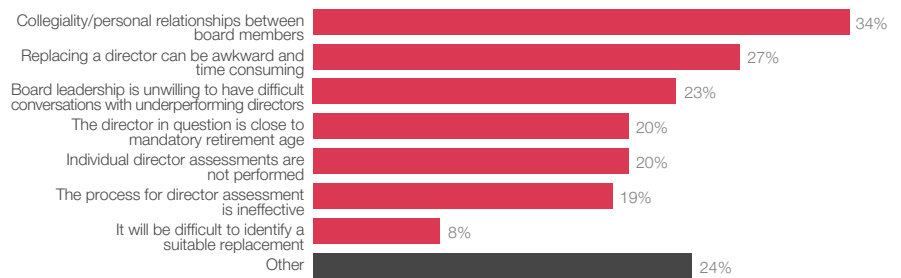
Base: 520  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

3a. In your opinion, how many directors on your board should be replaced? (select only one)



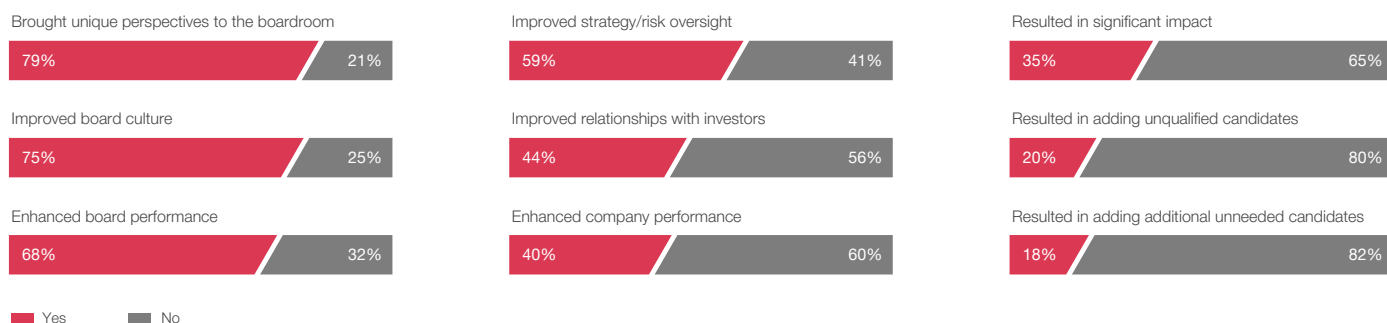
Base: 524  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

3b. If you indicated that you think someone on your board should be replaced in question 3a, why do you think the board hasn't taken action? (select all that apply)



Base: 246  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

#### 4. Have increases to your board's diversity:

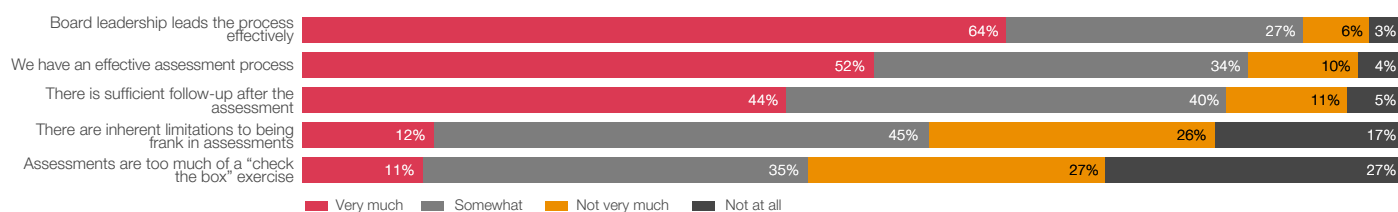


Base: 415-471  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

22% N/A – We have not increased our board's diversity

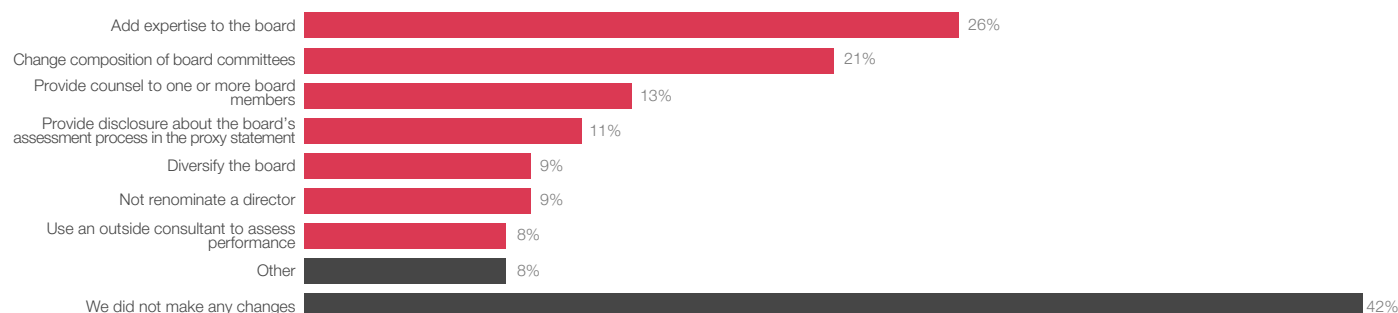
## Board practices

#### 5. Regarding board/committee performance assessments, to what extent do you believe the following?



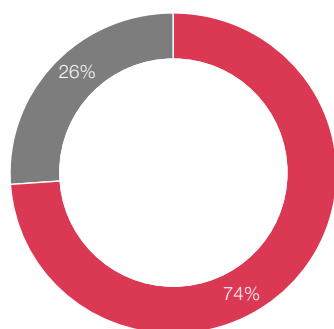
Base: 493-501  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

#### 6. In response to the results of your last board/committee assessment process, did your board/committee decide to do any of the following? (select all that apply)



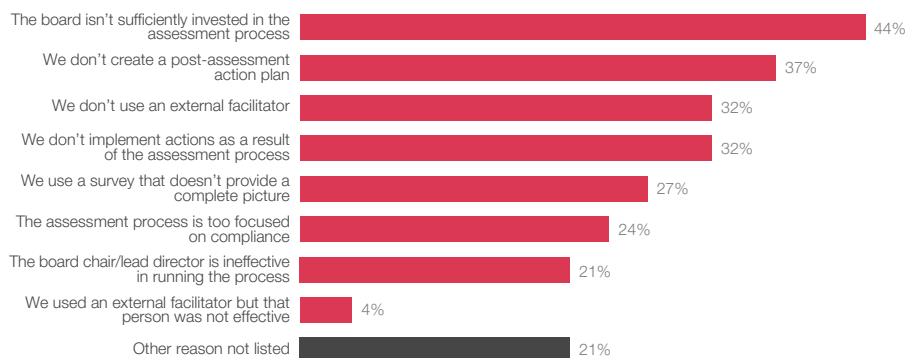
Base: 497  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

**7a. Do you think your board assessment is an effective tool to enhance board performance?**



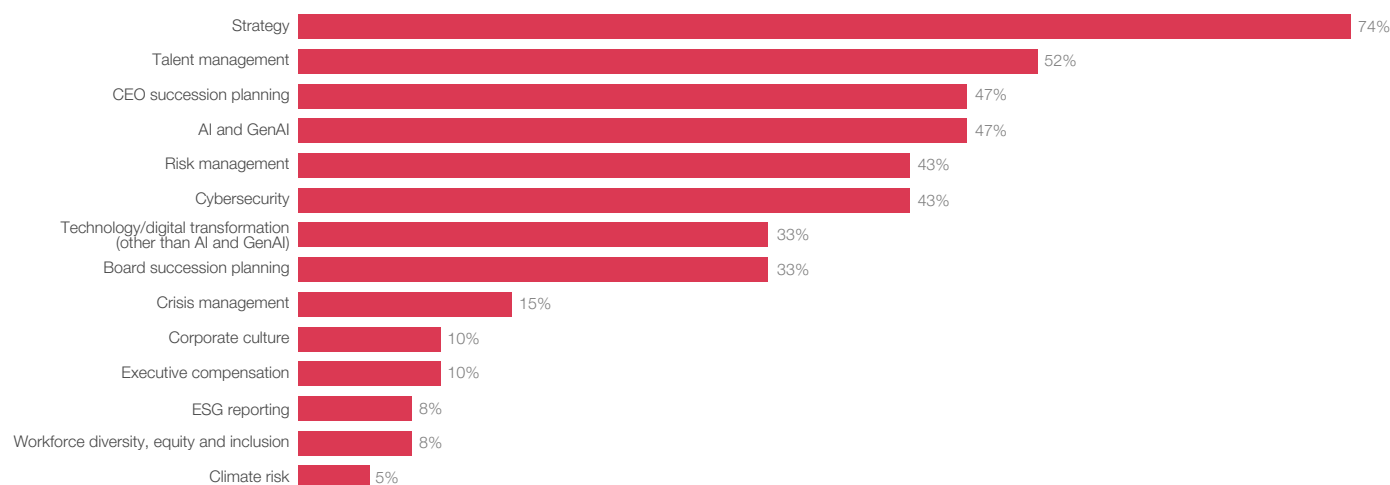
Base: 493  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

**7b. Why do you think it's ineffective? (select all that apply)**



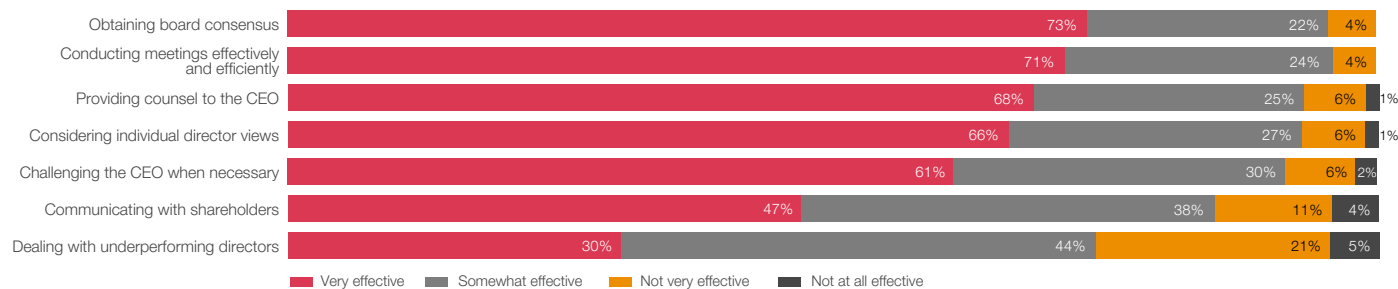
Base: 131  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

**8. Which of the following topics should your board spend increased time on over the next 12 months? (select all that apply)**



Base: 496  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

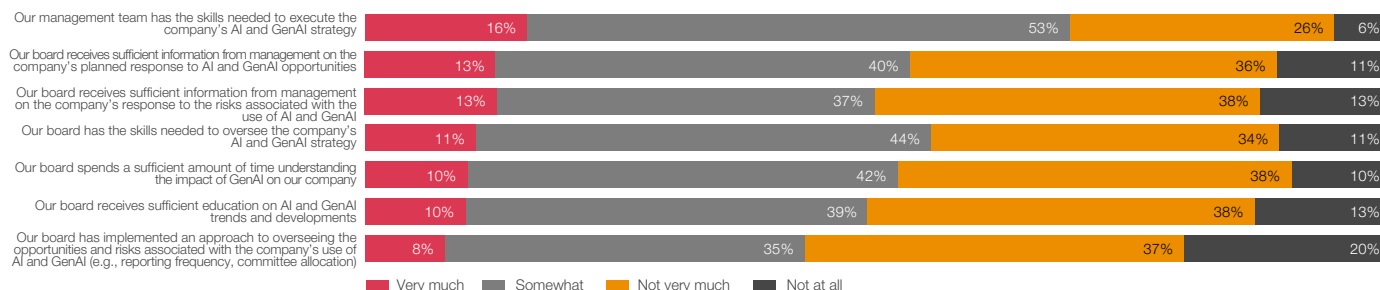
**9. How effective is your board leadership (chair/lead director) in the following areas?**



Base: 464-498  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

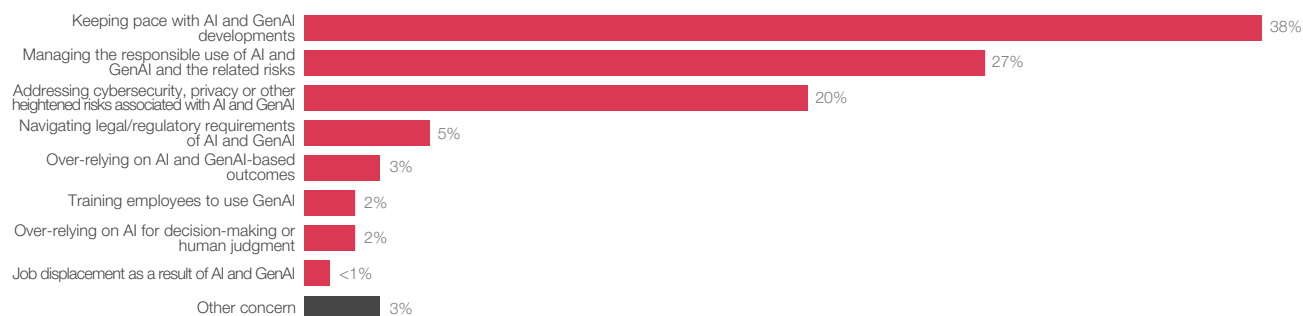
# AI and GenAI

## 10. To what extent do you agree with the following regarding AI and GenAI?



Base: 486-490  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

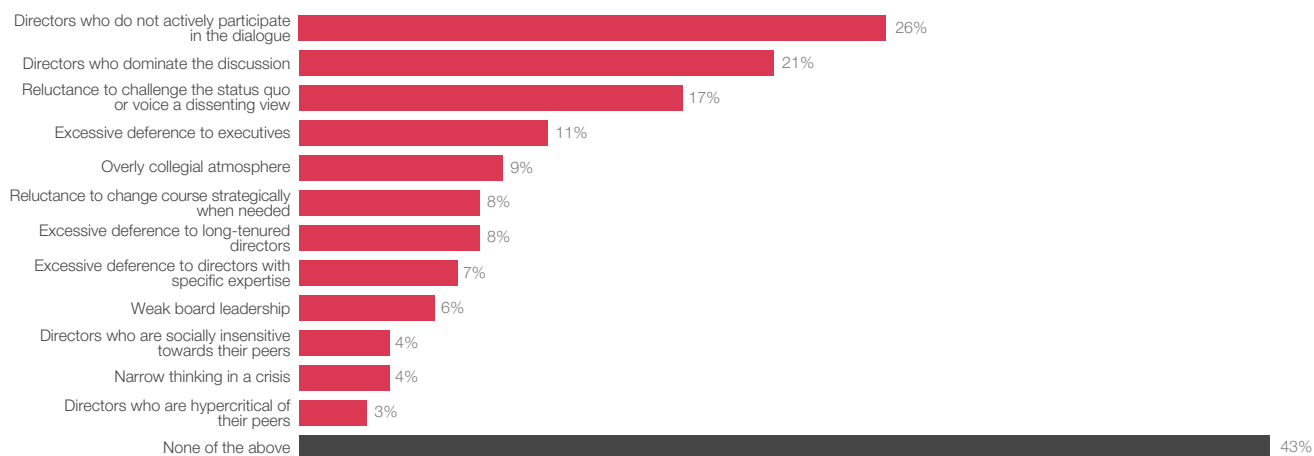
## 11. What is your top concern about AI and GenAI at your company? (select only one)



Base: 488  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

# Board culture

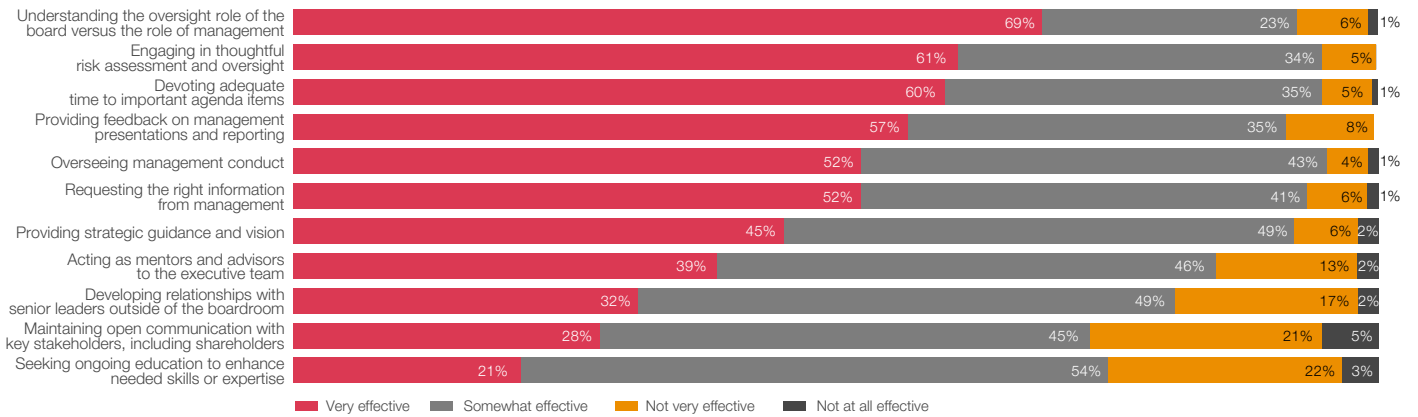
## 12. Which of the following have you observed in your company's boardroom? (select all that apply)



Base: 484  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.



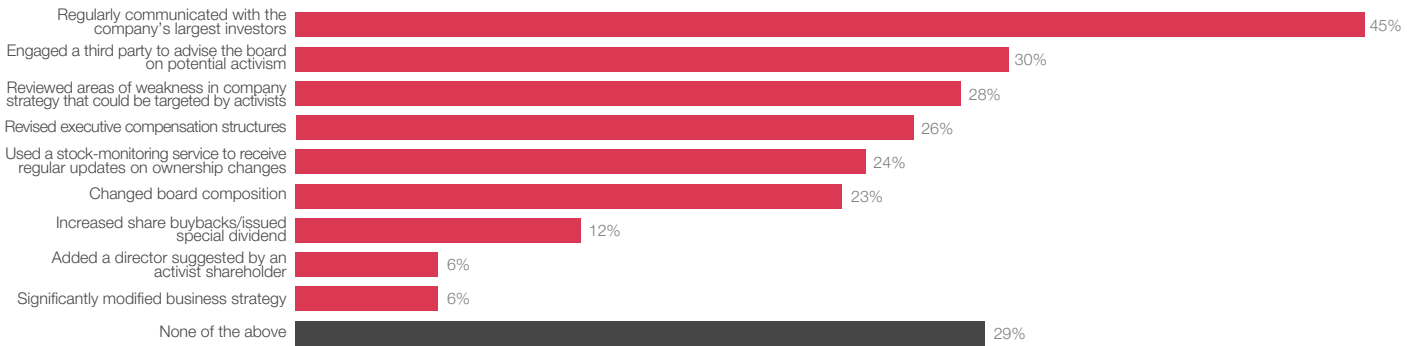
### 13. How effective do you believe your board is at the following?



Base: 474-483  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

## Shareholder communication

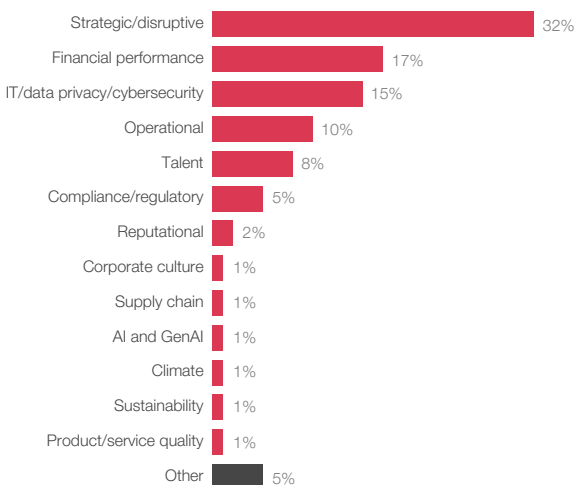
### 14. During the last 12 months, has your board done any of the following related to actual or potential shareholder activism? (select all that apply)



Base: 482  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

# Strategy and risk

## 15a. What is the single greatest risk that keeps you up at night as a board member? (select one)



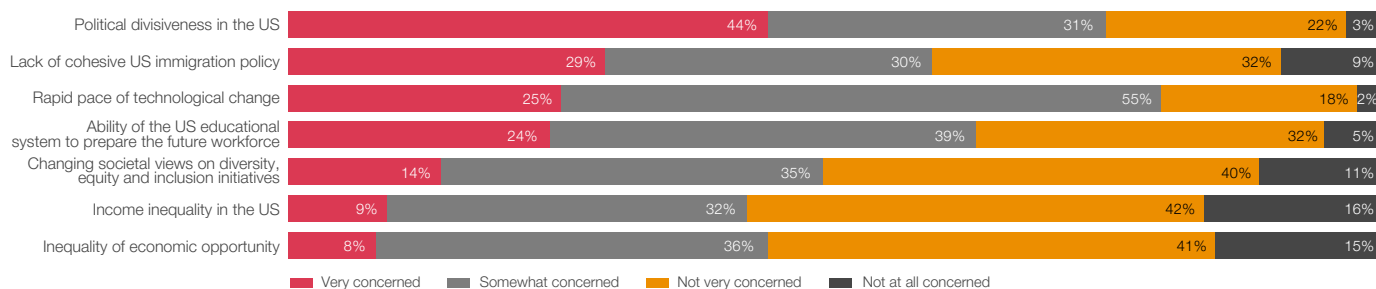
Base: 477  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

## 15b. What concerns you about this risk you selected in Q15a? (select all that apply)



Base: 475  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

## 16. How concerned are you with the impact of the following social and/or political issues on your company?



Base: 471-479  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

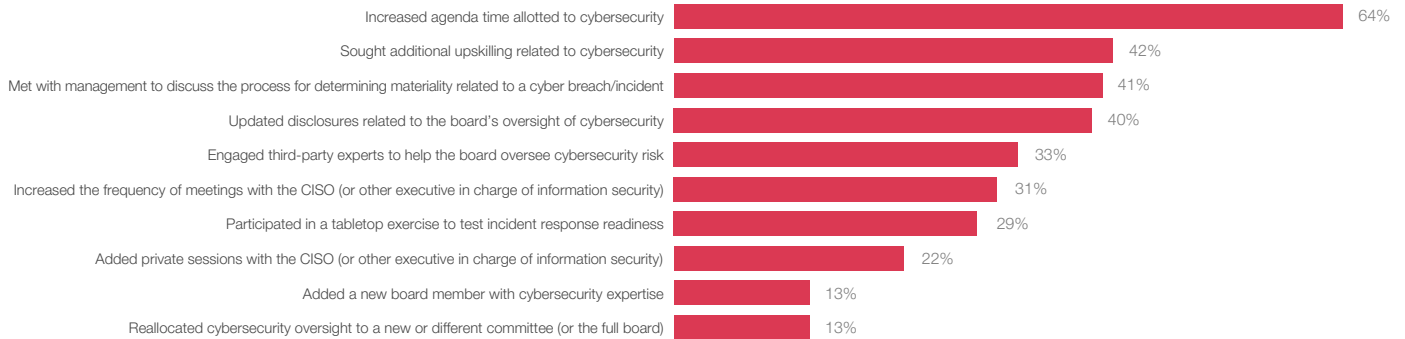
## 17. Which board committee has primary responsibility for overseeing the following risks?

Risk	Audit committee	Nominating/governance committee	Compensation committee	Risk committee	Cyber/technology committee	ESG/sustainability committee	Full board	Other
Cybersecurity	59%	2%	0%	13%	9%	0%	17%	0%
Data privacy	54%	3%	0%	16%	7%	1%	18%	2%
Enterprise risk management	45%	4%	0%	19%	1%	1%	29%	0%
Technology	21%	0%	0%	9%	14%	1%	52%	3%
Emerging technology (e.g., AI or GenAI)	17%	1%	0%	9%	11%	1%	57%	3%
Climate	8%	32%	0%	6%	0%	14%	33%	7%
ESG/sustainability	7%	41%	1%	3%	0%	15%	29%	5%
Talent/human capital	1%	11%	59%	1%	0%	1%	24%	2%

Base: 468-479  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

# Cybersecurity

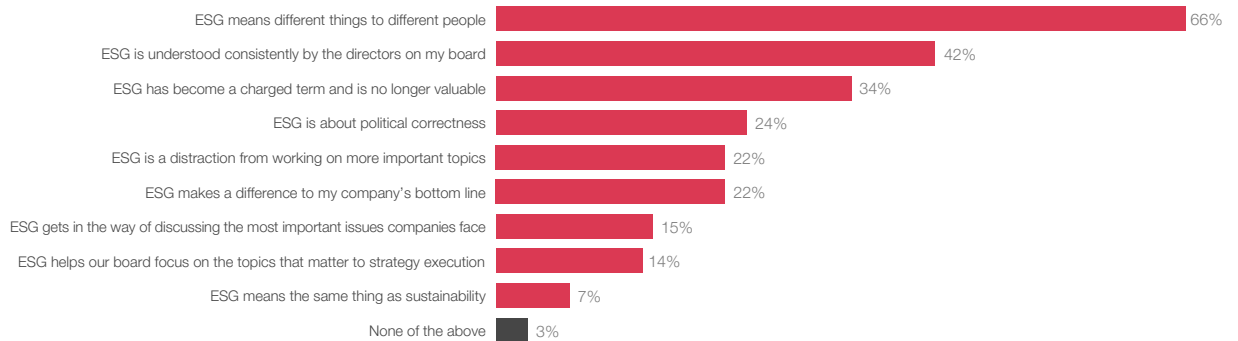
## 18. Within the last 12 months, has your board taken any of the following actions related to cybersecurity? (select all that apply)



Base: 435  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

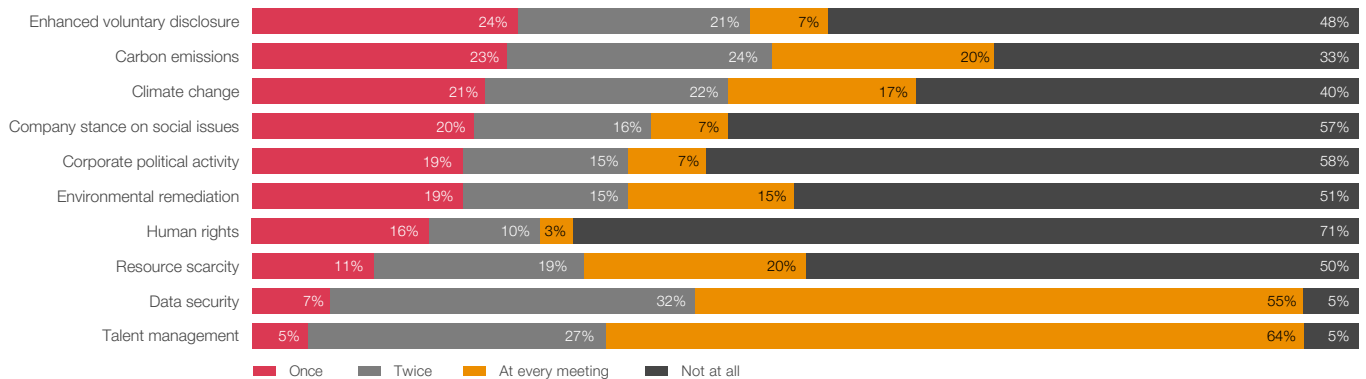
# ESG

## 19. With which of the following statements regarding ESG do you agree? (select all that apply)



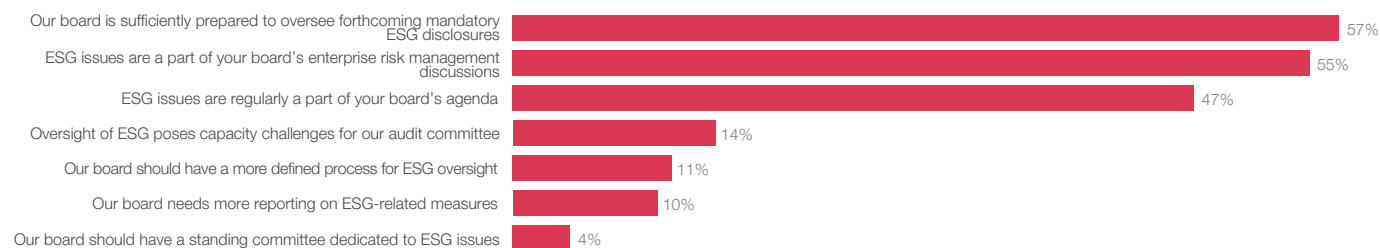
Base: 469  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

## 20. In the last 12 months, how often has your board discussed the following ESG issues?



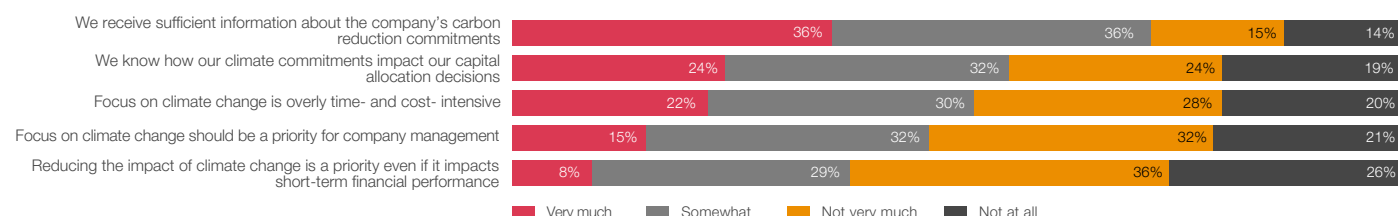
Base: 457-468  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

## 21. With which of the following statements do you agree about ESG issues? (select all that apply)



Base: 451  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

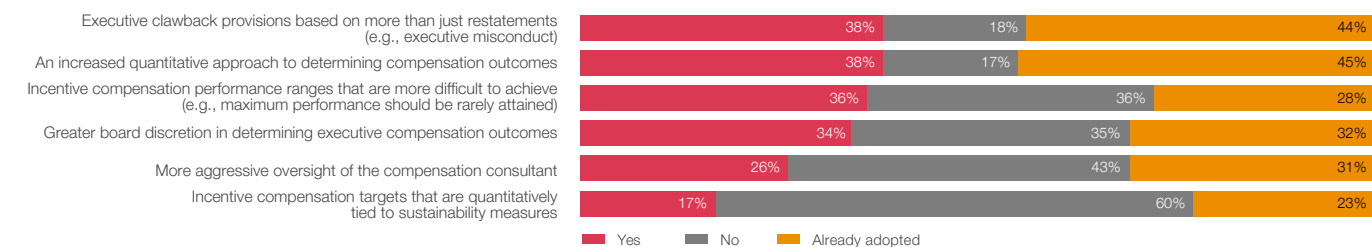
## 22. To what extent do you agree with the following statements regarding climate change and your company's climate strategy?



Base: 458-471  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

# Executive compensation

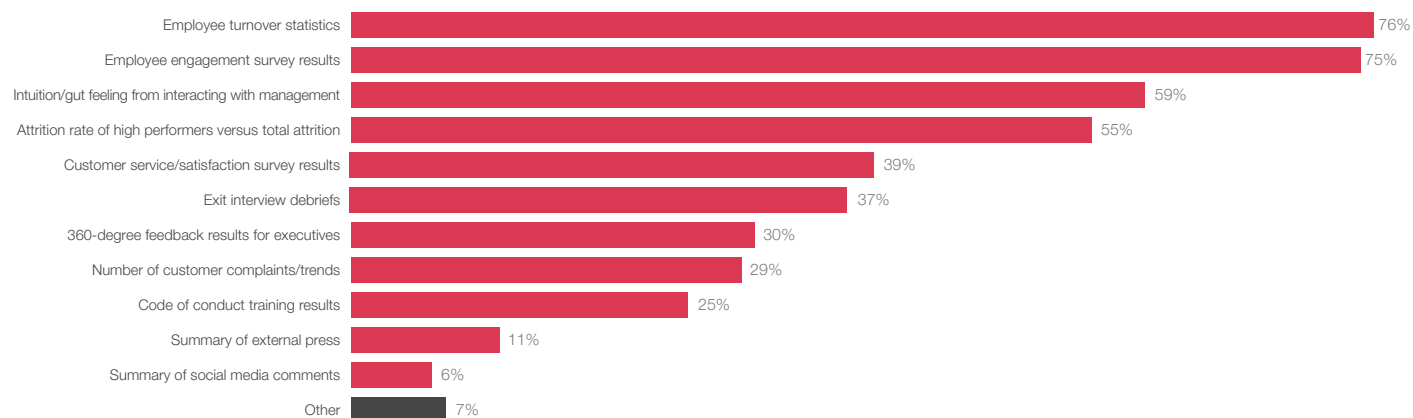
## 23. Would your board compensation committee consider adopting any of the following?



Base: 450-454  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

# Corporate culture

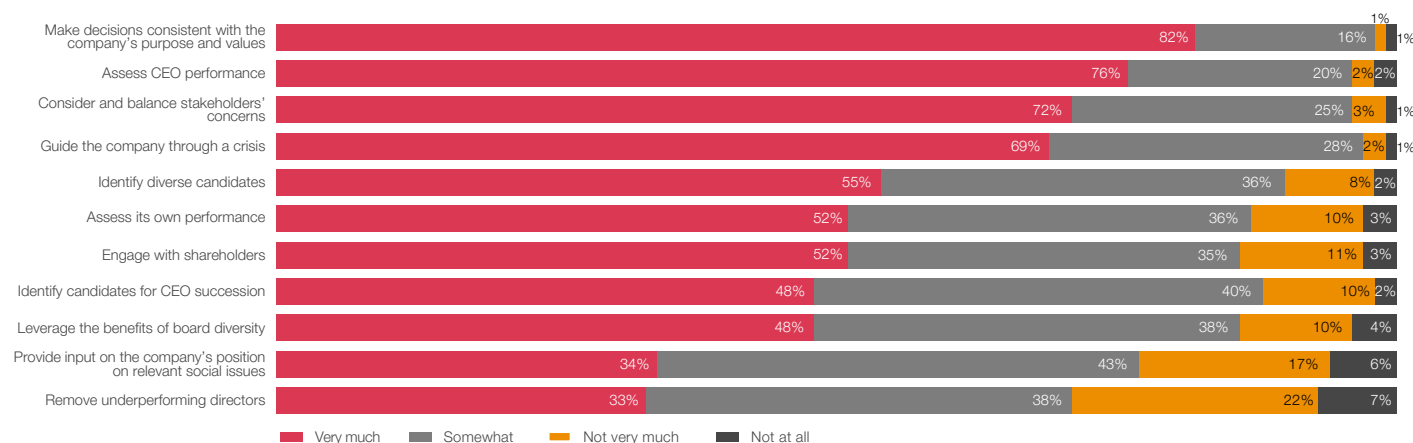
## 24. Which of the following do you use to evaluate your company's corporate culture? (select all that apply)



Base: 460  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

# The broader environment

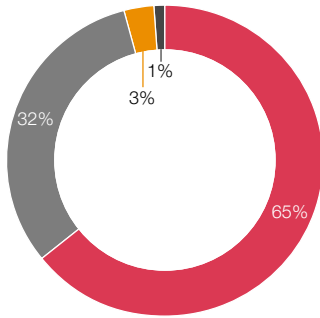
## 25. How confident are you in your board's ability to effectively:



Base: 457-462  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

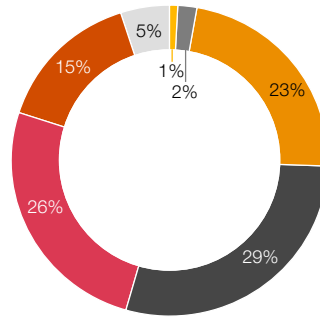
# Demographics

## What is your gender?



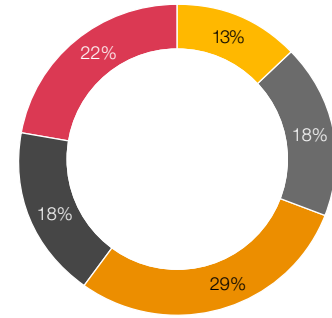
Base: 458  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

## Your age is:



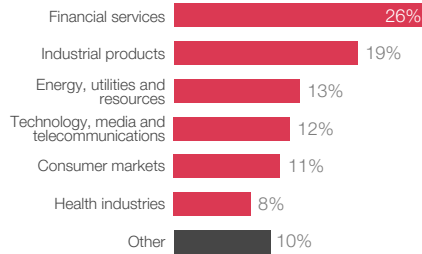
Base: 458  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

## What are the annual revenues of the largest company on whose board you serve?



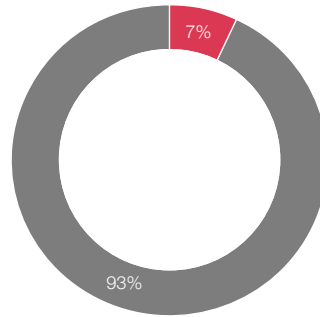
Base: 456  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

## Which of the following best describes that company's industry? (select only one)



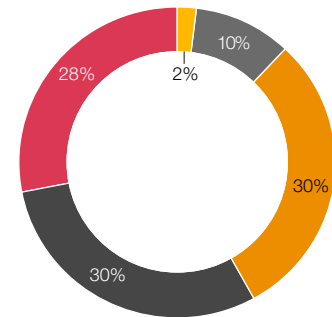
Base: 459  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

## Are you a new corporate board member?



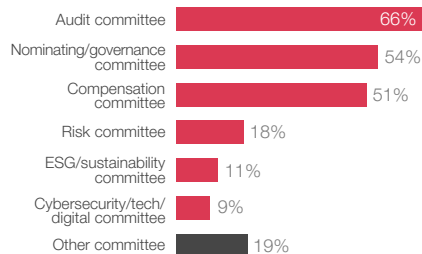
Base: 458  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

## How long have you served on this board?



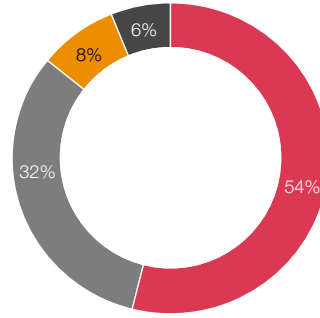
Base: 459  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

## On which committees do you serve? (select all that apply)



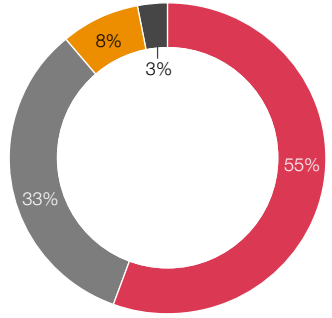
Base: 435  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

## Which of the following describes that board's leadership structure?



Base: 459  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

## On how many public company boards do you currently serve?



Base: 455  
Source: PwC, 2024 Annual Corporate Directors Survey, September 2024.

## About the survey

PwC's *Annual Corporate Directors Survey* has gauged the views of public company directors from across the United States on a variety of corporate governance matters for more than 15 years. In 2024, 527 directors participated in our survey. The respondents represent companies across several industries, 69% of which have annual revenues of more than \$1 billion. Sixty-five percent (65%) of the respondents were men and 32% were women. Board tenure varied, but 58% of respondents have served on their board for more than five years.

## How PwC can help

To have a deeper discussion about how these topics might impact your business, please contact your engagement partner or a member of PwC's Governance Insights Center.

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The authors would like to recognize Nicholas Bochna for his contributions to this report.



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