Board Composition

Stakeholders expect boards to be well positioned to face new risks and respond to evolving needs. The foundation of a board’s ability to meet those expectations is in its membership. The connection between board composition and effective oversight is driving conversations, guidance and regulations around the world.

Key elements within board composition include:

**Independence:** Stakeholders increasingly expect boards to include directors who are independent from ownership. These directors can offer an objective “outsider” view. In addition, boards are encouraged to adopt “refreshment” processes to replace long-tenured directors with new members.

**Diversity:** Diversity includes not only gender, ethnicity and age but also viewpoints, experiences and expertise. A diverse board promotes long-term value by providing insights from a variety of backgrounds and skills.

**Access to qualified candidates:** Achieving independence and diversity on a board is difficult when few qualified candidates exist. In many emerging markets access to a pool of qualified candidates is a significant problem. In response, business, government and stakeholders are promoting resources to train a larger pool of future directors.

**Succession:** Maintaining an independent, diverse board of qualified candidates is only possible if boards have adequate succession plans in place.