



# *The evolving boardroom*

## Signs of change



PwC's 2018  
Annual Corporate  
Directors Survey

## **Table of contents**

<b>Overview and top findings</b>	<b>1</b>
<b>Corporate culture</b>	<b>3</b>
<i>Evaluating corporate culture: going with your gut may not be enough</i>	3
<i>Culture problem? Don't forget middle management</i>	4
<i>Taking action to fix corporate culture</i>	5
<b>Social issues</b>	<b>7</b>
<i>Social issues and strategy make a stronger connection</i>	7
<i>Directors support workplace diversity and think their companies could do better</i>	8
<i>Directors downplay investor focus on environmental issues</i>	9
<b>Federal tax reform</b>	<b>10</b>
<i>Directors reflect on the effects of tax reform</i>	10
<b>Cybersecurity/IT</b>	<b>11</b>
<i>Cybersecurity: preparing for the crisis</i>	11
<i>Directors feel their companies are more prepared for cyber incidents</i>	12
<i>IT and digital oversight continue to be a focus</i>	13
<b>Board composition</b>	<b>14</b>
<i>Director underperformance a big concern</i>	14
<i>Board refreshment: easier said than done</i>	16
<b>Board diversity</b>	<b>18</b>
<i>Directors see value in diversity...but question the motivation</i>	18
<i>Younger directors: not a high priority</i>	21
<b>Board practices</b>	<b>23</b>
<i>Directors get comfortable with shareholder engagement</i>	23
<i>Using performance assessments to highlight the board's needs</i>	24
<i>Getting on board with director education</i>	25
<b>The gender gap: where views on governance diverge</b>	<b>26</b>
<b>Appendix: complete survey findings</b>	<b>30</b>



# Overview and top findings

Public company boards play a critical role—one that requires experience and savvy. Yet for a long time, some investors and other critics have argued that boards value collegiality, consensus and the status quo over innovation and fresh thinking. Today, we see increasing evidence that boardrooms are evolving and showing signs of change.

PwC's *2018 Annual Corporate Directors Survey* finds that directors are more engaged in overseeing a wide array of topics, like corporate culture and cybersecurity. They are thinking more broadly about how social issues fit into their company's strategy. Boardrooms are becoming increasingly diverse, while some directors question what's driving the change. Directors are critical of their peers, realizing the need for every board member to bring something valuable to the conversation. And they are thinking about how their boards could be more effective.

These changes come in part from external pressures. Shareholder influence continues to grow, as institutional investors now own 70% of US public companies.<sup>1</sup> These investors are increasingly vocal about what they want to see from boards. Activist shareholders continue to target a broad range of companies, keeping directors on their toes. And proxy advisory firms are driving boardroom behavior and governance practices.

With all these pressures, expectations for director performance are increasing. More diverse boardrooms result in directors hearing new points of view. All of this is happening as the scope of board oversight continues to grow in complexity, with companies more global in reach and more interconnected.

In response to all of this, directors are stepping up and embracing change. They are listening more, learning more, contributing more, and are more engaged. What's happening outside the boardroom is impacting who is sitting in the boardroom, and what's on their agenda.

Many of these topics are challenging for boards. Throughout this report, we offer practical tips and approaches in the "PwC perspective" sections. Read on for our full report covering these topics and others, and our related insights.

## Among our survey's top findings

### **Culture problem? Don't forget middle management**

87% of directors say inappropriate tone at the top leads to problems with corporate culture. But almost as many (79%) point to the tone set by middle management.

### **Evaluating corporate culture: going with your gut may not be enough**

64% of directors evaluate company culture using their intuition or "gut feelings"—but only 32% think that's a particularly useful approach.

### **Social issues and strategy make a stronger connection**

The percentage of directors saying that company strategy should very much take social issues like health care, resource scarcity, human rights and income inequality into account jumped between 7 and 10 percentage points from last year.

### **Directors see value in diversity...but question the motivation**

94% of directors agree that board diversity brings unique perspectives to the boardroom, and 84% say it enhances board performance. But more than half (52%) say board diversity efforts are driven by political correctness, and almost as many (48%) believe shareholders are too preoccupied with the topic.

### **Cybersecurity oversight struggles to find a home in the boardroom**

Boards continue to shift responsibility for oversight of cybersecurity. 36% of directors say the job falls to their full board, up from 30% last year. And more than one in five (21%) say their board has moved cybersecurity oversight from one committee to another committee.

### **The cybersecurity disconnect: awareness is hot, but crisis management drills are not**

While 95% of directors say their boards are preparing for cybersecurity incidents, only 34% say their company has staged crisis management drills or simulations.

### **Almost half of directors think someone on their board should be replaced**

45% of directors believe a fellow director should be replaced. Almost half of those say two or more directors should no longer be on their board.

# Corporate culture

## Evaluating corporate culture: going with your gut may not be enough

Corporate culture has taken center stage in recent years. Scandals ranging from cheating to meet government standards, to mistreating customers in order to hit unrealistic performance goals, to pervasive sexual harassment, fill headlines. In the aftermath of such crises, shareholders, regulators, employees, customers and others are often left asking “where was the board?”

Directors see the risks a poor culture can bring, and recognize how a strong, healthy culture can make a company more valuable and resilient. But a company’s culture can be hard to judge, even for those who work there every day. It’s even harder for directors, who may only be at the company a handful of times a year for board meetings. At those meetings, directors often interact with the same small group of high-level executives, limiting their view of the broader company. So how do directors go about really understanding and gauging culture? More importantly, are they getting it right?

It’s perhaps not surprising that almost two-thirds (64%) of directors say they rely on their gut feelings from their interactions with management to evaluate the culture, although far fewer directors (32%) say it’s among the most useful approaches.

What do directors think is actually useful? Hearing from employees. Topping the list of the most useful metrics for evaluating culture are employee engagement survey results, exit interview debriefs and 360-degree feedback results for executives.

### Gut checking the board’s culture gauge



Q27: Which of the following do you use to evaluate your company's corporate culture? (select all that apply);

Q28: In your opinion, which of the following three metrics are, or would be, most useful in assessing company culture? (please select only three)

Base: 677; 675

Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

## Culture problem? Don't forget middle management

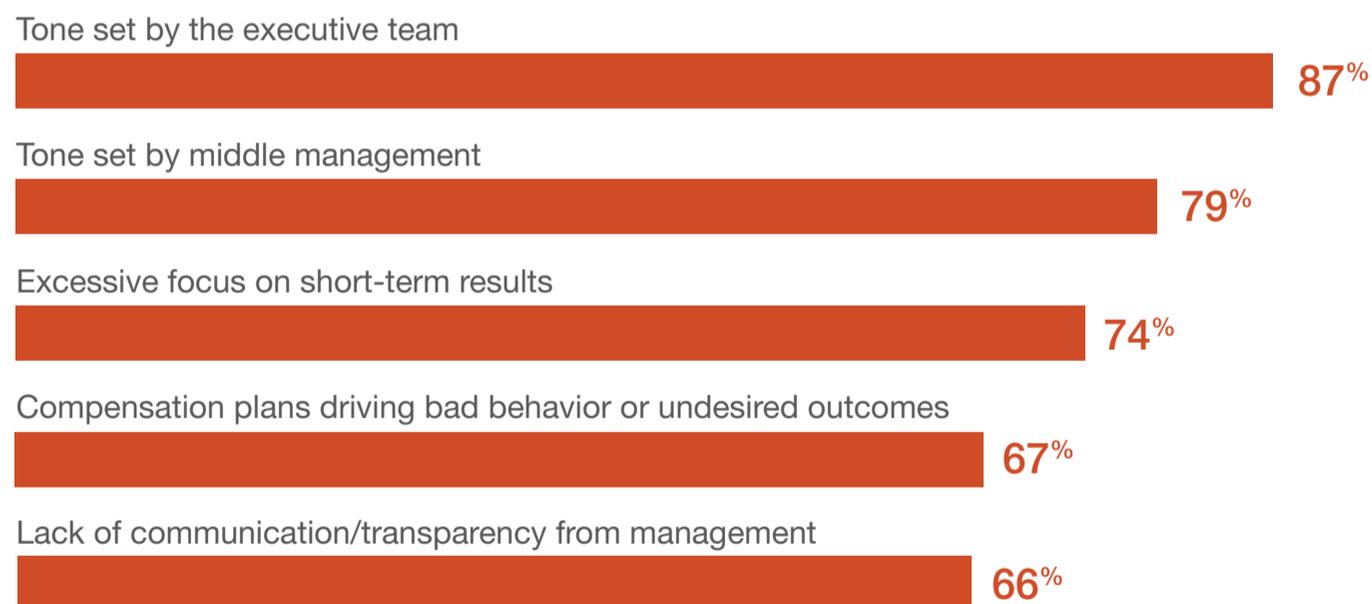
The wrong corporate culture can pose real risks to a company—whether it's an issue of risk management, employee engagement or corporate performance. What do directors think drives problems in culture?

By and large, directors think that the most critical components to a healthy culture are tone at the top and the “mood in the middle.” A significant majority (87%) agree that an inappropriate tone set by the executive team contributes to problems with corporate culture. But it's not just the C-suite that plays a role; 79% say that the tone set by middle management is a contributor. Sixty-six percent (66%) agree that lack of communication and transparency from management plays a part in culture problems as well.

Further, almost three-quarters of directors (74%) say that excessive focus on short-term results contributes to problems with corporate culture. And if we look at the possible sources of short-term pressure, almost 60% of directors say institutional investors devote too much attention to short-term stock performance. This focus on short-term performance and hitting performance targets in compensation plans may drive certain bad behaviors at companies as well. Two-thirds (67%) of directors say ineffective compensation plans lead to problems with culture.

---

### Where do corporate culture problems start?



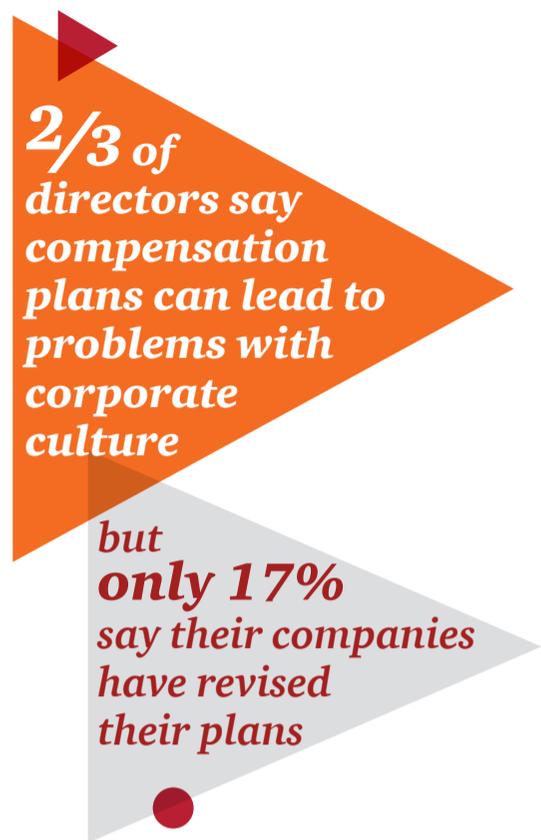
Q26: To what extent do you agree or disagree that the following factors contribute to problems with corporate culture?  
Responses: Strongly agree or somewhat agree  
Base: 665-673  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

## Taking action to fix corporate culture

Most boards are taking culture issues seriously. More than 80% of directors say their companies have done something to address culture concerns. The most common actions include enhancing employee training (60%) and focusing on or improving whistleblower programs (42%).

But beyond employee training and whistleblower policies, are companies digging into the more difficult questions? Only 17% say their company has revised its compensation plans, even though two-thirds of directors agree that compensation plans driving bad behavior contributes to problems with culture.

And although problematic company culture issues can balloon into a major crisis and reputational damage, only 21% of directors say their company has reviewed and/or amended its crisis management plan.



Q26: To what extent do you agree or disagree that the following factors contribute to problems with corporate culture? Responses: Strongly agree or somewhat agree; Q25: Several high-profile companies' reputations have been damaged recently by what could be called failures in their corporate culture. Has your company taken any of the following actions to address corporate culture? (select all that apply)  
Base: 671; 675  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

## Fixing culture by focusing on employees

The two most common actions taken:



Among the least common actions taken:



Q25: Several high-profile companies' reputations have been damaged recently by what could be called failures in their corporate culture. Has your company taken any of the following actions to address corporate culture? (select all that apply)  
Base: 675  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.



## *PwC perspective*

How directors can confront culture issues—before it's too late



After a company crisis, it can be easy to see how certain factors related to culture contributed to the problem. The harder part is spotting any issues early on, and fixing them before they become a crisis. Our view is that directors should:

- **Insist on qualitative and quantitative metrics that will allow you to get a handle on your company's culture.** The exact metrics that will be helpful will vary, to some extent, based on the company. And they may not be metrics that management already reports to the board. Take a broader view of what might bring some insight and ensure management is using an effective dashboard to communicate information.
- **Meet with employees other than just senior executives.** Senior executives may give the board a view into the tone at the top, but it's also crucial to see how other employees view the company and their own roles. They can offer valuable perspectives on the executive team, and on both the “mood in the middle” and the “buzz at the bottom.”
- **Connect the dots between the metrics you get—and what you hear—to see if the stories are consistent.** Sometimes the real problems lie between what executives and employees say and what the data shows. Look for, and explore, any inconsistencies between the two.
- **Ensure culture is a regular topic on the board's agenda.** Making the topic a recurring conversation ensures that it stays top of mind for directors. And it emphasizes the value that the board puts on company culture.
- **Make culture a full-board discussion.** Many companies allocate parts of culture oversight to different committees. The audit committee might hear about ethics and compliance issues while the compensation committee focuses on compensation plan goals and performance. Even with the split, the broader topic of culture should come back to the full board's agenda.

# Social issues

## Social issues and strategy make a stronger connection

In early 2018, BlackRock CEO Larry Fink made waves by telling company CEOs in his annual letter that society now demands that their companies serve a social purpose. Fink, whose company manages more than \$6 trillion in assets, said that “to prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society.”<sup>2</sup> For some, this shifts what companies should focus on well beyond just generating returns for shareholders.

Messages like this may be getting through to directors, who are showing more support for incorporating social issues into company strategy. The percentage of directors saying that issues like health care availability/cost, human rights, income inequality and resource scarcity should very much be taken into account when forming company strategy jumped notably from 2017. Directors are also more likely to believe that a company should prioritize the interests of a broader stakeholder group, rather than just shareholders, when making company decisions.

But at the same time, a fair number of directors think investor focus is misplaced. Almost one-third of directors (29%) say shareholders are too focused on corporate social responsibility—perhaps indicating a reluctance to embrace the idea of corporations serving a social purpose.

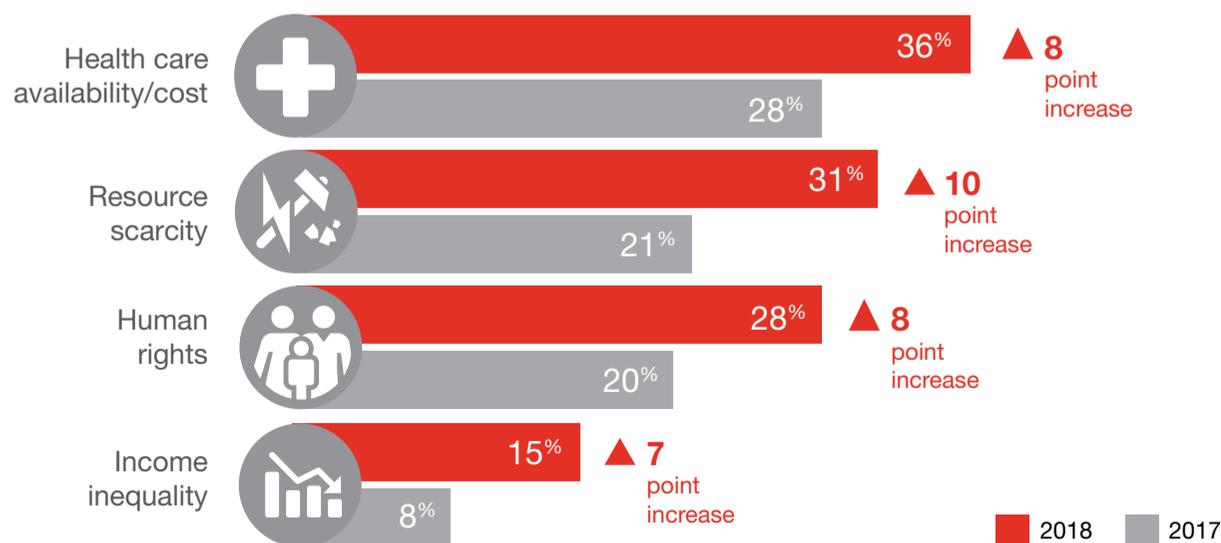
### Investor reaction to the findings

“We’re encouraged that more directors are incorporating a wide range of risks into their perspective on company strategy. But opportunities remain for more consistently comparable disclosure of these significant risks and their potential impact on long-term value creation. As practically permanent owners of most companies, we focus on issues—including environmental and societal risks—that have lasting, long-term implications for companies today and tomorrow. Our agenda isn’t driven by what’s popular at the moment—it’s about long-term, sustainable value creation.”

– Glenn Booream, Head of Investment Stewardship for the Vanguard funds

## Social issues directors think should impact strategy

Which issues should play a major role in strategy formation?



Q30: To what extent do you think your company should take the following social issues into account when forming company strategy?  
Response: Very much  
Base: 671-677 (2018); 816-819 (2017)  
Sources: PwC, 2018 Annual Corporate Directors Survey, October 2018; PwC, 2017 Annual Corporate Directors Survey, October 2017.

## Directors support workplace diversity and think their companies could do better

Diversity and inclusion efforts are a priority for many companies, and directors support those initiatives. When asked about the role of public companies in workplace diversity, two-thirds (66%) of directors agree that companies should be doing more to promote gender/racial diversity, versus only 9% who say they should be doing less.

But directors aren't all giving their own companies high marks. In the area of talent management, the most commonly identified areas for improvement relate to workplace diversity. Almost half of directors (45%) say their company does a fair or poor job of developing diverse executive talent. And 39% say the same about the company's recruitment of a diverse workforce.



### *PwC perspective*

Driving diversity in the workplace



Research shows that diverse teams and inclusive workplace environments correlate to stronger business outcomes. Creating these teams and environments requires support from company leadership.

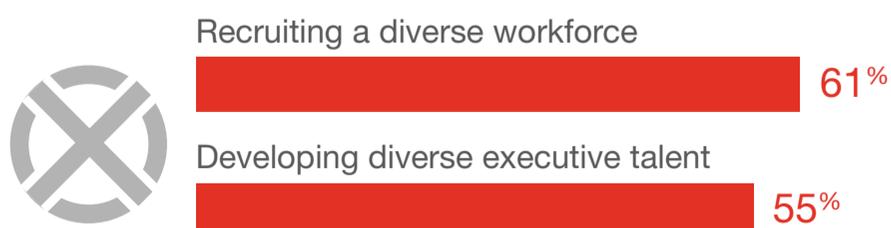
A coalition of over 450 CEOs of leading companies and business organizations, including PwC's Tim Ryan, have signed on to a commitment to advance diversity and inclusion in the workplace. They pledge to making their workplaces trusting places to have complex and difficult conversations about diversity and inclusion, to implementing and expanding unconscious bias education, and to sharing best—and unsuccessful—practices. Through *CEO Action for Diversity and Inclusion*, these companies collaborate and exchange ideas and experiences that improve diversity and inclusion results. If your company is not yet involved, consider whether your CEO should join.

### **Talent management: room for improvement**

Areas of talent management where directors give their companies high marks:



Areas of talent management where companies could improve:



Q33: How would you rate the job your company does on the following aspects of talent management? Responses: Excellent or good  
Base: 673-675  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

## Directors downplay investor focus on environmental issues

Investors continue to urge companies to incorporate environmental issues into their long-term strategy. Institutional investors emphasize the role of sustainability in their policy guidelines. They point to major economic risks posed by a company not taking environmental issues into account. As a result, the level of support for shareholder proposals related to sustainability issues continues to grow year after year.

Yet directors don't seem to be on the same page. Almost 30% think that shareholders focus too much attention on environmental and sustainability issues. Thirty-nine percent (39%) of directors say that climate change should not be taken into account at all when forming company strategy. And when asked what steps their company has taken to respond to environmental or sustainability risks, almost one-third (32%) say their company has taken no action at all.

Directors also don't see the need for expertise in this area on their boards. More than half of directors (53%) think that environmental/sustainability expertise is not very or not at all important—making it the attribute directors value the least.

---

### Directors are not prioritizing environmental risk



Q31: Has your company taken any of the following steps to respond to environmental/sustainability risks? (select all that apply); Q18: Do you feel that institutional investors devote too much attention, just the right amount of attention, or not enough attention to the following issues?; Q30: To what extent do you think your company should take the following social issues into account when forming company strategy?; Q1: How would you describe the importance of having the following skills, competencies or attributes on your board?

Base: 657; 696; 672; 712

Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

# Federal tax reform

## Directors reflect on the effects of tax reform

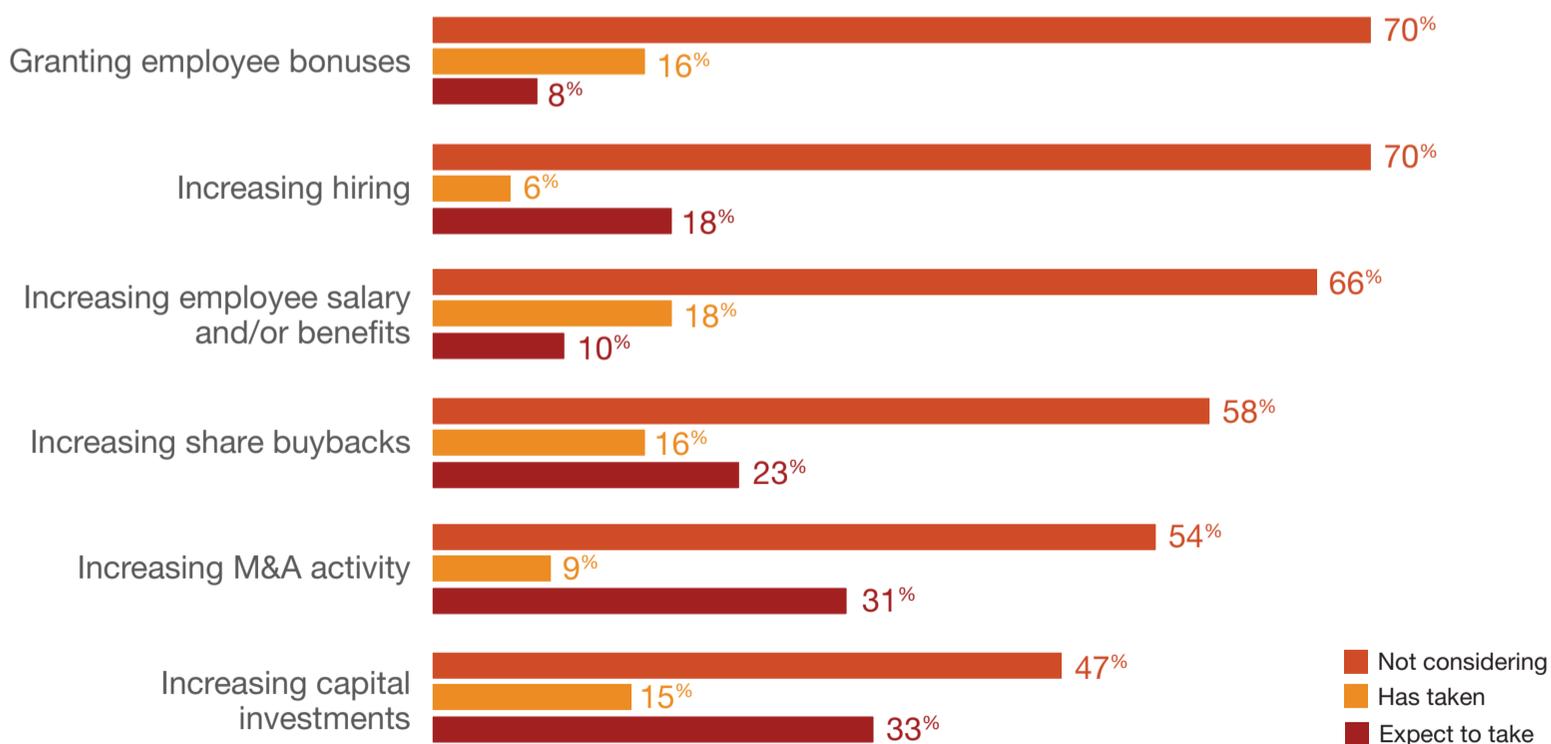
Companies took a variety of actions in the wake of the Tax Cuts and Jobs Act, which passed in late 2017. Some announced one-time employee bonuses or increases in benefits. Many increased share buybacks. In fact, US companies are expected to buy back a record amount of shares in 2018.<sup>3</sup> But what do directors say is still to come?

One-third of directors (33%) say their company is expecting to increase their capital investment as a result of federal tax reform, and 31% say they expect their company to increase mergers and acquisitions (M&A) activity.

But for the most part, directors say that the benefits to employees as a result of US tax reform have already arrived. Eighteen percent (18%) of directors say their company increased employee salaries or benefits, and 16% say they granted employee bonuses. But only about 10% say their company expects to take those actions in the future, and 66% or more say their company is not considering them. And while nearly a quarter (24%) say their company has or will increase hiring, 70% say increased hiring is not on the table.

These results identify a potential gap in communication between directors and the plans management has in process. For the outlook from management's perspective, see [PwC's survey of US CEOs, COOs and CFOs on how they plan to use tax savings](#).

### Most employee benefits from tax reform have already arrived



Q24: Based on the recent US federal tax reform (the Tax Cuts and Jobs Act of 2017), which actions has your company taken, or is expecting to take? Excludes "Don't know" responses.

Base: 636-653

Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.



## **Cybersecurity/IT** Cybersecurity: preparing for the crisis

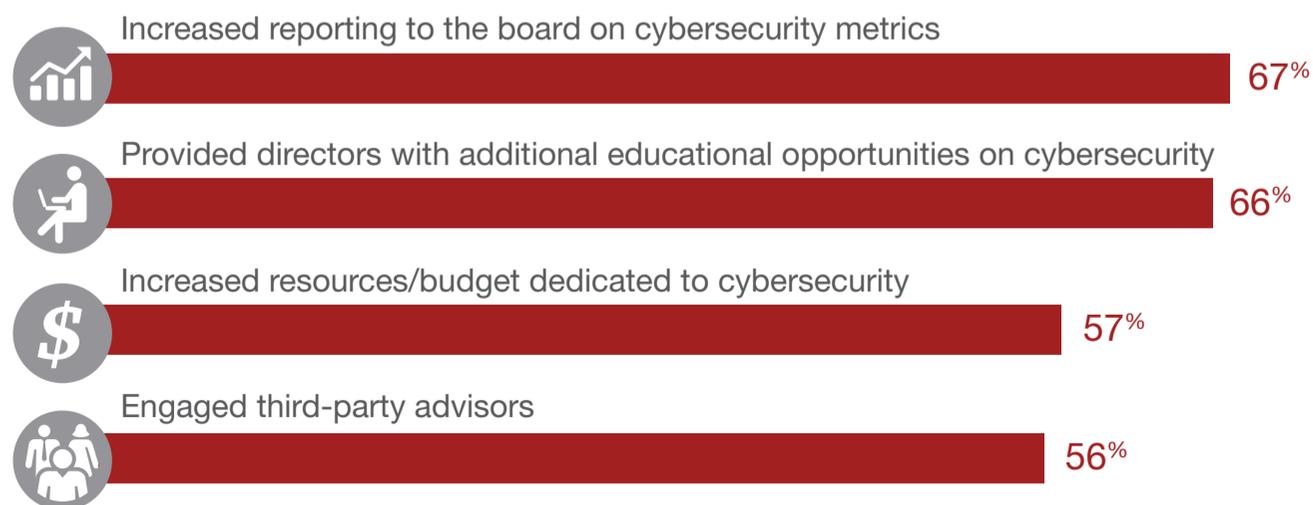
After watching numerous companies suffer significant economic and reputational damage as a result of cyber breaches, more directors and boards are engaged in overseeing preparation for, and efforts to prevent or mitigate the effects of, a cyberattack.

Ninety-five percent (95%) say that their board or company has taken steps to prepare for potential cybersecurity incidents. Two-thirds (67%) say their board receives increased reporting on cybersecurity metrics. More than half (57%) say that the resources or budget dedicated to cybersecurity has increased, and 56% say that third-party advisors have been engaged.

The percentage of directors saying that cyber risk expertise on their board is “very important” actually fell from 37% in 2016 to 23%. This could be a reflection of the increased reporting they receive and use of third-party advisors.

---

### **Companies and boards prepare for cyberattacks**



Q19: Which of the following steps has your company/board taken to prepare for potential cybersecurity incidents? (select all that apply)

Base: 694

Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

## Directors feel their companies are more prepared for cyber incidents

With the increased focus and attention on cybersecurity at the board level, directors report getting more education on the topic, and becoming more comfortable with their company's efforts at preparedness.

Ninety percent (90%) are comfortable that their company has identified its most valuable and sensitive digital assets, up from 80% two years ago. More than four out of five directors (84%) say they are getting adequate reporting on cybersecurity metrics, versus 75% in 2016. Ninety-one percent (91%) also say they are comfortable that their company has identified the right executive responsible for cybersecurity, versus 81% in 2016.

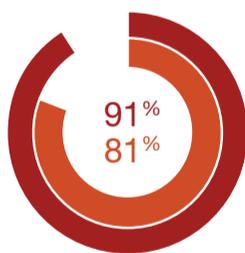
But are companies really ready for a cyber crisis? While 84% of directors say they have discussed management's plans to respond to a major crisis and 64% say their company has identified outside advisors, only 47% report their company has created a written escalation policy or agreement.

And board oversight of cybersecurity has become something of a "hot potato," as many boards struggle with how to allocate that responsibility. In 2017, half of directors said that job fell to their board's audit committee, but one year later, that figure fell to 43%. Thirty-six percent (36%) of directors now say that their full board has responsibility for oversight of cybersecurity, up from 30% just one year ago. Many boards are also shifting responsibility between committees. More than one-fifth (21%) of directors say their board moved oversight from one committee to another.

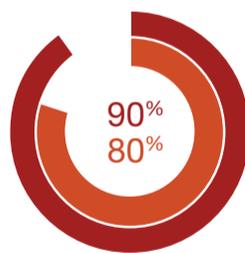
### Feeling more comfortable on cyber preparedness

Directors responding that their company has:

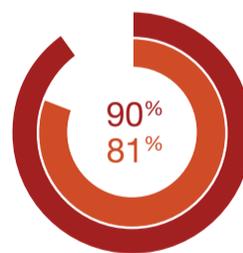
Adequately identified the executive responsible for cybersecurity



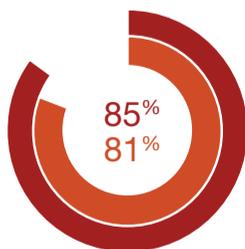
Identified its most valuable and sensitive digital assets



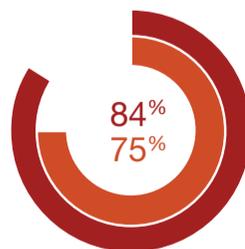
A comprehensive program to address data security and privacy



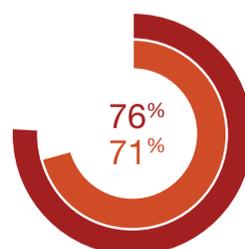
Adequately tested its resistance to cyberattacks



Provided the board with adequate reporting on cybersecurity metrics



Identified those parties who might attack the company's digital assets



■ 2018  
■ 2016

Q21: How comfortable are you that your company has: Responses: Very comfortable or moderately comfortable

Base: 691-697 (2018); 820-821 (2016)

Sources: PwC, 2018 Annual Corporate Directors Survey, October 2018; PwC, 2016 Annual Corporate Directors Survey, October 2016.

## IT and digital oversight continue to be a focus

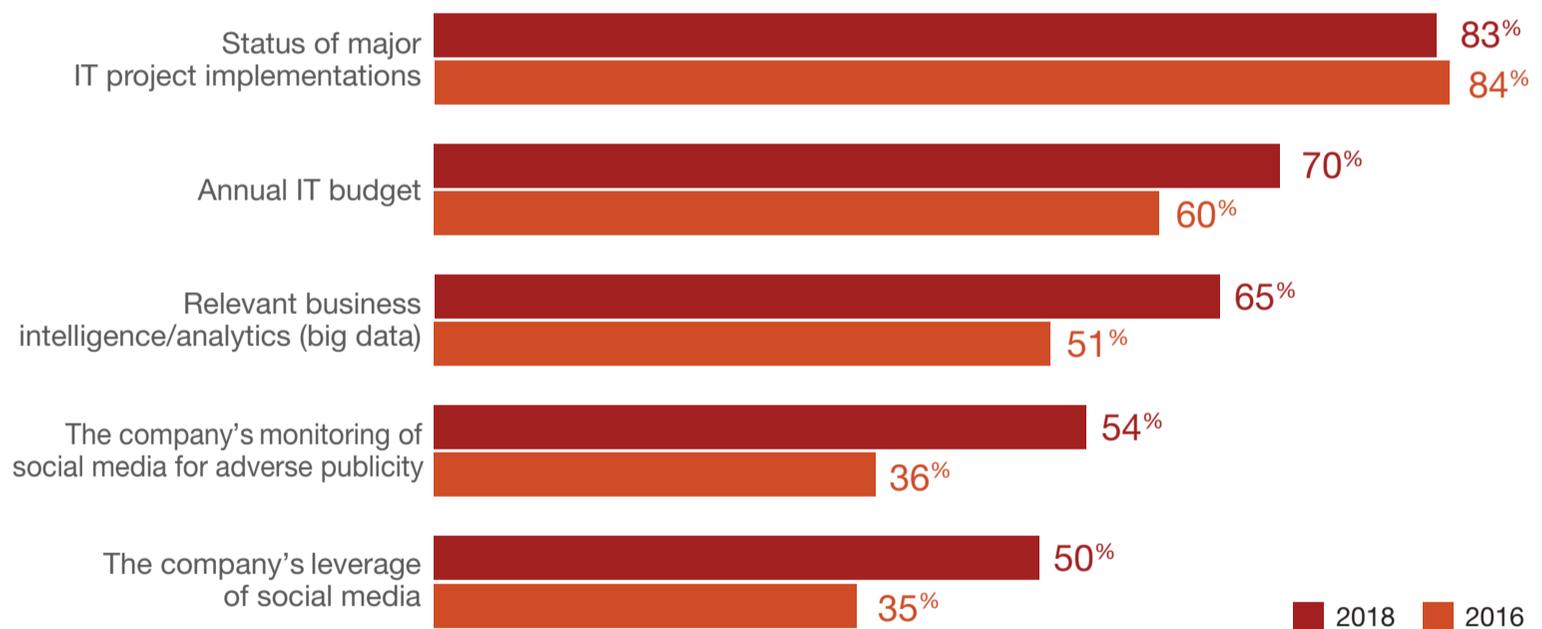
Most boards are closely involved with major aspects of information technology (IT). More than four out of five directors (83%) say their board is very or moderately involved in monitoring the status of major IT projects. Close to 75% say the same about the company's digital strategy.

With major security breaches involving data privacy, and new governmental regulations going into effect—such as the General Data Protection Regulation (GDPR)—many more directors also say they are engaged with overseeing or understanding big data. The percentage of directors saying their boards are at least moderately involved jumped to 65% from 51% in 2016.

Directors also report being much more involved in overseeing how their company leverages and monitors social media. Both of these areas have shown substantial increases since 2016.

### **Getting a handle on IT and digital oversight**

What areas are boards most involved in?



Q23: How engaged is your board or its committees with overseeing/understanding the following? Responses: Very or moderately  
Base: 694-698 (2018); 793-823 (2016)  
Sources: PwC, 2018 Annual Corporate Directors Survey, October 2018; PwC, 2016 Annual Corporate Directors Survey, October 2016.

# Board composition

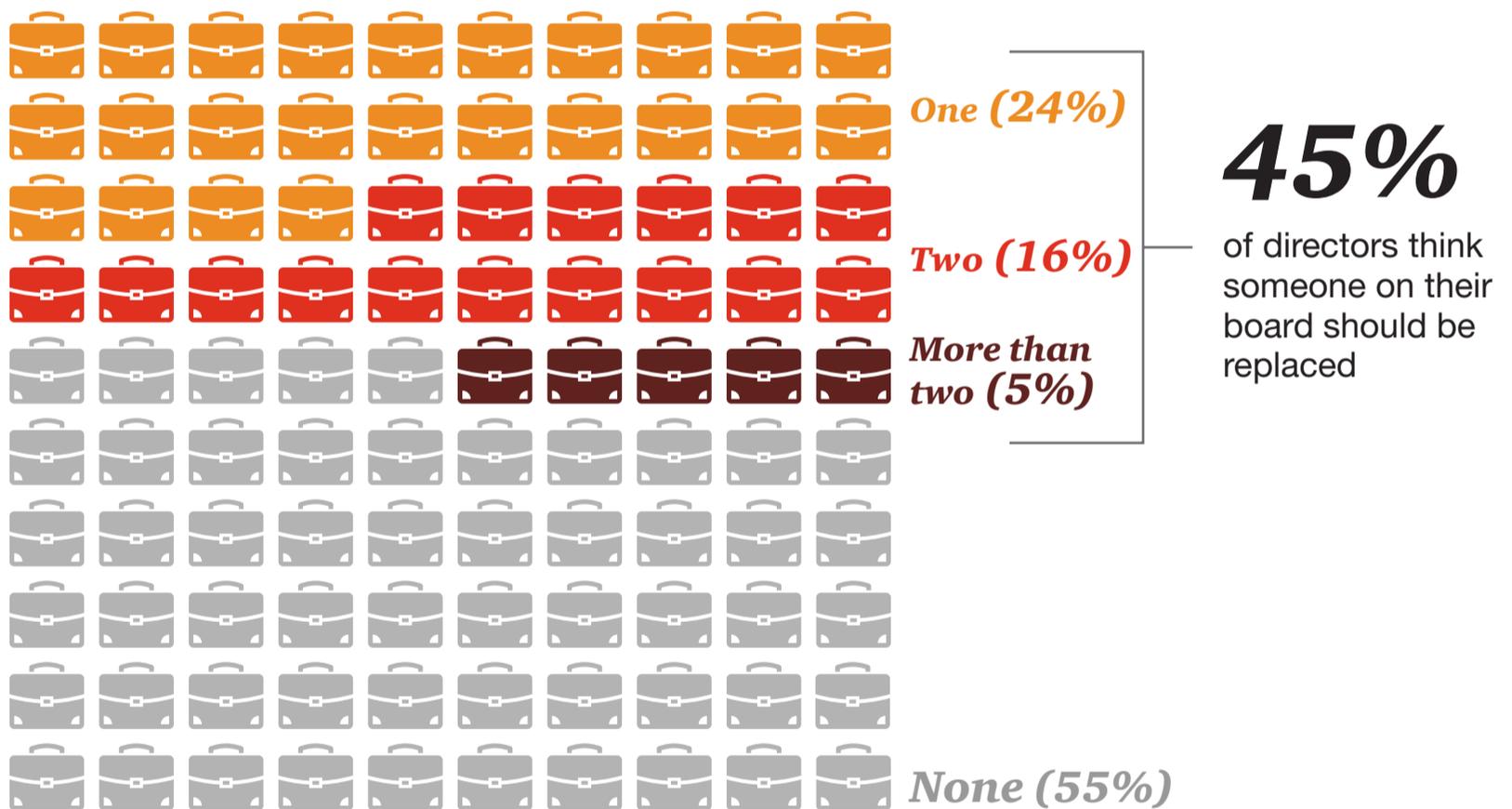
## Director underperformance a big concern

The demands on directors continue to increase. Shareholders are looking for well-rounded and high-functioning boards, and activists target vulnerabilities in board composition. The demand to stay on top of new technologies, an increasingly interconnected world and a constantly changing business landscape means that every seat in the boardroom needs to be filled by someone who is genuinely contributing.

Against this backdrop, 45% of directors think at least one director on their board should be replaced. More than one in five (21%) think two or more directors should go.

### **Directors: Are you measuring up? Your fellow directors may not think so.**

How many directors on your board should be replaced?



Q6: In your opinion, how many directors on your board should be replaced?  
Base: 700  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

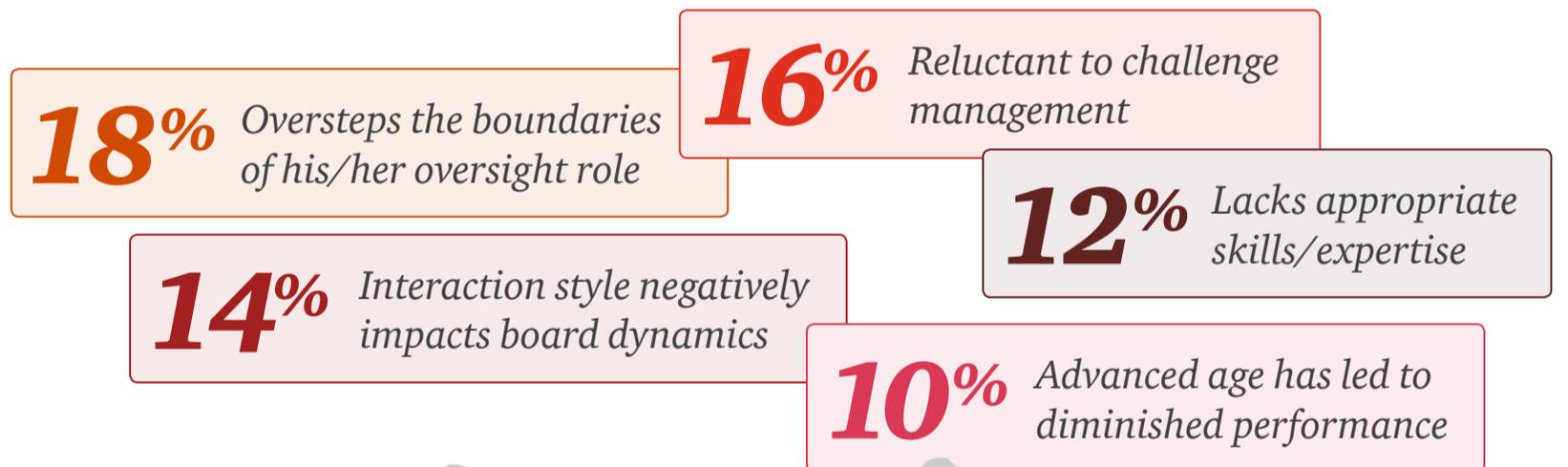


### **Younger directors are more critical of their peers**

Directors age 60 or under are more likely to say a fellow director should be replaced, compared to directors aged 61 or older (52% to 43%).

Directors have a number of specific concerns about the performance of their peers. The most common criticisms were that a fellow director was overstepping the boundaries of the oversight role, or was reluctant to challenge management. Almost half of directors had some negative feedback about their peers, and the percentage of directors voicing criticism was up slightly in almost every area we track.

### **Director underperformance: behaviors that irk fellow directors**



Q5: Do you believe any of the following about any of your fellow board members? (select all that apply)  
Base: 688  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

## Board refreshment: easier said than done

Many directors realize that their board needs to be refreshed. But that's often easier said than done. Institutional shareholders are urging boards to be more proactive in refreshing themselves—to replace directors who are long-serving or less relevant to the company's current needs. Imposing director term limits and mandatory retirement ages can be a straightforward way to make this happen—but they may also mean forcing out directors who are still key contributors to the board.

Director retirement policies are common in the S&P 500, where 73% of boards have adopted mandatory retirement ages. Nearly all of these boards (96%) set that retirement age at 72 or higher—a percentage that has been creeping up over the past decade.<sup>4</sup>

Almost three-quarters (73%) of directors believe that director retirement ages are effective in promoting board refreshment. And 21% say their board already has a retirement age of 72 or younger. But more than half (56%) doubt their board would be willing to set such a policy.

Director term limits are much less common. They've been adopted at only 5% of S&P 500 company boards, and most are set at 15 years or more.<sup>5</sup> Almost two-thirds of directors (64%) think that term limits are effective at promoting board refreshment. Yet almost three-quarters (74%) say their board would not be willing to set term limits of 12 years or less.

What changes do directors think their boards would be willing to make to drive board refreshment? Individual director assessments stand out. Thirty-one percent (31%) of directors say their board already conducts them, and another 46% think their board would be willing to adopt them.

*“Investors sense that boards haven't been very effective in moving underperforming directors off the board. There's too much complacency, too much lengthy tenure.”*

– Ken Bertsch, Executive Director of the Council of Institutional Investors<sup>6</sup>

### Board refreshment drivers—theory vs. practice



64% of directors say **director term limits** are effective, but 74% say their board would **not adopt** term limits of 12 years or less



73% of directors say **mandatory retirement age policies** are effective, but 56% say their board would **not adopt** a retirement age of 72 or younger

Q3: In your opinion, how effective are the following practices at promoting board refreshment? Responses: Very effective or somewhat effective  
Q4: Do you think your board would be willing to institute any of the following policies? Director term limits of 12 years or less; Mandatory retirement age of 72 or younger (3% say their board already has such term limits, and 21% already have a mandatory retirement age of 72 or younger).  
Base: 700-709; 712-713

Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

Directors over the age of 65 are much more likely to say that their board would be against adopting age limits.

▶ **70%**

say their board would not be willing to adopt age limits of 72 or younger, versus only 44% of directors age 65 or under.



## PwC perspective

Three ways to drive board refreshment

Boards are under pressure from investors and others to show a commitment to board refreshment. Here's where boards can start:

- **Take action on board assessments.** A board's annual performance assessment should help spark discussions about board composition. If your board isn't conducting individual assessments of directors, give it some serious consideration. The process can identify directors who may be underperforming or whose skills may no longer match the company's needs. Look to the board chair or lead director, and the chair of the nominating and governance committee, to have the difficult conversations when changes are needed.
- **Take a strategic approach to board succession planning.** Long-term board succession planning is essential to promoting board refreshment. In this process, it's important to think about the current state of the board, the tenure of current directors and the company's future needs. Boards should identify possible director candidates based on anticipated turnover and expected director retirements.
- **Broaden the definition of diversity and the pool of potential director candidates.** Often, boards recruit directors by asking other sitting directors for recommendations. This can create a small and insular candidate pool. Forward-looking boards expand the universe of potential qualified candidates by looking outside of the C-suite, and even considering investor recommendations. They may also look for candidates outside the corporate world—from the military, academia and large non-profits. This will provide a broader pool of individuals with more diverse backgrounds.

For more information, read our paper [\*Board composition: Key trends and developments\*](#).

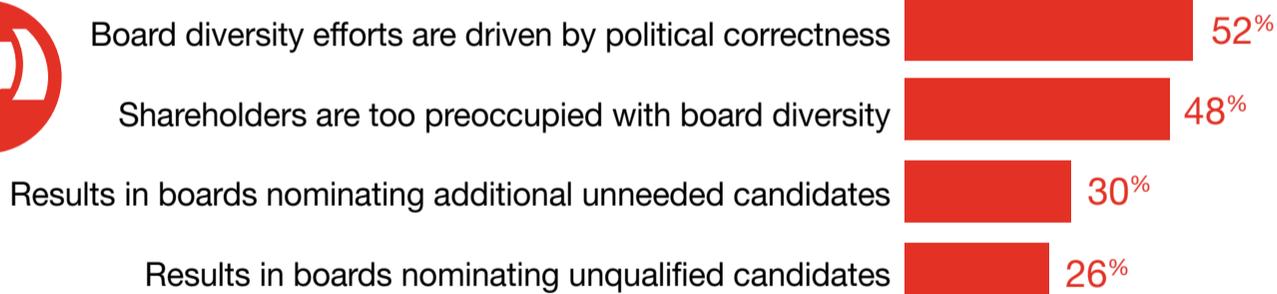
# Board diversity

## Directors see value in diversity...but question the motivation

Many institutional shareholders have been discussing the need for, and benefits of, diverse boards for years, and they're backing up their words with action. They are updating their proxy voting policies, talking with companies about their concerns, and even voting against directors whose boards fail to promote diversity—as described on page 20.

Today, most directors think that diversity in the boardroom brings value. Ninety-four percent (94%) agree that diversity brings unique perspectives to the boardroom, and 84% think that it enhances board performance. More than four out of five (81%) also think that it improves relationships with investors.

### Board diversity brings benefits—and some cynicism



Q7: To what extent do you agree with the following about board diversity? Responses: Strongly agree or somewhat agree

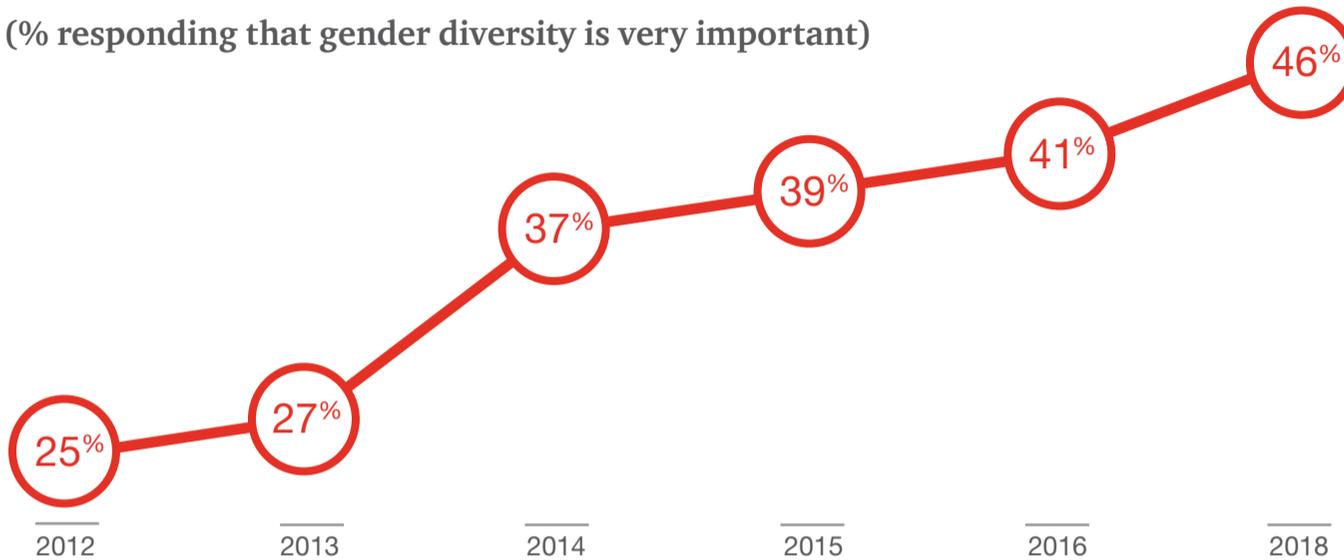
Base: 706-713

Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

Directors particularly value gender diversity. When we asked what attributes were important to their boards, 46% of directors ranked gender diversity as being very important—the highest figure since we first asked the question in 2012.

### Gender diversity grows in importance

(% responding that gender diversity is very important)



Q1: How would you describe the importance of having the following skills, competencies or attributes on your board: Gender diversity  
Base: 853 (2012), 894 (2013), 849 (2014), 782 (2015), 865 (2016), 714 (2018)  
Source: PwC, 2012-2016, 2018 Annual Corporate Directors Survey, October 2012-2016, 2018.

And more say their boards are taking steps to increase diversity. Ninety-one percent (91%) say their boards have taken some steps—up four points over last year.

But do they feel forced into making their board more diverse? More than half (52%) say that board diversity efforts are driven by political correctness. And nearly half of directors (48%) say that shareholders are too preoccupied with the topic.



**Younger directors are significantly less likely to think that shareholders are too preoccupied with diversity.**

More than half (52%) of directors over age 60 think so, compared to only 38% of those 60 or under.

### Investor developments on board diversity

BlackRock	<ul style="list-style-type: none"><li>• Sent letters in February 2018 to all Russell 1000 companies that have fewer than two female directors on their board, asking them to explain their board diversity efforts and long term strategy.<sup>7</sup></li><li>• Voted against directors at five companies in 2017 for failing to address investor concerns related to board diversity.<sup>8</sup></li></ul>
Vanguard	<ul style="list-style-type: none"><li>• Stated in August 2017 that gender diversity on boards would be a focus in the next few years. Cited research indicating boards with “a critical mass” of women perform better than those without.<sup>9</sup></li></ul>
State Street Global Advisors (SSGA)	<ul style="list-style-type: none"><li>• Voted against directors at 581 companies around the world in 2018 that had no female board members.<sup>10</sup></li><li>• Stated that they will expect portfolio companies to detail and disclose gender diversity not only at the board level, but also across all levels of management for transparency into the development pipeline.<sup>11</sup></li></ul>
New York City Pension Funds	<ul style="list-style-type: none"><li>• Sent letters to 151 companies in fall of 2017 asking them to publicly disclose the skills, race and gender of board members in a matrix format, as well as their process for refreshing the board.<sup>12</sup></li></ul>
California Public Employees' Retirement System (CalPERS)	<ul style="list-style-type: none"><li>• Sent letters to 504 companies in August 2017 that they believed lacked sufficient gender diversity.</li><li>• Withheld votes from 271 directors at 85 companies in 2018 that had not improved diversity on their boards.<sup>13</sup></li></ul>
California State Teachers' Retirement System (CalSTRS)	<ul style="list-style-type: none"><li>• Announced that it will now hold the entire board accountable—not just the nominating and governance committee—if board diversity is found to be lacking.<sup>14</sup></li></ul>

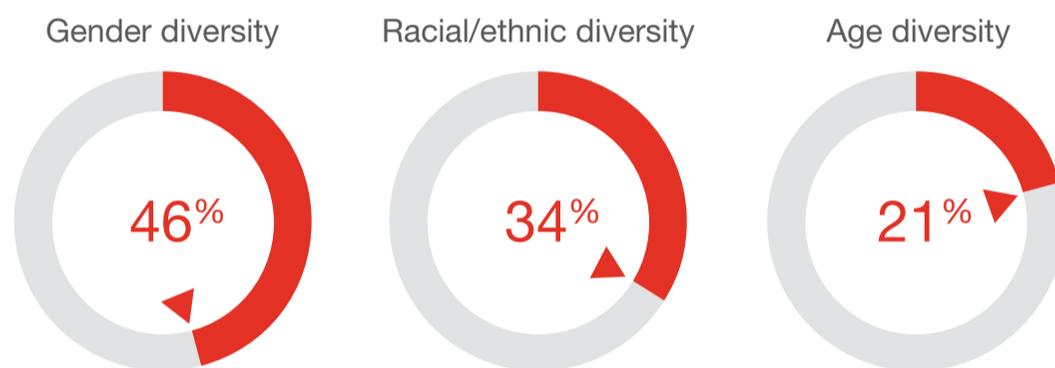
## Younger directors: not a high priority

The average age of independent directors in the S&P 500 is 63, up from 61 in 2007.<sup>15</sup> And only 6% of directors in the S&P 500 are age 50 or younger.<sup>16</sup> Yet many directors seem okay with the current state of affairs.

When asked what kinds of diversity are very important to have on their boards, age diversity lagged far behind gender diversity and racial diversity. Only 21% of directors say age diversity is very important on boards, compared to 46% for gender and 34% for racial diversity.

### Directors place less value on age diversity

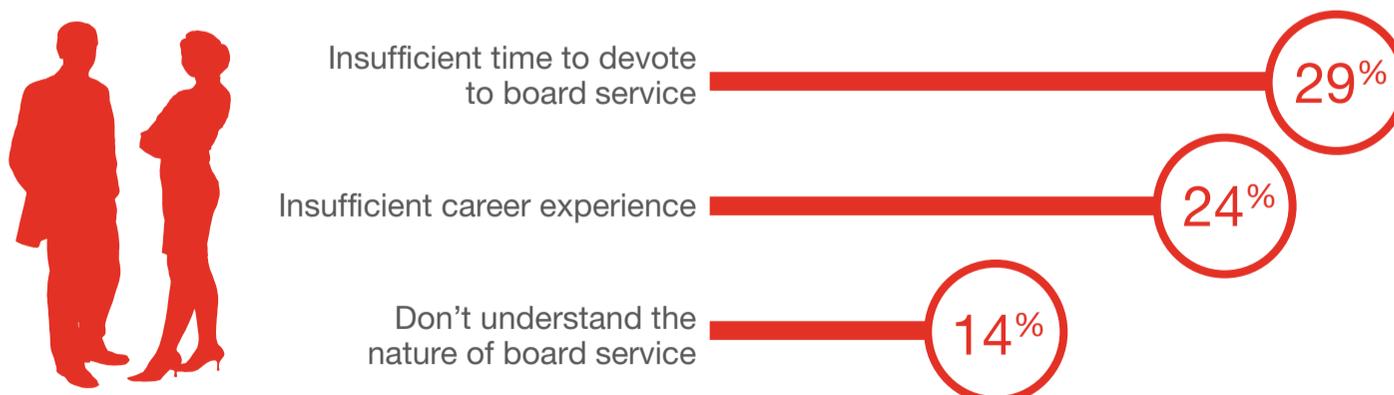
Fewer directors describe age diversity as “very important” compared to gender or racial/ethnic diversity



Q1: How would you describe the importance of having the following skills, competencies or attributes on your board?  
Response: Very important  
Base: 711-714  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

And directors are not all in favor of bringing on younger board members. Almost half (45%) say they have some concerns about adding younger directors (50 or under) to their board. Topping the list were concerns about insufficient time and insufficient career experience.

### Directors have doubts about younger directors



Q9: Do you have any of the following concerns about adding younger directors (age 50 or younger) to your board? (select all that apply)  
Base: 703  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.



**The oldest directors taking our survey, those aged 76 or above, are actually the least likely to voice concerns about adding younger directors.**

**70%** say they have no concerns at all, compared to 46% of all other directors.



## ***PwC perspective***

### Consider age diversity



Boards are always looking for the right balance. Older directors have the benefit of decades of work experience, and possibly decades of board experience to bring to bear. But boards that are missing younger voices are also likely missing important perspectives in the room that might raise the entire board's game.

We recommend that you take stock of your board's age diversity, to see if it might be time to add a younger director to your board.

- Have you analyzed the age diversity on your board, or the average age of your directors?
- Does your board have an updated succession plan? Does age diversity play into considerations for new board members?
- Are there key areas where your board lacks current expertise—such as technology or consumer habits? Could a new—and possibly younger—board member bring this knowledge?
- Does your board have a range of diversity of thought?
- Could younger directors bring some needed change to the boardroom?

For more about younger directors, read [\*Board composition: Consider the value of younger directors on your board; PwC's Census of Directors 50 and Under.\*](#)

# Board practices

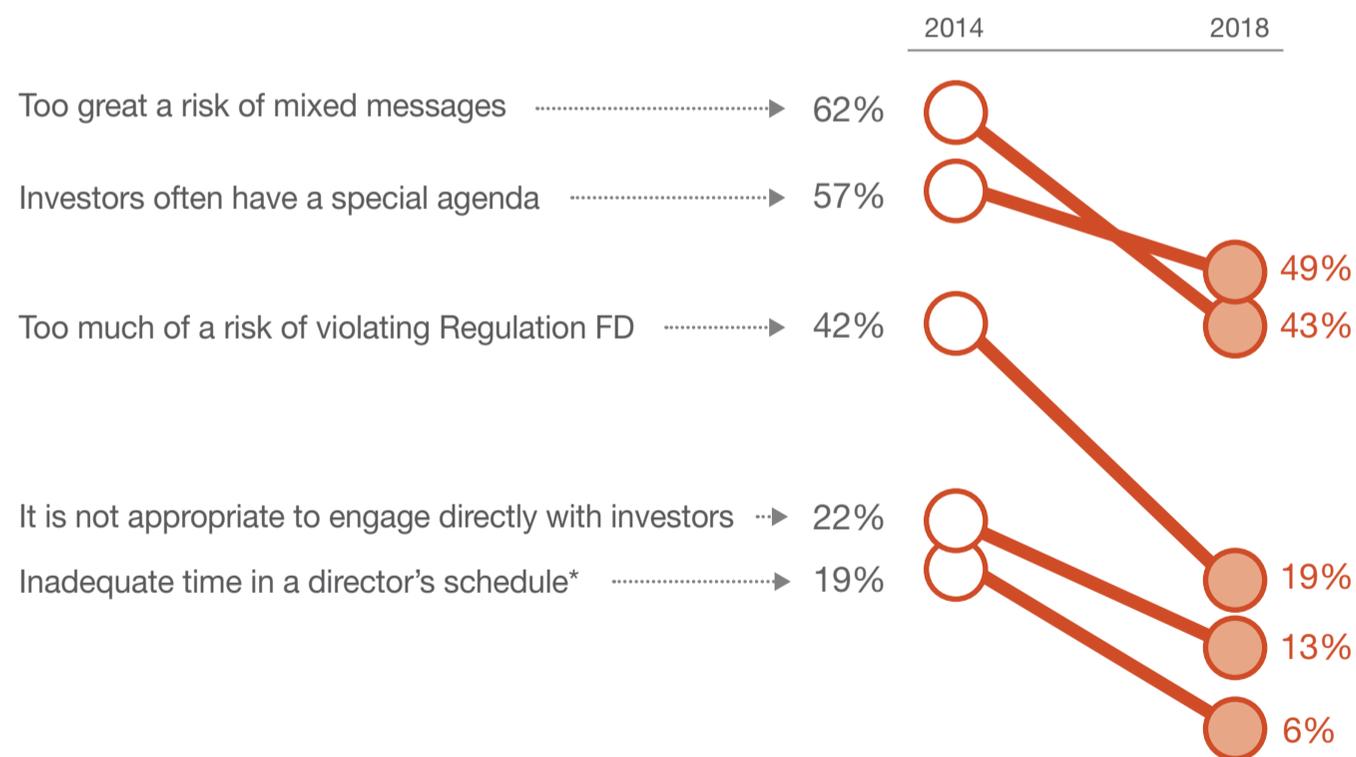
## Directors get comfortable with shareholder engagement

Shareholder engagement continues to be on the rise, and for many boards, having directors involved in those conversations has become commonplace. Almost half (49%) of directors say a member of their board (other than the CEO) engaged directly with investors in the past year—up seven percentage points from 2017.

As the practice has become more common, directors have fewer concerns than just a few years ago. Only 19% very much agree that there is too much of a risk of disclosing non-public information and violating Regulation FD (Fair Disclosure)—down from 42% four years ago. Only 6% very much agree directors don't have time to meet with investors—down from 19% who said the same in 2014. And only 13% very much agree that it is not appropriate to engage with investors on any topic, down from 22% in 2014.

However, directors still report some concerns. Close to half (49%) very much agree that investors have a special agenda, and 43% very much agree that director involvement in shareholder engagement poses too great a risk of mixed messages.

### Directors have fewer concerns with shareholder engagement



Q17: To what extent do you agree with the following regarding director/shareholder communications?  
Response: Very much

Base: 692-702 (2018); 749-764 (2014)

Sources: PwC, 2018 Annual Corporate Directors Survey, October 2018; PwC, 2014 Annual Corporate Directors Survey, October 2014.

\*In 2014 the option read "There is adequate time in a director's schedule;" this represents the percentage of directors responding "not at all"

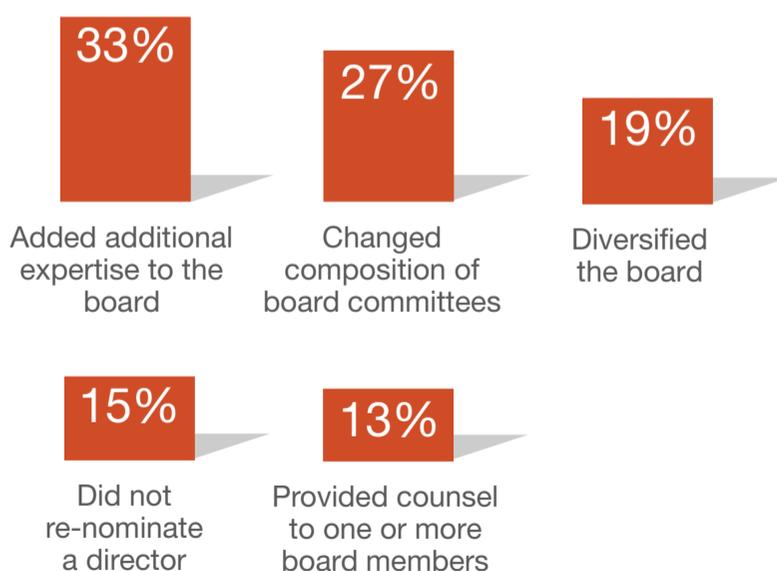
## Using performance assessments to highlight the board's needs

The board's assessment process, whether focused on individuals, committees or the board as a whole, can provide valuable insights about how to make the board more effective.

Sixty-six percent (66%) of directors say they made some type of change as a result of their last assessment process. One-third (33%) say that their last assessment process led to the addition of new expertise to their board. And 19% say that they diversified the board as a result of the assessments. This could be because they are better able to identify the attributes and skills that the board needs.

In some cases, the assessment process is a way to identify underperforming directors on the board. About one in six directors say that a director was not re-nominated (15%) or was provided with counsel (13%) as a result of the process.

### Using board assessments to find gaps



Q13: In response to the results of your last board/committee assessment process, did your board/committee decide to make any of the following changes? (select all that apply)  
Base: 703  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.



### PwC perspective

Getting the most out of your board assessment process



Board assessments, whether done individually, by committee or by the full board, can be valuable. But only when they are viewed as more than a compliance exercise. Boards struggling to get actionable results from their assessments may find that redefining the process to focus on continuous improvement provides real value. Here are five key actions to ramp up the board's next annual assessment:

- **Focus on leadership.** Board leadership is critical to making changes happen. Without a strong leader, it doesn't matter how meaningful your assessment process is.
- **Change the endgame.** Better results come from making the assessment process an ongoing exercise with the goal of continuous improvement. But early buy-in from all directors on the process is critical.
- **Address the elephant in the room.** Boards that have frank discussions about what is holding back their performance can excel. Sometimes a periodic independent perspective can help.
- **Take action to get real results.** Effective boards are disciplined about identifying and holding themselves accountable for action items coming out of the assessment. They also integrate assessment results into their board succession plan.
- **Give investors greater insights.** Provide stakeholders with a greater understanding of the process by enhancing the board's disclosures around its assessments. Transparency can pay dividends, especially during shareholder engagement on the topic.

For more, read [Beyond "check the box": Getting real value from board assessments.](#)

## Getting on board with director education

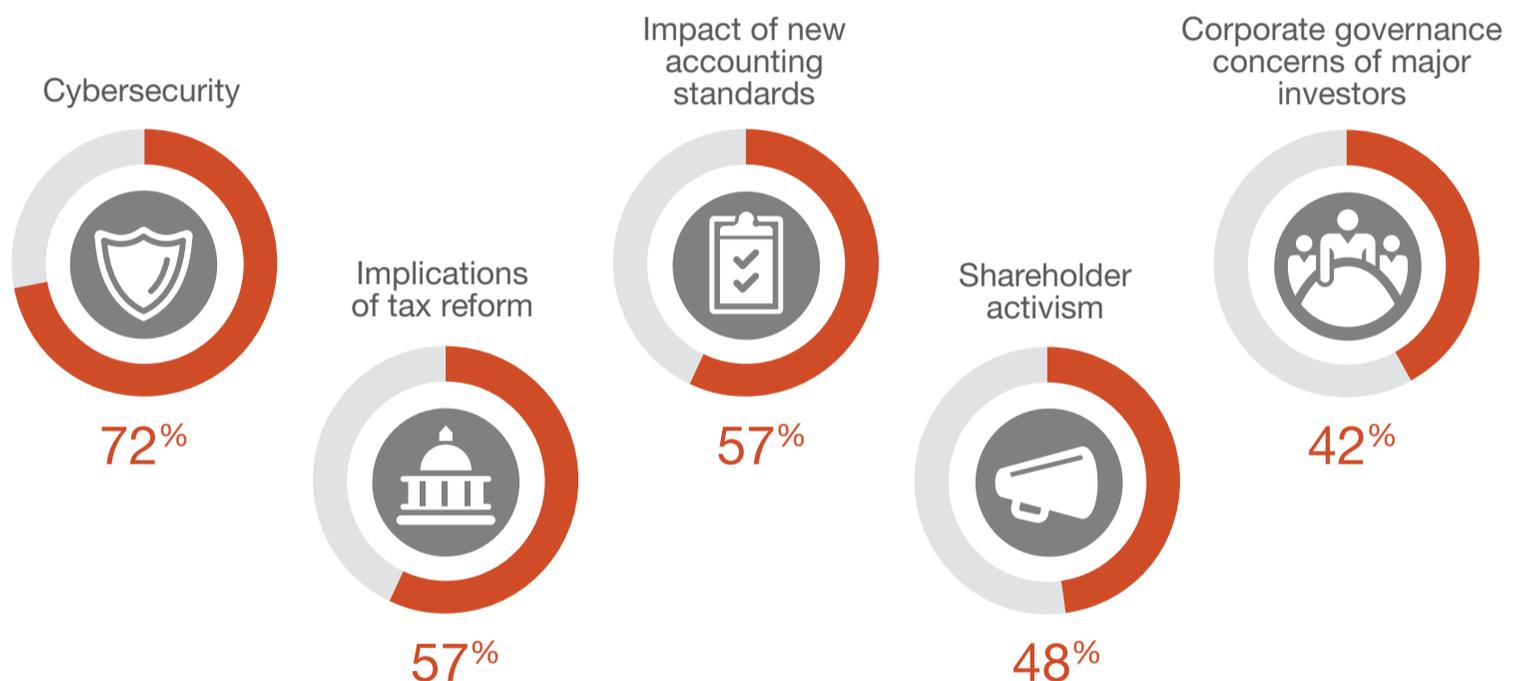
Shareholders and other stakeholders expect boards to demonstrate knowledge about a broad range of issues. But the world changes quickly and directors need to keep up, so boards commonly look to continuing education opportunities to fill the gaps.

The vast majority of directors (90%) say their board received some form of continuing education over the past year. The most common topics were cybersecurity (72%), the impact of tax reform (57%) and the impact of new accounting standards (57%). Many boards are also hearing about issues like shareholder activism and the corporate governance concerns of major shareholders.

Ongoing director education is so key to board service that in addition to the 17% who report that their boards already mandate continuing education, 43% of directors think their boards would be willing to do so.

---

### Director education covers a range of topics



Q12. In the last 12 months, has your board received continuing education on any of the following topics? (select all that apply)

Base: 702

Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

# The gender gap: where views on governance diverge

The number of women directors on public company boards has been growing over the years, particularly as institutional investors have put a spotlight on gender diversity. Women directors hold 22% of the seats in the S&P 500, compared to 16% a decade ago.<sup>17</sup> Today, 99% of S&P 500 boards have at least one woman director, and 80% have two or more women directors.<sup>18</sup>

As women are filling more seats in boardrooms, they may be changing the conversation. In our survey, we found that male and female directors have very different perspectives in a number of areas, including corporate culture, social issues and talent management, as well as on the topic of board diversity itself.

## Corporate culture

Percentage “strongly agreeing” that the following factors contribute to problems with culture:

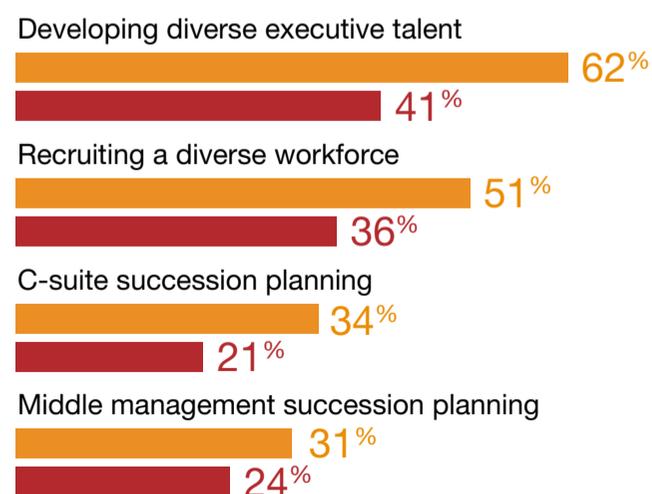


*Female directors are more likely to strongly agree that culture problems are created by management's tone, compensation plans and an excessive short-term focus.*

Q26: To what extent do you agree or disagree that the following factors contribute to problems with corporate culture?  
Base: 651-656  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

## Talent management

Percentage rating the job their company does as “fair” or “poor” in the following areas:



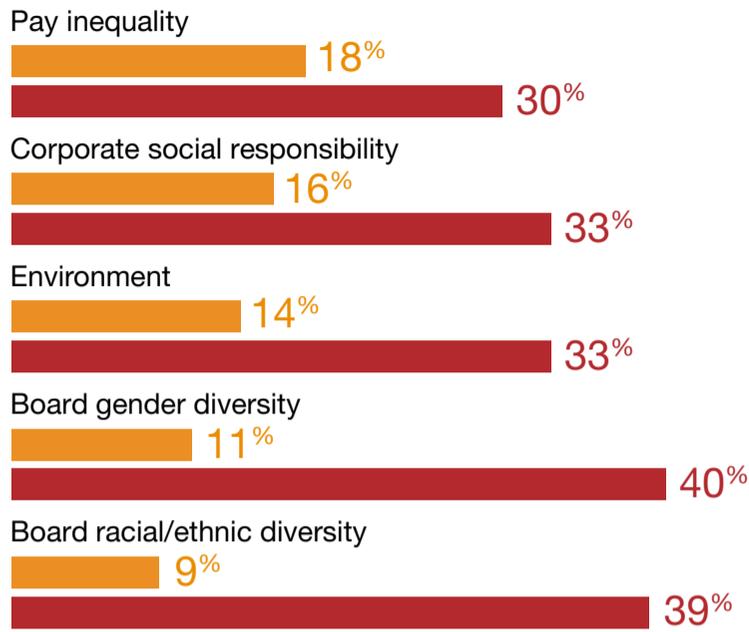
*Female directors are more critical than male directors of the job their companies do at developing workforce and executive-level diversity, and at succession planning.*

Q33: How would you rate the job your company does on the following aspects of talent management?  
Base: 657-659  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.



## Social issues

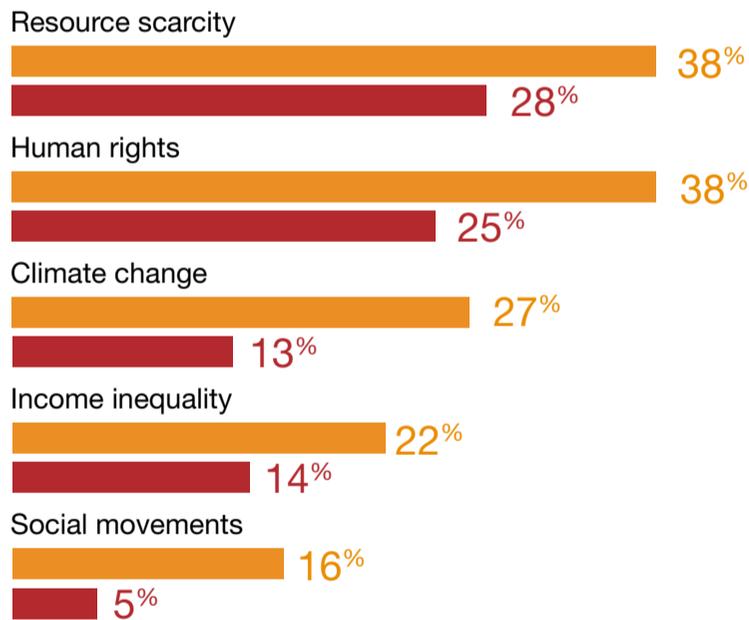
Percentage saying shareholders devote too much attention to:



*Male directors are much more likely to say that shareholders are focusing too much on issues like diversity, pay inequality, corporate social responsibility and the environment.*

Q18: Do you feel that institutional investors devote too much attention, just the right amount of attention or not enough attention to the following issues?  
Responses: Strongly agree or somewhat agree  
Base: 651-656  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

Percentage saying the company should “very much” take the following social issue into account when forming company strategy:



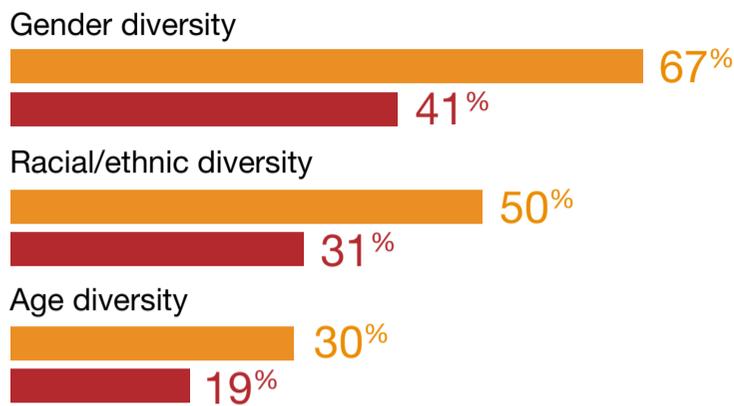
*Female directors are more likely to say that social issues should play a role in forming corporate strategy.*

Q30: To what extent do you think your company should take the following social issues into account when forming company strategy?  
Base: 648-656  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.



## Board diversity

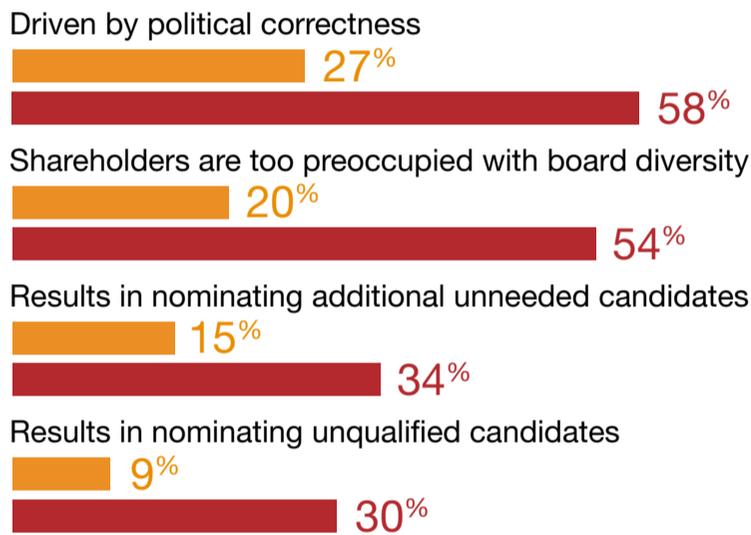
Percentage saying that diversity is “very important” on their board:



*Female directors are much more likely than male directors to say that gender diversity is very important on their boards. They are also much more likely to say that other kinds of diversity are very important.*

Q1: How would you describe the importance of having the following skills, competencies or attributes on your board?  
Base: 673-676  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

Percentage “somewhat agreeing” or “strongly agreeing” with the following statements about board diversity:



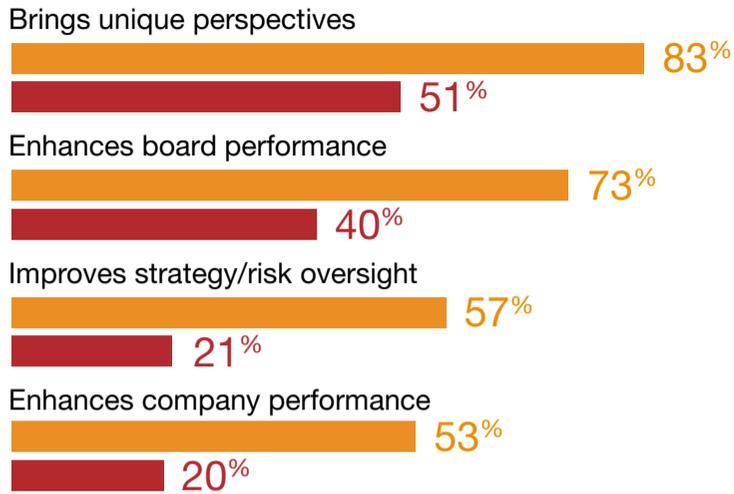
*Male directors are much more likely to question what’s driving board diversity efforts. More than half say that it is motivated by political correctness, and that shareholders are too preoccupied with the topic.*

Q7: To what extent do you agree with the following about board diversity?  
Base: 670-671  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.



## Board diversity (cont.)

Percentage "strongly agreeing" that diversity:



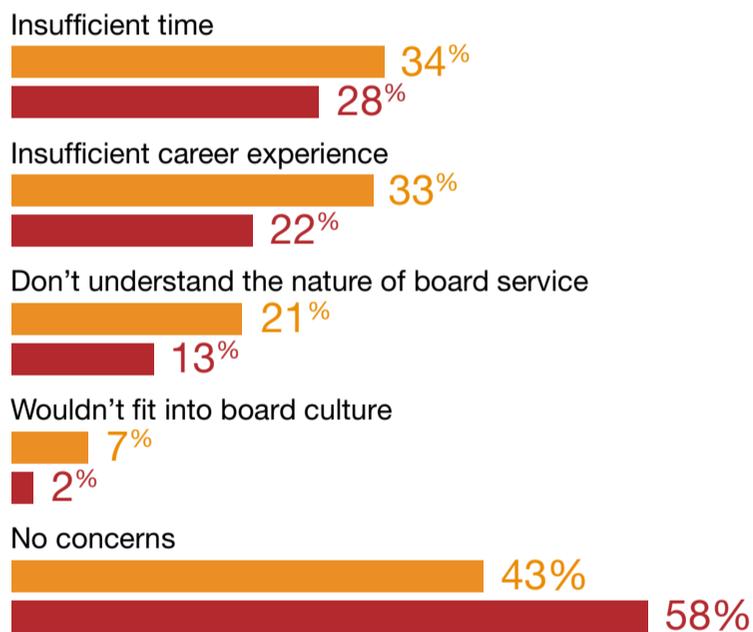
*Female directors are much more likely than men to "strongly agree" with a range of benefits board diversity brings to both the board and the company.*

Q7: To what extent do you agree with the following about board diversity?

Base: 671-677

Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

Percentage indicating the following concerns with adding younger directors:



*When it comes to adding younger directors (age 50 or under) to boards, female directors are more likely to have concerns.*

Q9: Do you have any of the following concerns about adding younger directors (age 50 or younger) to your board? (select all that apply)

Base: 667

Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

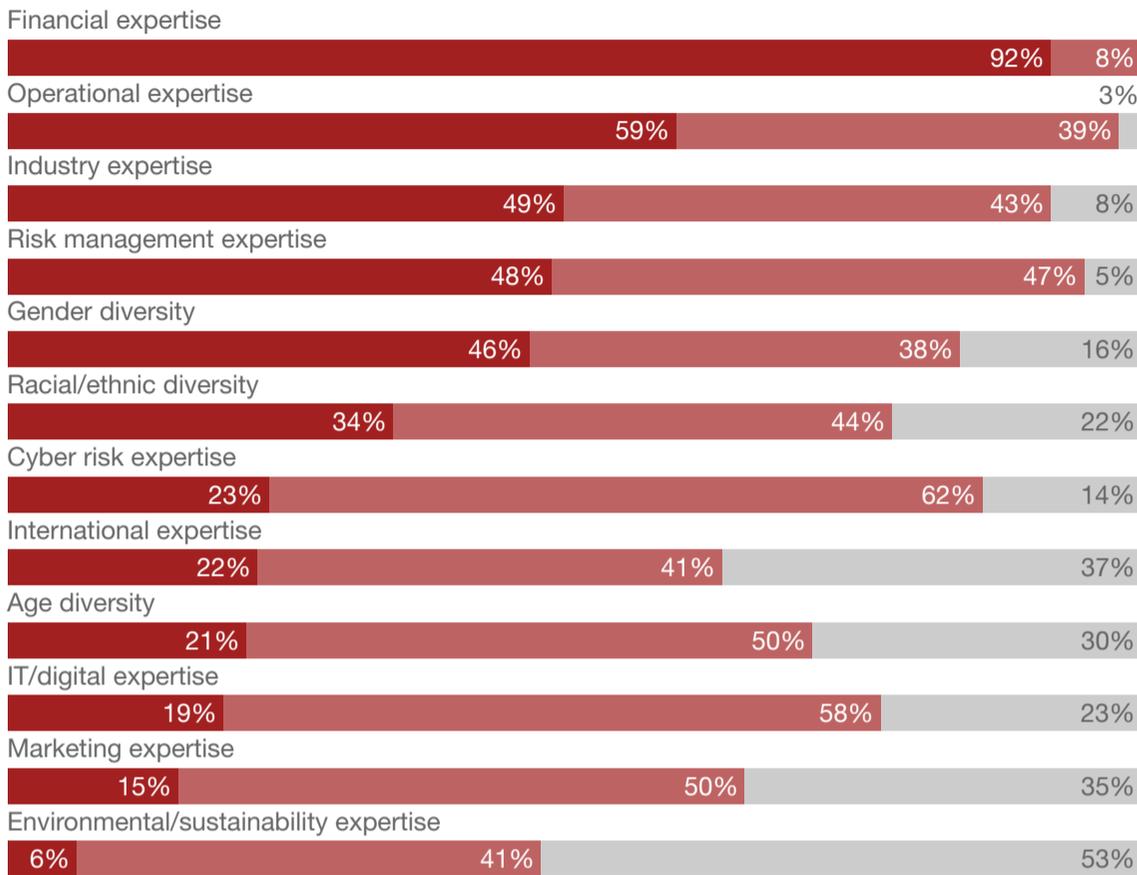


# Appendix: complete survey findings

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

## Board composition and diversity

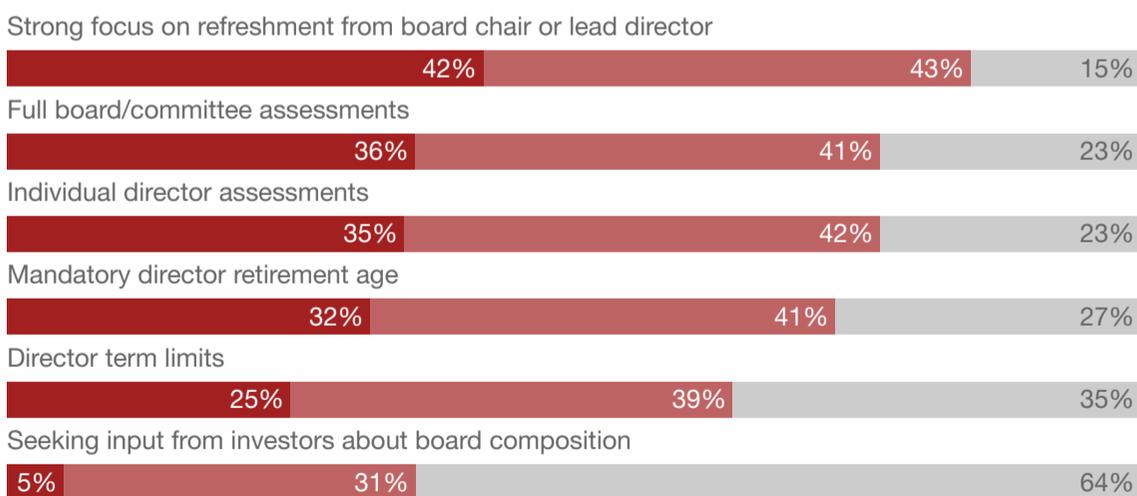
1. How would you describe the importance of having the following skills, competencies or attributes on your board?



Very important Somewhat important Not very/not at all important

Base: 706-714  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

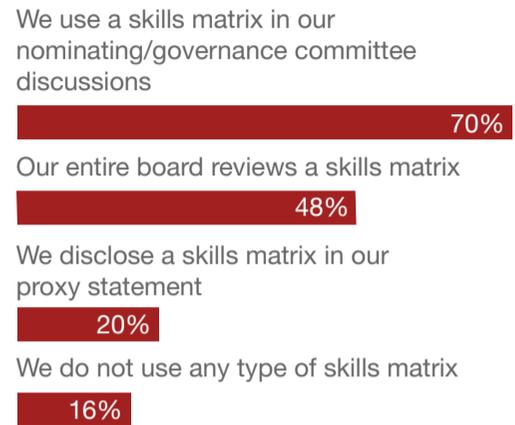
3. In your opinion, how effective are the following practices at promoting board refreshment?



Very effective Somewhat effective Not very/not at all effective

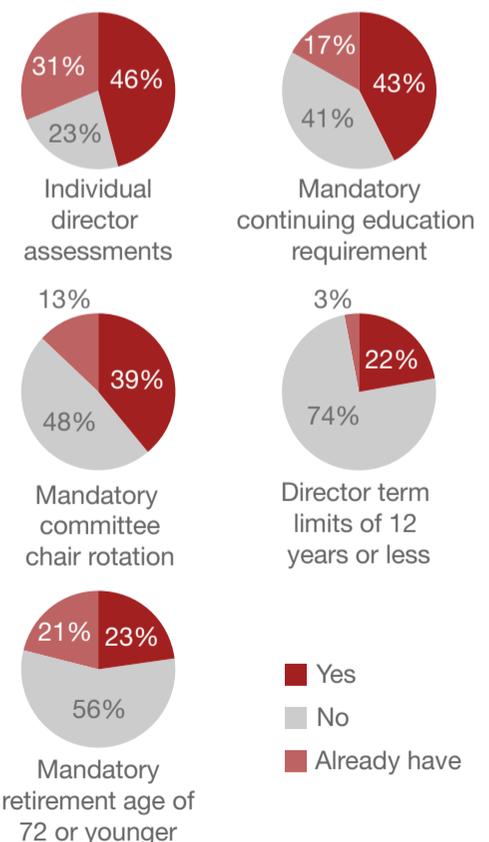
Base: 700-711  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

2. How does your board use a skills matrix to identify gaps, if any, in board composition and skills? (select all that apply)



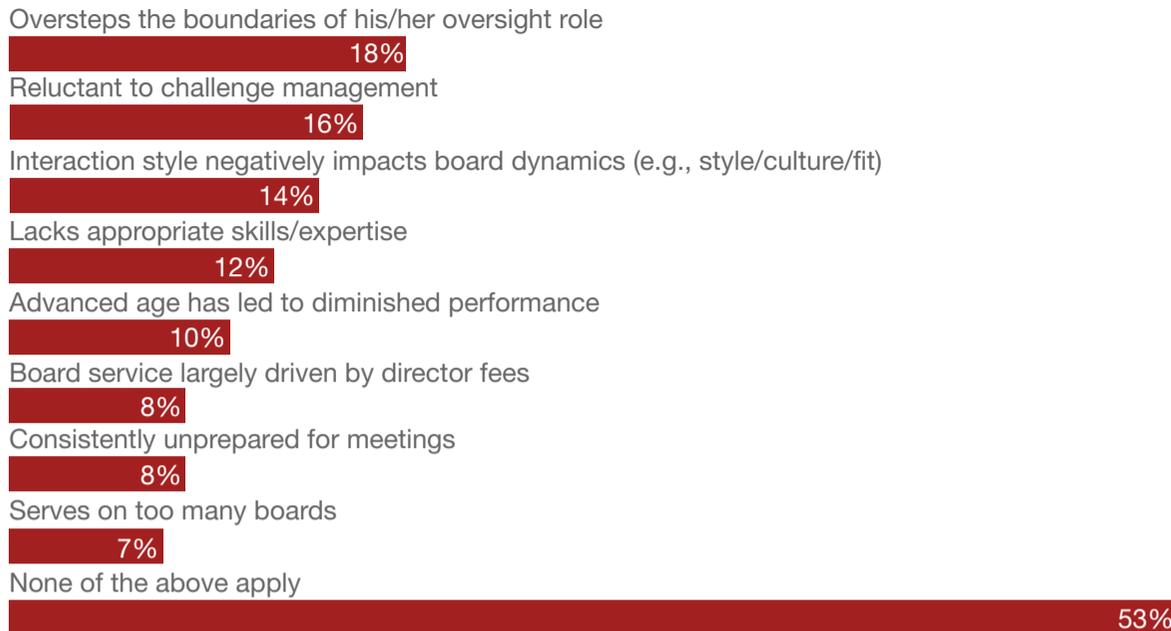
Base: 693  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

4. Do you think your board would be willing to institute any of the following policies?



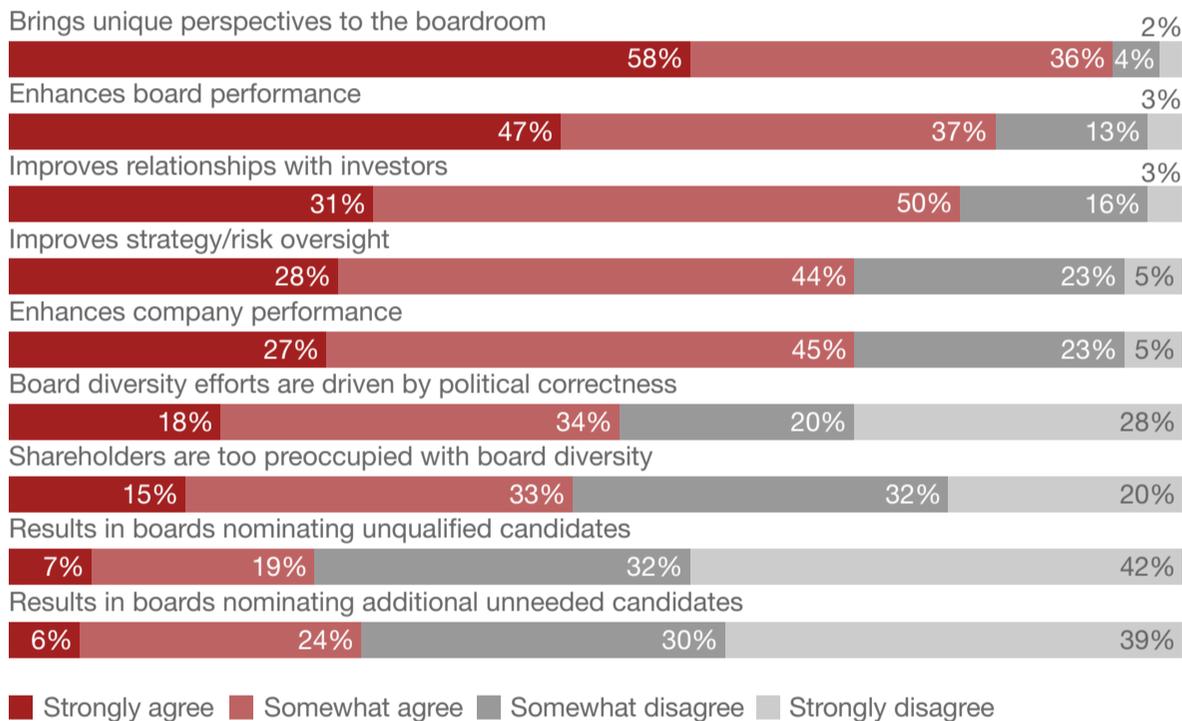
Base: 705-713  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

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



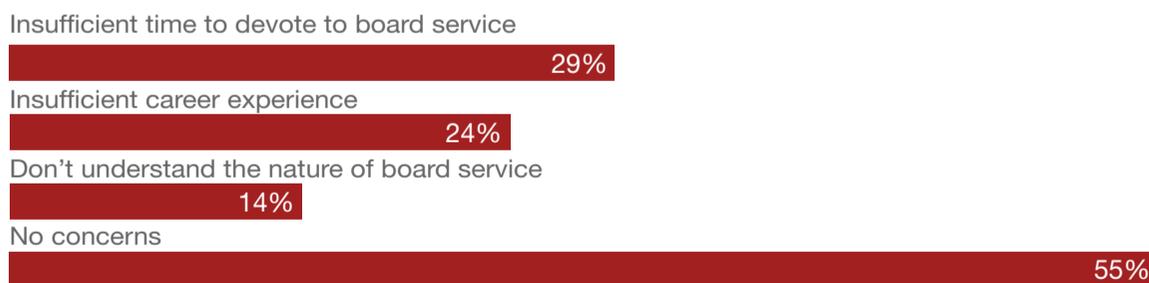
Base: 688  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**7. To what extent do you agree with the following about board diversity?**



Base: 706-713  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

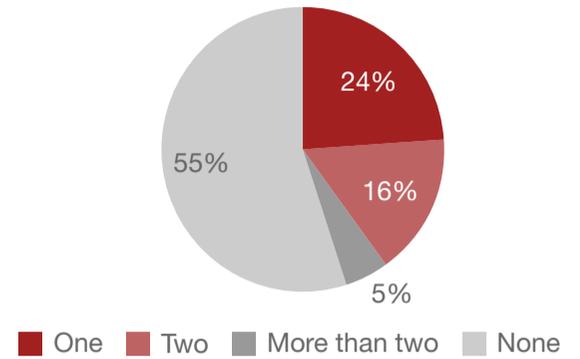
**9. Do you have any of the following concerns about adding younger directors (age 50 or younger) to your board? (select all that apply)**



Note: Less than 5% of directors responded "Wouldn't fit into board culture," "Would want to institute too many changes" and "Other concerns."

Base: 703  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**6. In your opinion, how many directors on your board should be replaced? (select one)**



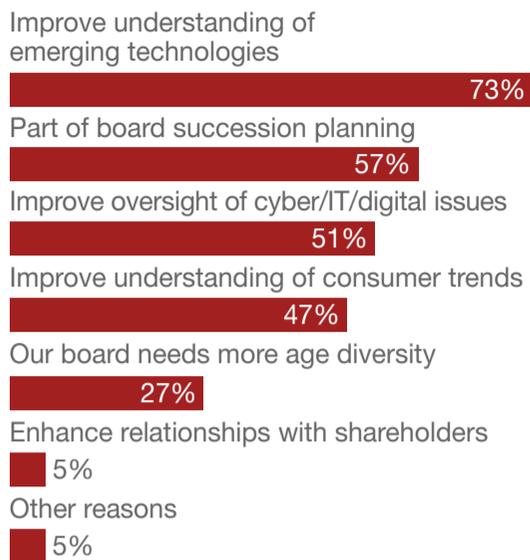
Base: 700  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**8. What steps has your board taken to increase its diversity? (select all that apply)**



Base: 706  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**10. For which of the following reasons would you consider adding younger directors (age 50 or younger) to your board? (select all that apply)**

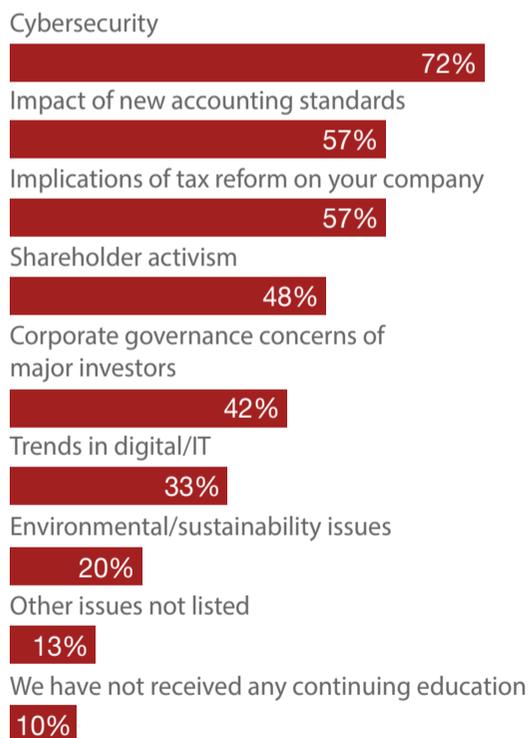


Note: 2% of directors responded "Would not consider adding younger directors."

Base: 703  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

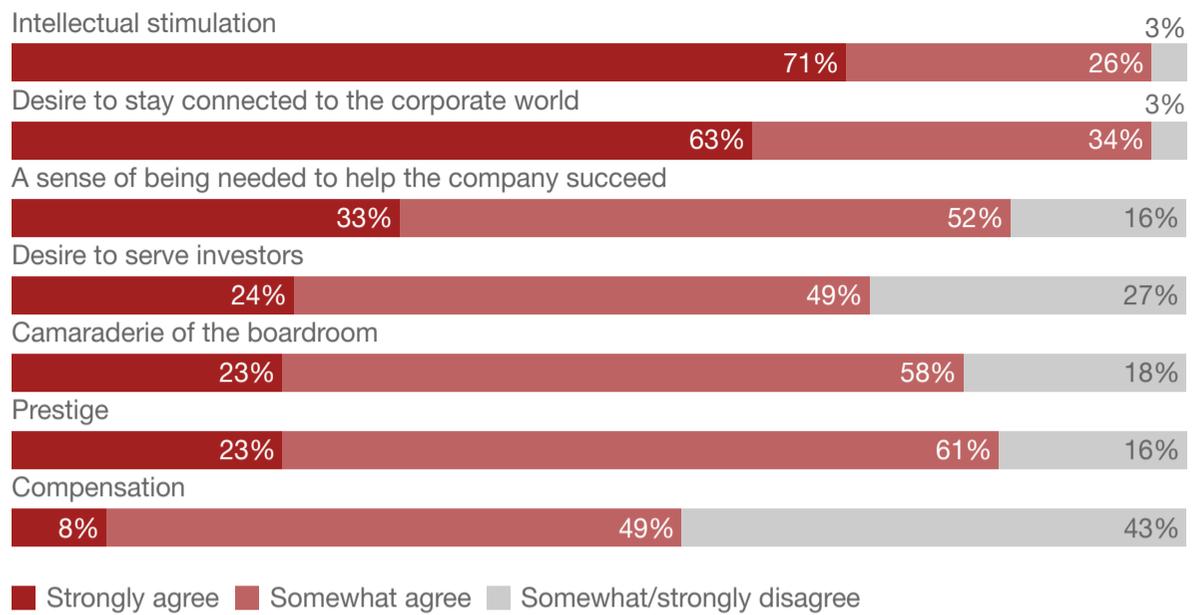
**Board practices**

**12. In the last 12 months, has your board received continuing education on any of the following topics? (select all that apply)**



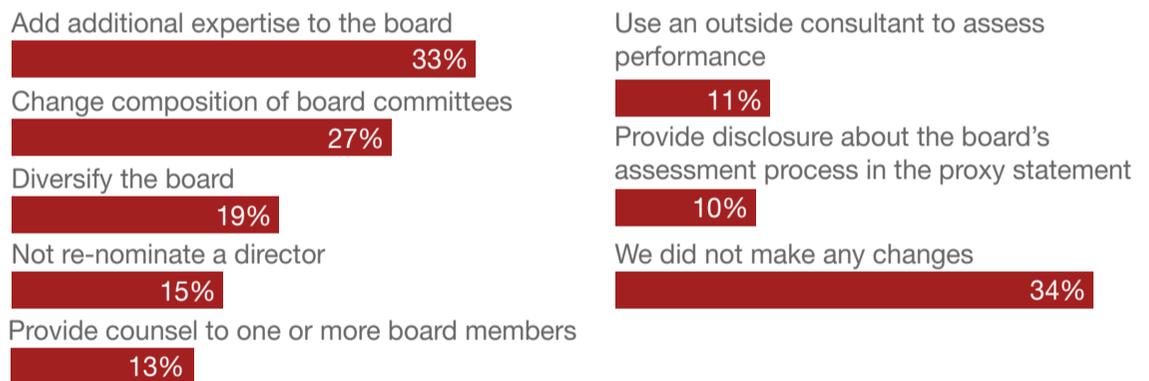
Base: 702  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**11. To what extent do you agree that public company board service, in general, is driven by the following?**



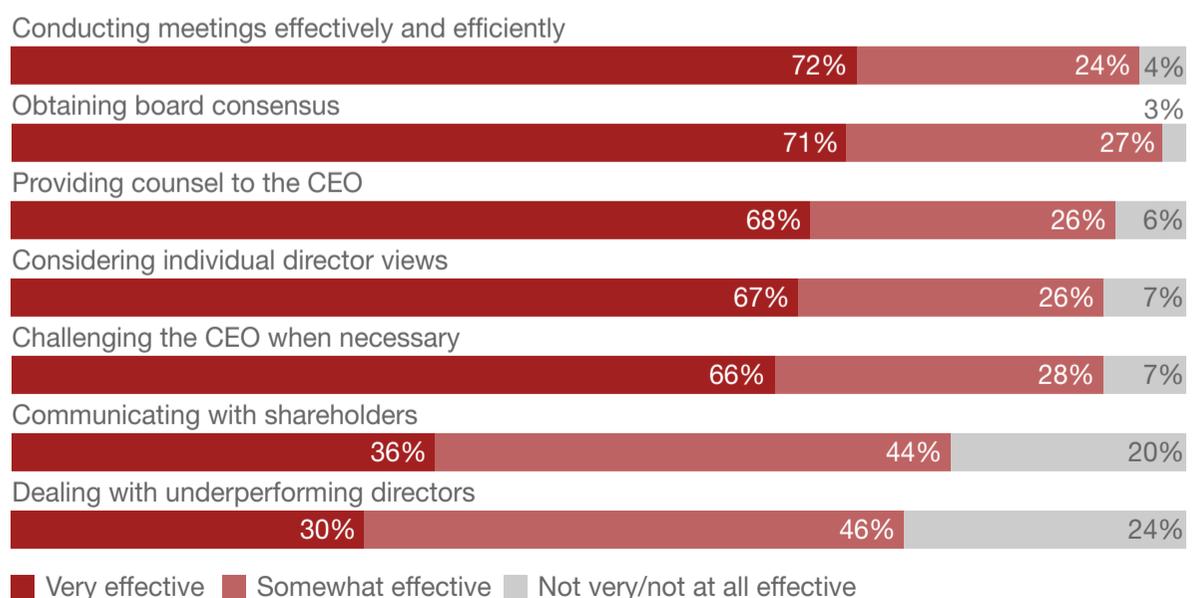
Base: 707-710  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**13. In response to the results of your last board/committee assessment process, did your board/committee decide to make any of the following changes? (select all that apply)**



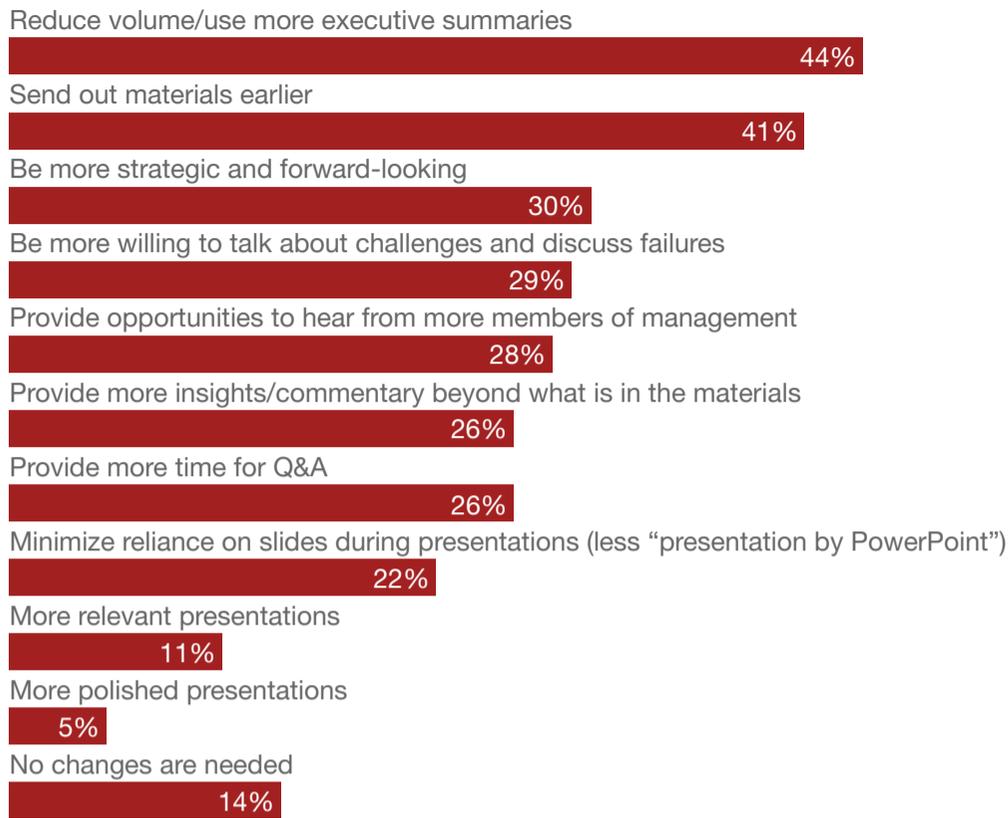
Note: 4% of directors responded "Other."  
Base: 703  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**14. How effective is your board leadership (chair/lead director) at the following?**



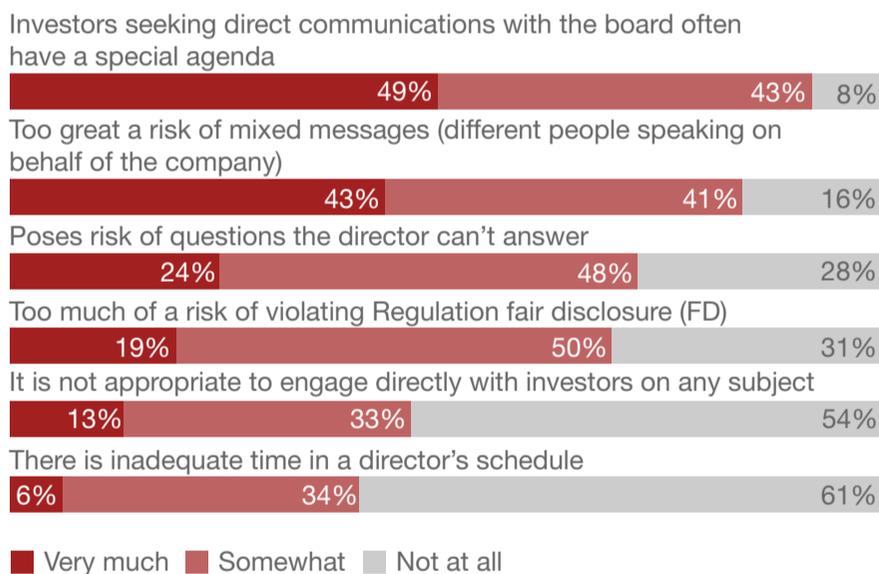
Base: 666-708  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**15. Which of the following changes would you like to see management make to their board presentations/materials? (select all that apply)**



Base: 708  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

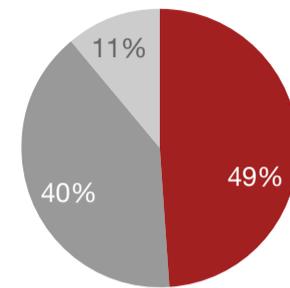
**17. To what extent do you agree with the following regarding director/shareholder communications?**



Base: 692-702  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**Shareholder communications and activism**

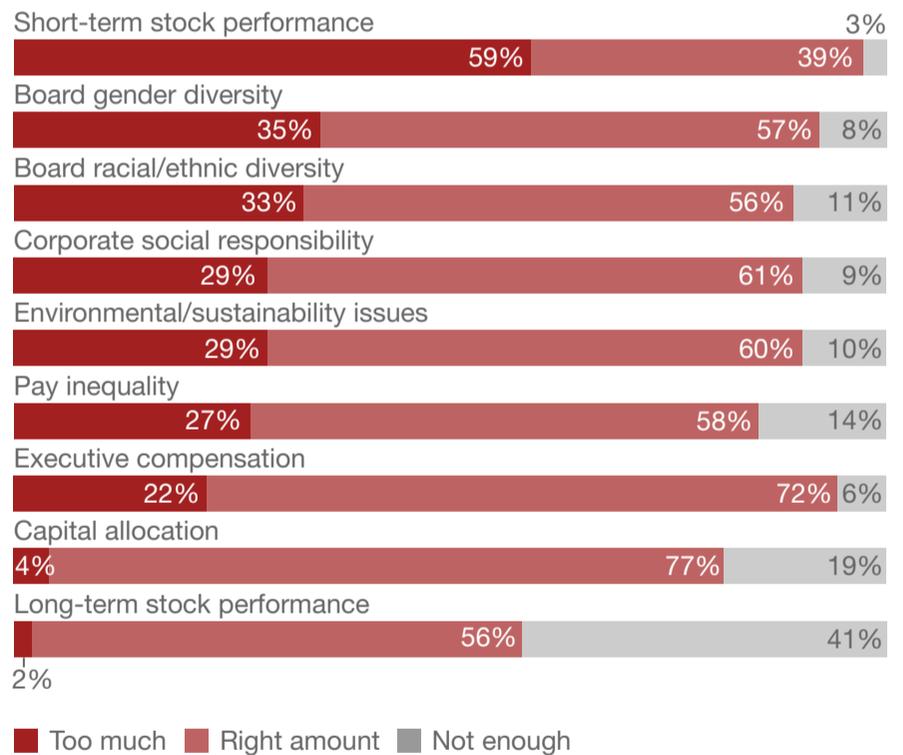
**16. Has a member of your board (other than the CEO) had direct engagement with investors within the past 12 months?**



Yes   No   Don't know

Base: 707  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

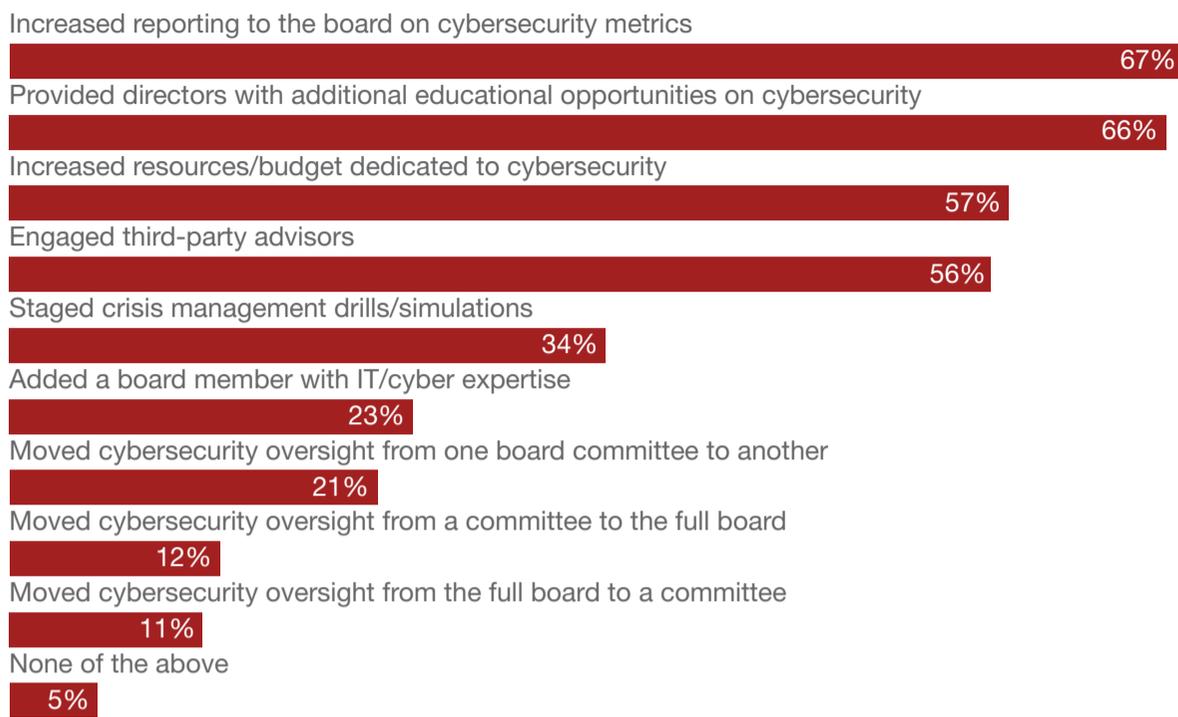
**18. Do you feel that institutional investors devote too much attention, just the right amount of attention or not enough attention to the following issues?**



Base: 696-701  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

## Cybersecurity, IT and digital

### 19. Which of the following steps has your company/board taken to prepare for potential cybersecurity incidents? (select all that apply)

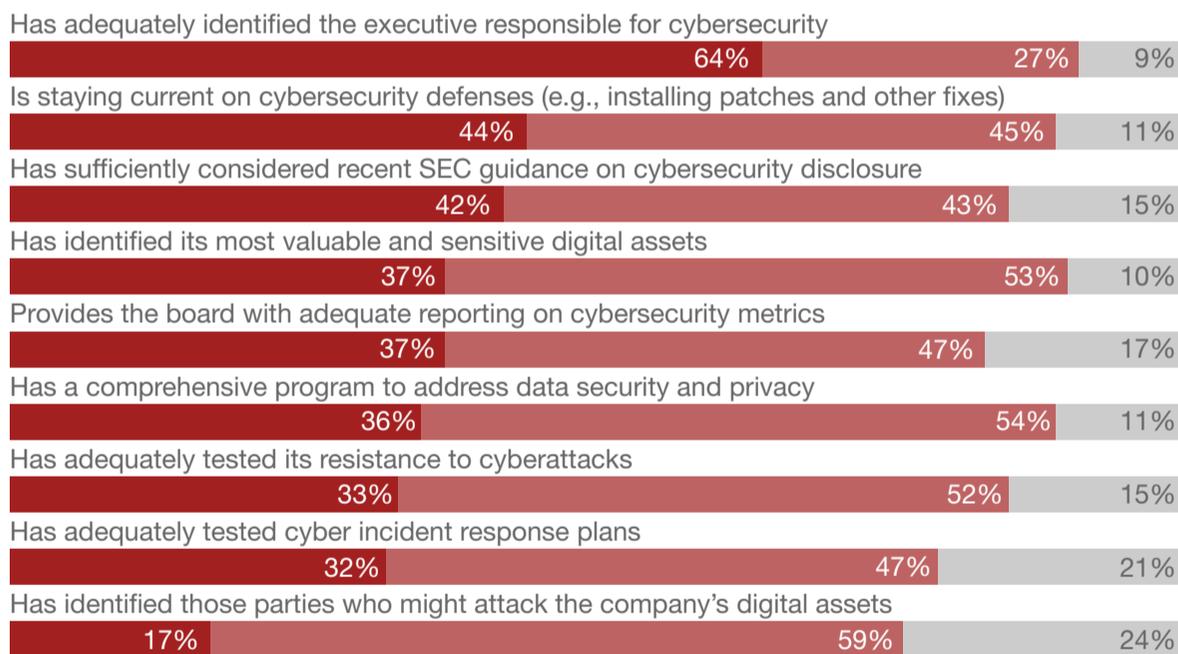


Note: 2% of directors responded "Other."

Base: 694

Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

### 21. How comfortable are you that your company:

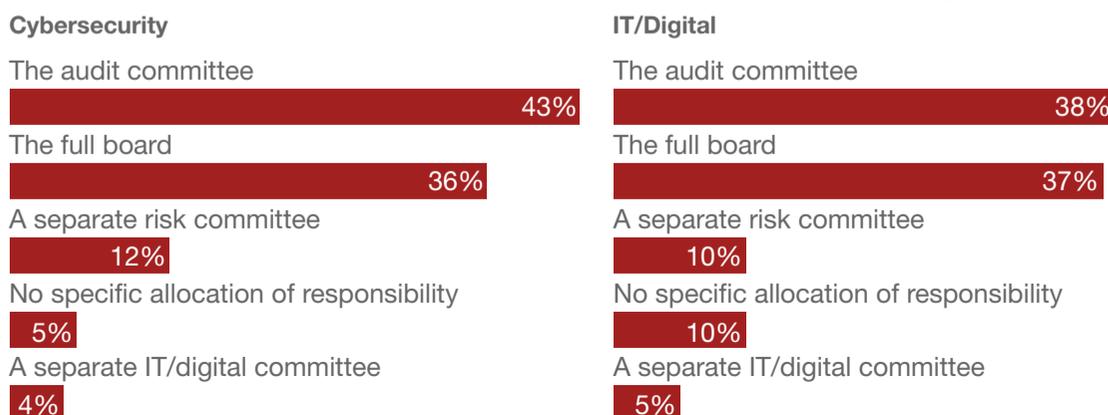


■ Very comfortable ■ Moderately comfortable ■ Not sufficiently/not at all comfortable

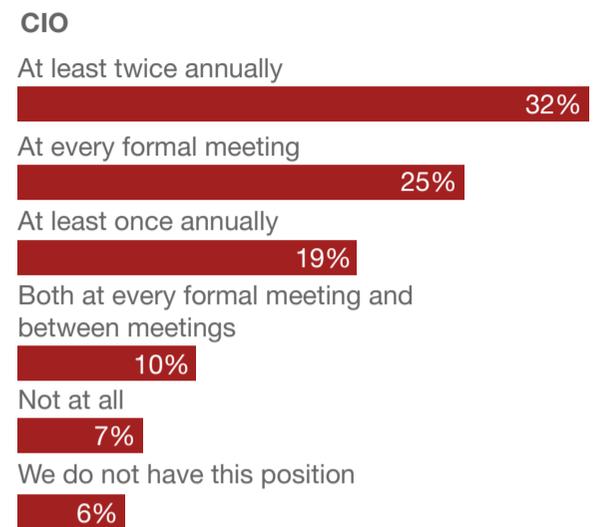
Base: 691-697

Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

### 22. Who on the board currently has primary responsibility for the oversight of cybersecurity and IT/digital?



### 20. How often do board members communicate with the company's chief information officer (CIO) and/or the company's chief information security officer (CISO)?



#### CISO



Note: 1-3% of directors responded "Don't know."

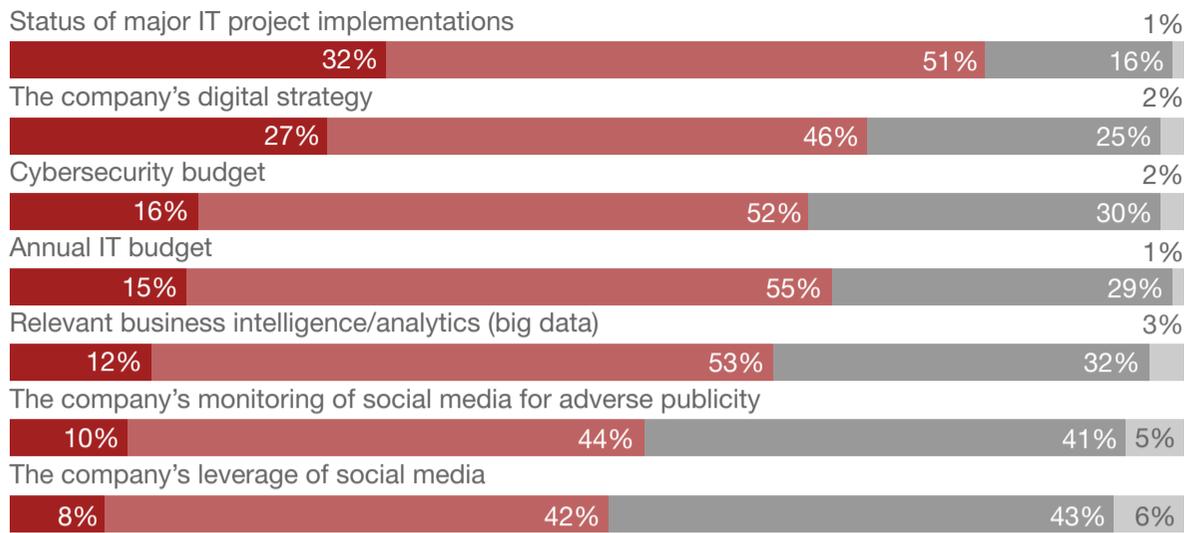
Base: 645-725

Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

Base: 694-743

Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**23. How engaged is your board or its committees with overseeing/understanding the following?**

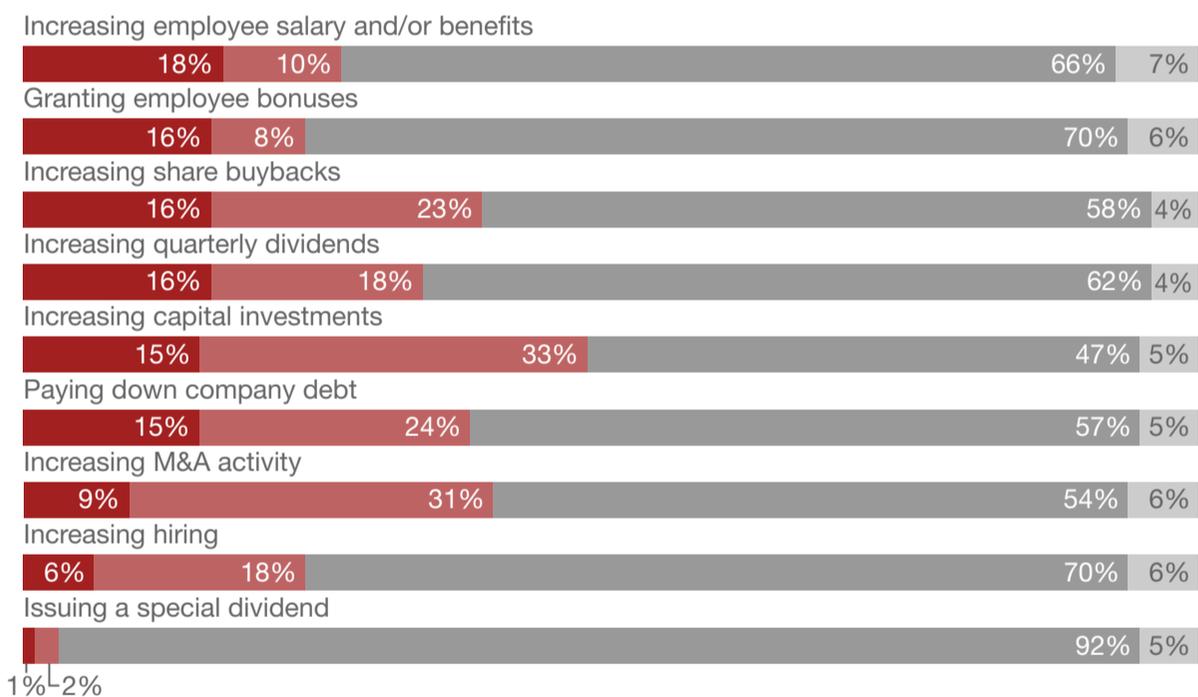


■ Very ■ Moderately ■ Not sufficiently/not at all ■ Don't know

Base: 694-698  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**Strategy and risk**

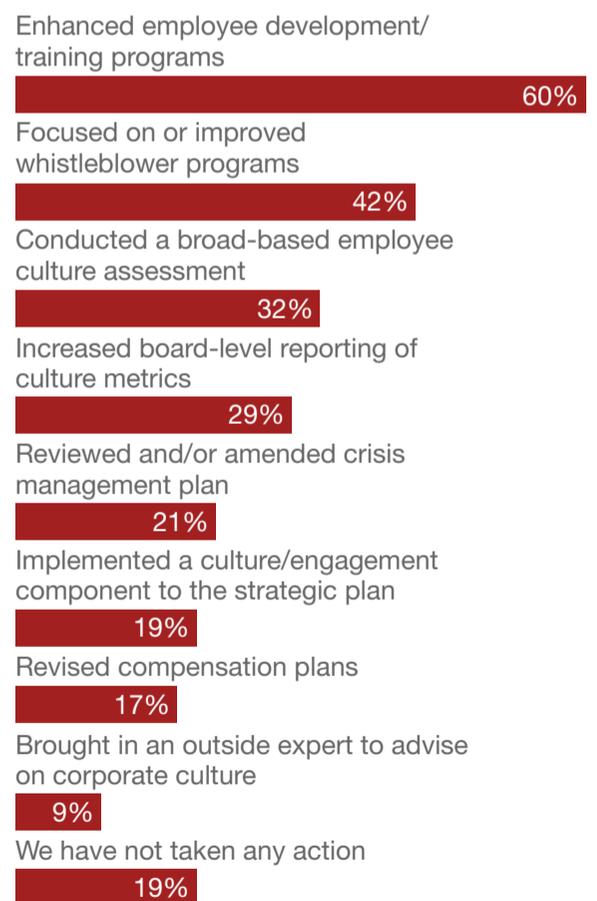
**24. Based on the recent US federal tax reform (the Tax Cuts and Jobs Act of 2017), which actions has your company taken, or is expecting to take?**



■ Has taken ■ Expect to take ■ Not considering ■ Don't know

Base: 636-653  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

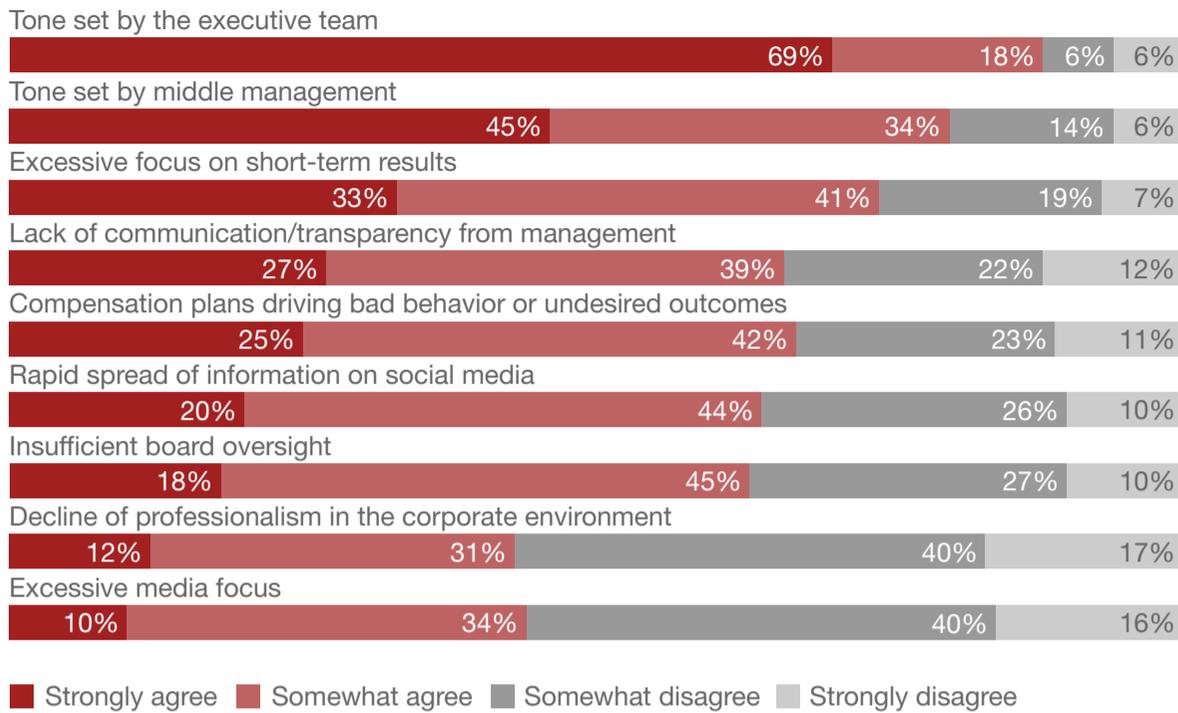
**25. Several high-profile companies' reputations have been damaged recently by what could be called failures in their corporate culture. Has your company taken any of the following actions to address corporate culture? (select all that apply)**



Note: 4% of directors responded "Other."

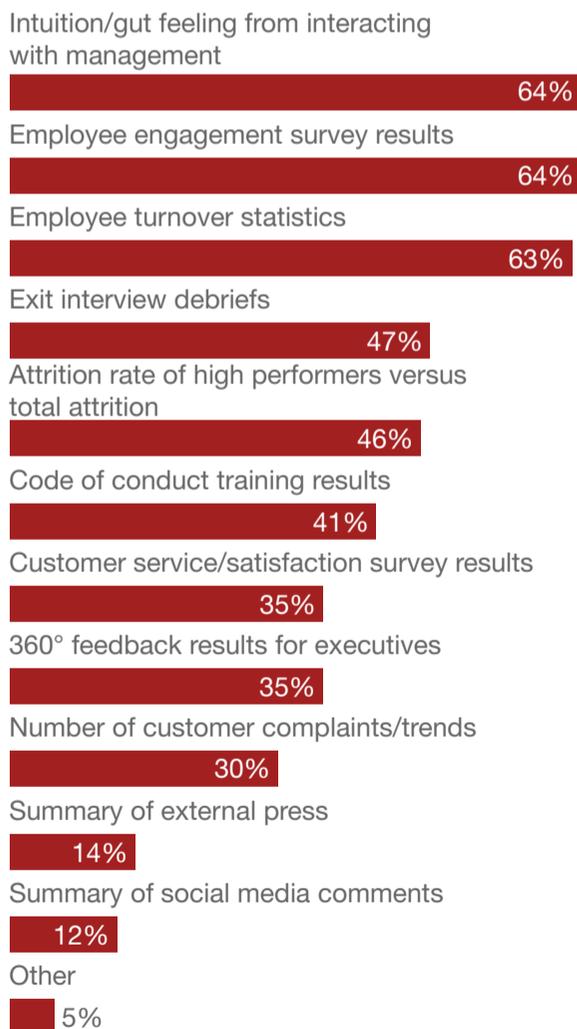
Base: 675  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**26. To what extent do you agree or disagree that the following factors contribute to problems with corporate culture?**



Base: 664-673  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

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



Base: 677  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

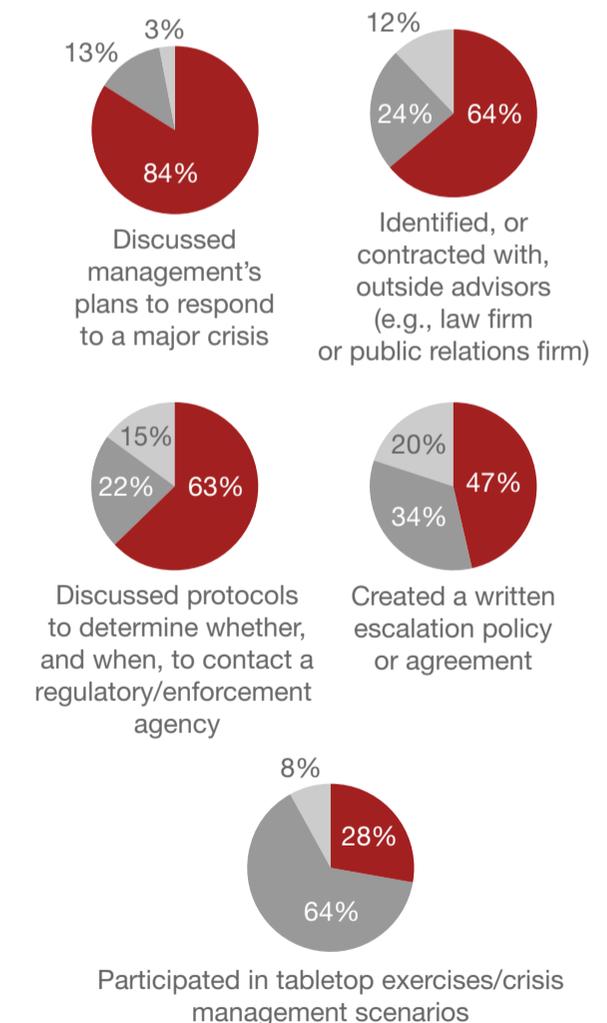
**28. In your opinion, which of the following three metrics are, or would be, most useful in assessing company culture? (select three)**



Note: 2% of directors responded "Summary of external press."

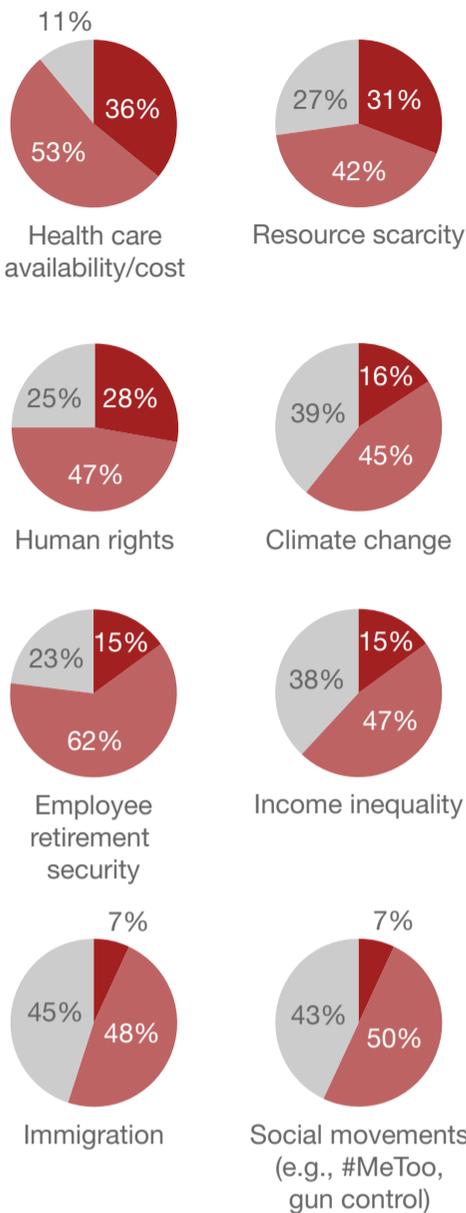
Base: 675  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**29. With regard to crisis management oversight (e.g., cyberattack, natural disaster, financial reporting fraud allegations), has your board/company taken any of the following steps?**



Base: 663-676  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

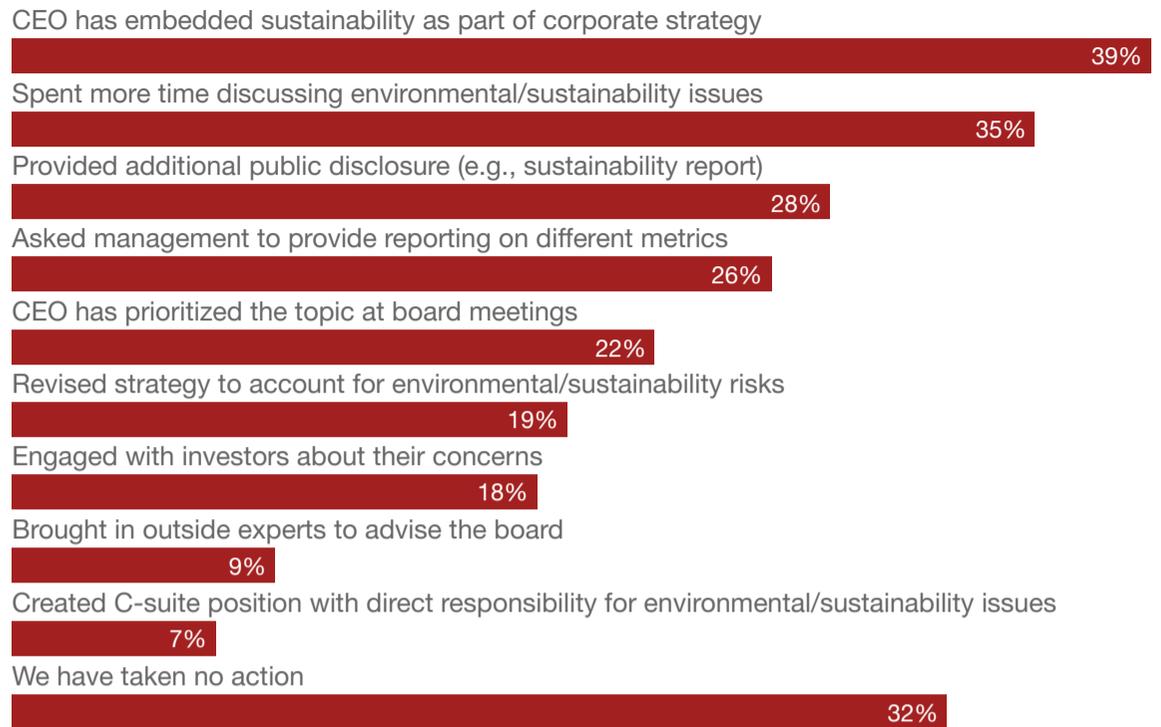
**30. To what extent do you think your company should take the following social issues into account when forming company strategy?**



■ Very much ■ Somewhat ■ Not at all

Base: 665-677  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**31. Has your company taken any of the following steps to respond to environmental/sustainability risks? (select all that apply)**

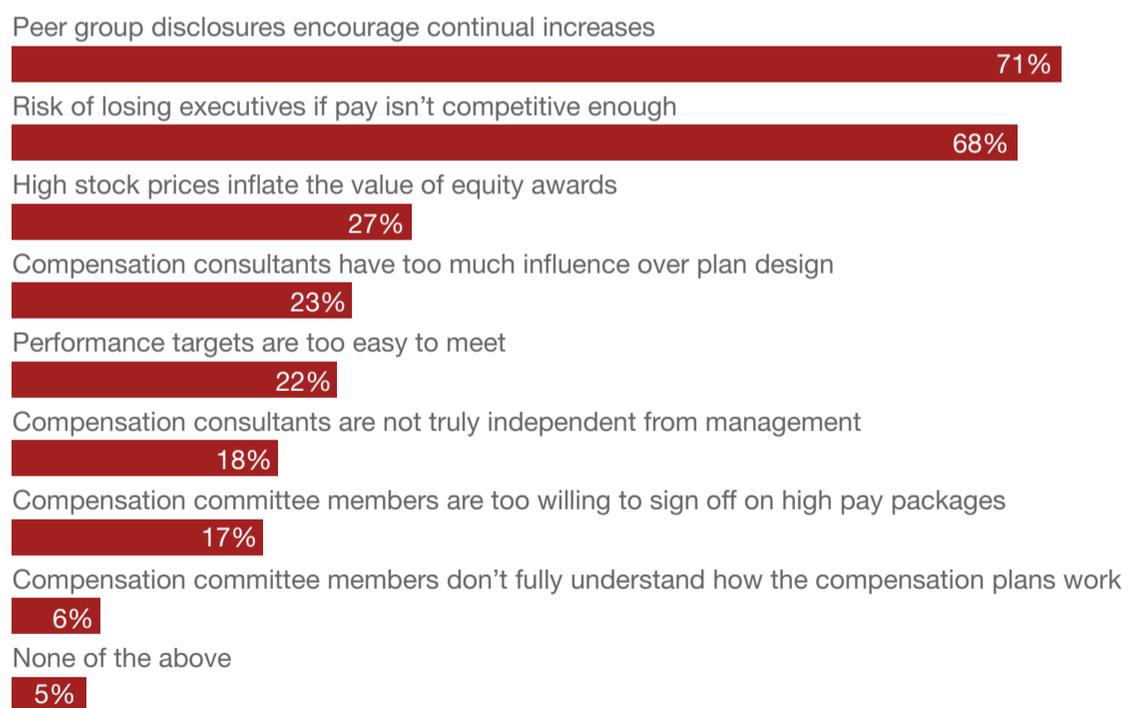


Note: 3% of directors responded "Other."

Base: 657  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

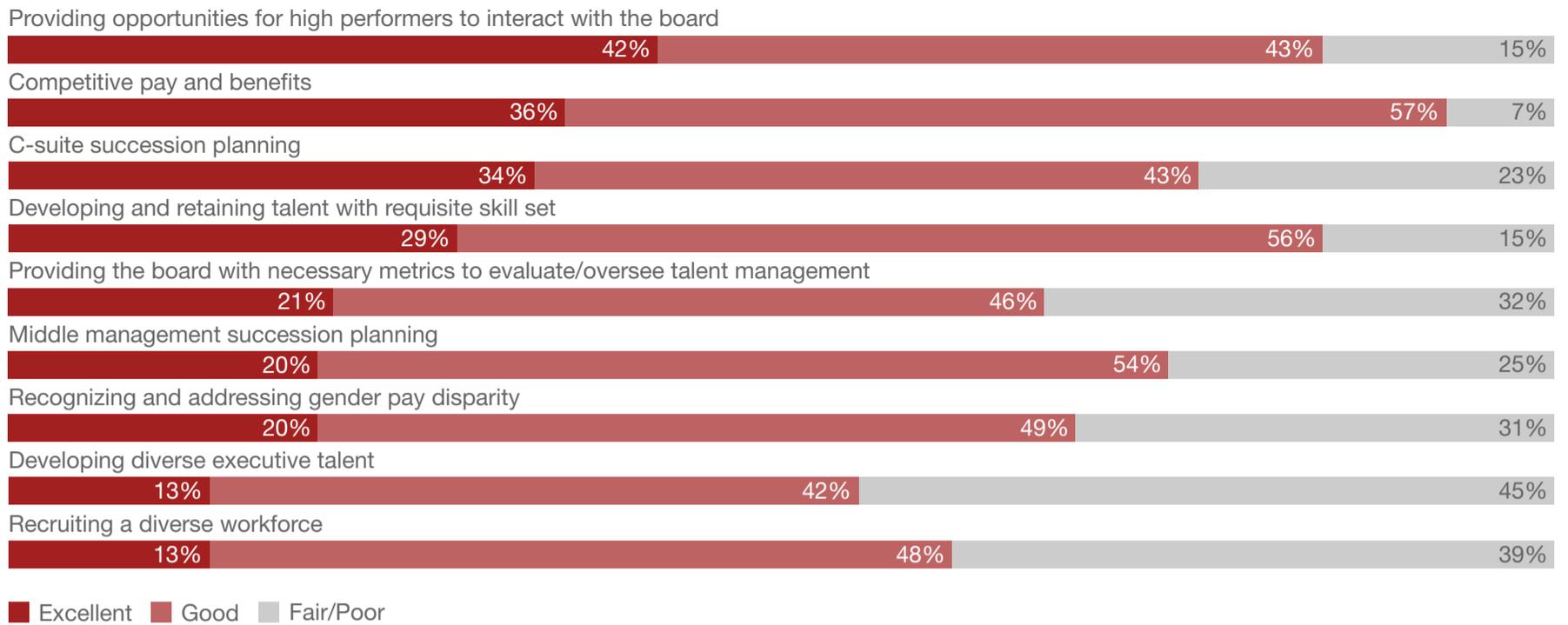
**Executive compensation and talent management**

**32. Why do you think executive compensation levels continue to rise? (select all that apply)**



Base: 676  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**33. How would you rate the job your company does on the following aspects of talent management?**



Base: 654-675  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

**The role of corporations in society**

**34. For each of the following pairs of statements (on the left and right sides), which reflects your view of the role that public companies should play in the US?**

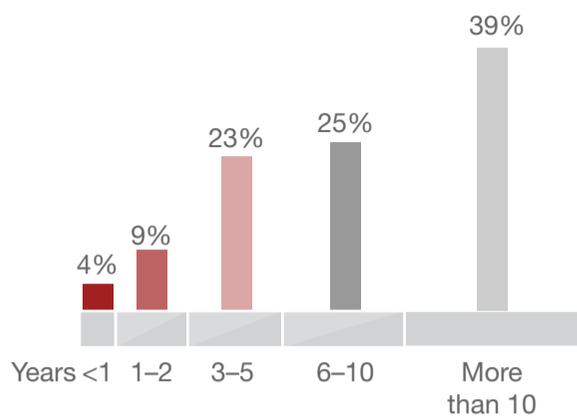


Note: Respondents selected a level of support ranging from "neutral" to "strongly agree" in either direction. The above aggregates these various levels of support for either statement, excluding the responses marked "neutral."

Base: 676-681  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

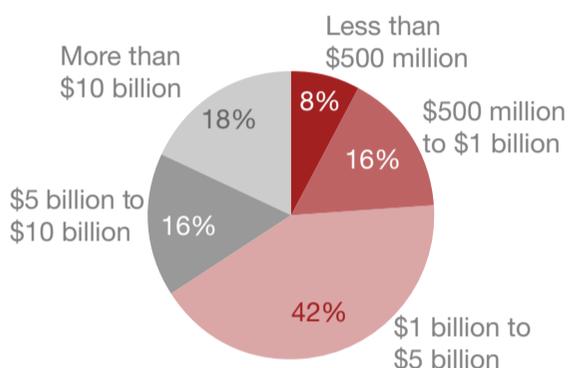
## Demographics

How long have you served on this board?



Base: 685  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

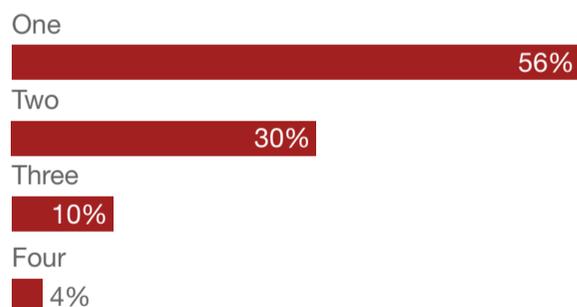
What are the annual revenues of the company on whose board you sit?



Note: Directors were asked to respond for the largest company (by revenue) on whose board they serve.

Base: 682  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

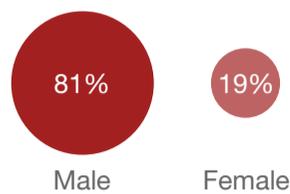
How many public company boards do you currently serve on?



Note: Less than 1% of directors responded "More than four."

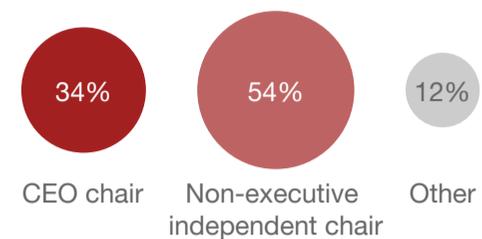
Base: 685  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

You are:



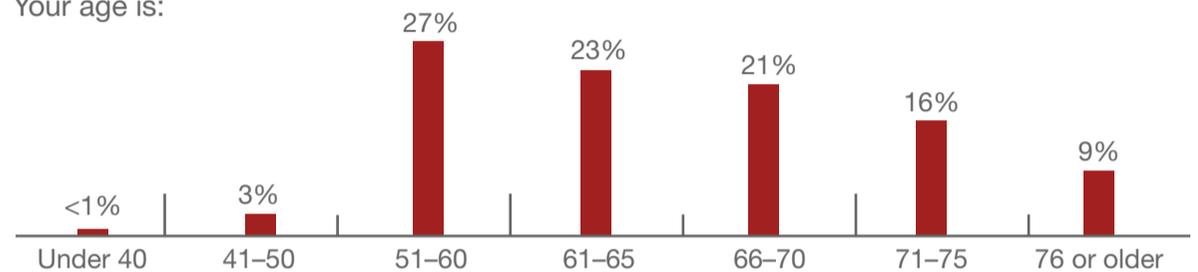
Base: 680  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

Which of the following describes your board leadership structure?



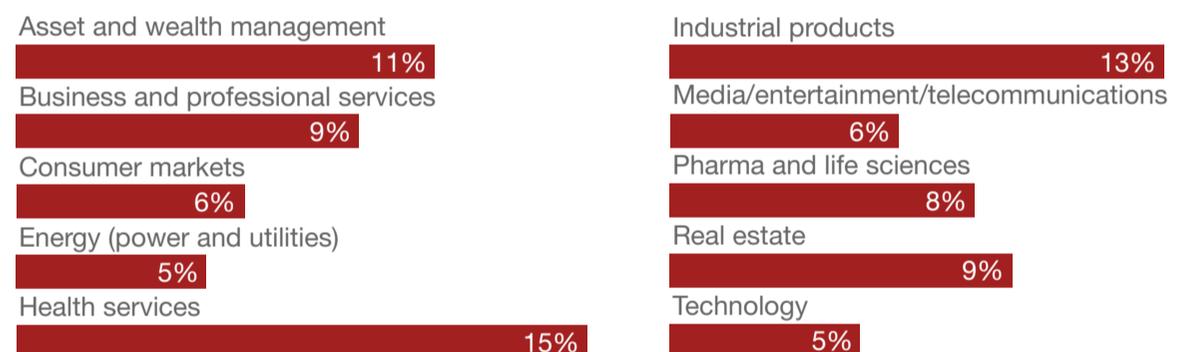
Base: 688  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

Your age is:



Base: 686  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

Which of the following best describes the industry of the company on whose board you sit? (select only one option)



Note: Banking and capital markets, energy (oil and gas), insurance and other comprised less than 5% each.

Base: 587  
Source: PwC, 2018 Annual Corporate Directors Survey, October 2018.

### 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 a decade. In the summer of 2018, 714 directors participated in our survey. The respondents represent a cross-section of companies from over a dozen industries, and 76% of those companies have annual revenues of more than \$1 billion. Eighty-one percent (81%) of the respondents were men, and 19% were women. Board tenure varied, but 64% of respondents have served on their board for five or more years.

## Endnotes

---

- 1 PwC and Broadridge, *ProxyPulse 2018 Proxy Season Review*, October 2018.
- 2 Larry Fink's Annual Letter to CEOs, January 16, 2018.
- 3 Condliffe, Jamie. "The Stock Market's Next \$1 Trillion Milestone: Buybacks." *New York Times*, August 6, 2018.
- 4 Spencer Stuart, *2017 Spencer Stuart U.S. Board Index*, December 2017.
- 5 Ibid.
- 6 Paul DeNicola, "Investor Expectations in 2018," LinkedIn, December 4, 2017, <https://www.linkedin.com/pulse/investor-expectations-2018-paul-denicola/>.
- 7 Krouse, Sarah. "BlackRock: Companies Should Have at Least Two Female Directors." *Wall Street Journal*, February 2, 2018.
- 8 BlackRock, *Investment Stewardship Report: Americas: Q2 2017*, June 2017.
- 9 Vanguard, An open letter to directors of public companies worldwide, August 2017.
- 10 SSGA, *State Street Global Advisors Reports Fearless Girl's Impact: More than 300 Companies Have Added Female Directors*, September 27, 2018.
- 11 SSGA, *Stewardship Activity Report: Q1 2018*, May 2018.
- 12 "Boardroom Accountability Project 2.0." NYC Comptroller. <https://comptroller.nyc.gov/services/financial-matters/boardroom-accountability-project/boardroom-accountability-project-2-0/> (accessed July 10, 2018).
- 13 CalPERS, *Corporate Board Diversity Update*, June 2018.
- 14 CalSTRS, *Corporate Governance Principles*, November 2017.
- 15 Spencer Stuart, *2017 Spencer Stuart U.S. Board Index*, December 2017.
- 16 PwC, *Board composition: Consider the value of younger directors on your board; PwC's Census of Directors 50 and Under*, April 2018.
- 17 Spencer Stuart, *2017 Spencer Stuart U.S. Board Index*, December 2017.
- 18 Ibid.

# How PwC can help

---

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

## **Paula Loop**

Leader, Governance Insights Center  
(646) 471 1881  
paula.loop@pwc.com

## **Catherine Bromilow**

Partner, Governance Insights Center  
(973) 236 4120  
catherine.bromilow@pwc.com

## **Sharad Jain**

Partner, Governance Insights Center  
(313) 401 9005  
sharad.p.jain@pwc.com

## **Paul DeNicola**

Principal, Governance Insights Center  
(646) 471 8897  
paul.denicola@pwc.com

## **Leah Malone**

Director, Governance Insights Center  
(646) 471 4305  
leah.l.malone@pwc.com

## ***Project team***

### **Shelley Wilson**

Marketing Director  
Governance Insights Center

### **Elizabeth Eck**

Research Fellow  
US Integrated Content Team

### **Nick Bochna**

Project Team Specialist  
Governance Insights Center

### **Francis Cizmar**

Senior Account Manager

### **Victoria Waranauckas**

#### **Chris Pak**

#### **Karen Montgomery**

#### **Christopher Tepler**

Design

Creative Team

**[www.pwc.com/acds2018](http://www.pwc.com/acds2018)**