The director’s new playbook:
Taking on change

PwC’s 2021 Annual Corporate Directors Survey
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Introduction

The corporate world is never static, but the first years of this decade have presented an unusual compilation of challenges. The COVID-19 pandemic has posed a nearly unprecedented public health emergency, with lasting global implications. The stock markets have reached record highs, interest rates have fallen to record lows, and unemployment figures skyrocketed before labor markets tightened. The country weathered a divisive presidential election. At the same time, social justice concerns have taken hold. In 2020, protests for racial justice swept the country, leaving a sustained focus on how to address current inequities and past wrongs.

Against this backdrop, business now beats NGOs, governments, and the media as people’s most trusted institution, according to the Edelman Trust Barometer. Customers and consumers are looking to companies to get involved in social issues in a new way, making statements and creating policies on public concerns that wouldn’t have been top of mind before. This includes social justice issues, as well as companies’ role in dampening the acceleration and effects of climate change.

These changes have had broad impacts on companies, from their employee base to the executive suite—and up to the boardroom. Boards are historically slow to change, in part because they are relied upon as a stabilizing force for corporations. But as the world is changing, directors are driven to change their playbook as well.

Directors see that diversity and inclusion (D&I) efforts are good for both their companies and boardrooms, and they recognize the need to build a culture of belonging. With an eye toward better, more sustainable business outcomes, directors increasingly see a link between ESG and the company’s core strategy. As more workforces return to the office and as the labor market remains constrained, companies are planning for the future of work. Directors see the need to be more involved in those decisions—to develop the right workforce and a talent management strategy for the future. And they know that to confront all these difficult issues, board effectiveness is key. To be best positioned for the future, nearly half would like to see a change on their board.

As the social, environmental, and economic pressures on companies continue to swirl, directors need to be prepared to take on change.
Key findings

Boards are connecting ESG and company strategy, but may not fully grasp risks

While 64% of directors say ESG is linked to their company’s strategy, Only 25% say their board understands ESG risks very well.

Virtual board meetings take their toll

52% of directors say virtual meetings are more efficient... ...but they also say directors are less engaged, the board is less effective, and boardroom culture is suffering.

Directors say the board diversity problem won’t solve itself

Search criteria for new directors

1. Racial/ethnic diversity
2. Industry expertise
3. Operational expertise

Increasingly, directors recognize they must do more

Only 33% of directors believe that board diversity will simply “happen naturally”

Compared to 71% in 2020 – a 38-point drop.

Directors support tying pay to D&I goals

5/10 support tying executive compensation to diversity and inclusion goals.

a 13 point jump in just one year.

Directors want to see more board refreshment

47% of directors say that at least one fellow board member should be replaced.

18% of those directors would replace two or more fellow directors.

Talent management demands board focus as never before

When asked about areas that need more time and attention in the boardroom, talent management topped the list—beating out strategy oversight for the first time.

PwC’s 2021 Annual Corporate Directors Survey
Focus areas for boards of directors

Our Annual Corporate Directors Survey highlights a number of areas where boards are making progress and operating with a new playbook. But the work of improving governance and board oversight is not done. Here are six areas directors say are calling for board focus.

**Invest more time and resources in board ESG oversight**
According to our survey, ESG is the top issue shareholders want to discuss with directors, and is a critical area of board oversight. But with just 25% of directors saying their board understands ESG risks very well, many boards have work to do to bring directors up to speed. Some boards are forming new committees to focus on the issue, but that’s not always necessary. What is necessary is giving the topic enough attention and time on the agenda, and providing directors with the education they need.

**Connect ESG to company strategy**
The most critical part of tackling ESG is to embed these long-term concerns into company strategy. For the 36% of directors whose boards are not doing this yet: now is the time. One way to enforce the connection is by tying executive compensation to non-financial metrics. While a growing percentage of directors support the idea, relatively few companies are doing it.

**Prioritize talent management oversight and the future of work**
The COVID-19 pandemic and its follow-on impact has required many employers to radically re-envision what the workplace looks like. Overseeing talent is a complex job, and according to directors, it’s the area that most demands additional board time. To be in a position to compete, companies need to attract the best talent. And directors need to understand how the company is differentiating itself in that regard. The board needs to be involved in decisions about how the company’s workforce strategy may evolve in the future, and ensure that strategy maps the way to greater diversity and inclusion among the workforce.
Tackle board diversity through refreshment
Directors see that board diversity is a problem that needs to be addressed, and unlike a few years ago, most now think that it won't just fix itself. While directors aren’t ready to embrace diversity mandates, they can make significant improvements by setting goals and creating an internal succession plan. The full board should think about what its composition should look like two, three, or four years from now, and create a plan to get there.

Double down on board assessments
Almost half of directors (47%) think that one or more of their fellow board members should be replaced. Boards don’t have room for directors who are underperforming, or are just no longer the right fit for the board. Every board needs to be conducting individual director assessments, every year, in order to identify the areas that could and should be changed and improved. Board chairs or lead directors should hold a one-on-one meeting with each director and share honest, candid (even uncomfortable) feedback each year.

Re-examine board priorities
When asked which areas of board oversight demand more time and attention, 34% of directors agreed that talent management tops the list. But beyond that, they showed a range of different priorities. Ensure that the topic of board priorities is given ample air time for directors to come to a consensus about where to focus next.
Boards take on ESG

Although investors have been focused on ESG for years, 2020 and 2021 thrust those issues into the spotlight in a new way. The 2021 proxy season saw more ESG-focused shareholder proposals than ever before, and those proposals received higher levels of support. Directors now report that ESG is the topic investors most want to discuss during engagements with shareholders.

ESG tops shareholders’ agendas

What topics do shareholders want to discuss with directors?

- **43%** ESG
- **40%** Executive compensation
- **38%** Strategy oversight
- **38%** Board composition

Q13c. On which of the following topics did a member of your board (other than the CEO) engage in direct communications with shareholders? (select all that apply)

Base: 443

In 2021 we see a real shift in how boards are thinking about and addressing ESG. Most importantly, more boards are linking ESG to company strategy. Almost two-thirds of directors (64%) now say their strategy is tied to ESG issues—a 15-point jump since last year, and a strong indicator of how quickly things are changing. Directors are also more likely to say that ESG is a part of risk management discussions (62%, up from 55% in 2020). More than half of directors (54%) now believe that ESG issues have a financial impact on company performance.

But are directors equipped to oversee these complex issues? When asked about how well their board understands various areas of oversight, ESG ranked lowest. Just 25% of directors say their board understands ESG risks very well.

**Board ESG focus grows**

Directors agree that ESG is linked to:

<table>
<thead>
<tr>
<th>Category</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>64%</td>
<td>49%</td>
</tr>
<tr>
<td>ERM</td>
<td>62%</td>
<td>55%</td>
</tr>
<tr>
<td>Company performance</td>
<td>54%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Yet only 25% of directors say their boards have a strong grasp of ESG risks.

Larger company boards are further ahead on ESG

<table>
<thead>
<tr>
<th>ESG linked to strategy</th>
<th>Over $5B</th>
<th>Under $1B revenue</th>
</tr>
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<tbody>
<tr>
<td>2021</td>
<td>74%</td>
<td>54%</td>
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<table>
<thead>
<tr>
<th>ESG regularly on the board's agenda</th>
<th>Over $5B</th>
<th>Under $1B revenue</th>
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<tbody>
<tr>
<td>2021</td>
<td>62%</td>
<td>38%</td>
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Q17. Which of the following statements do you agree with about ESG (environmental/social/governance) issues? (select all that apply); Q16. How well do you think your board understands the following as it relates to the company? Response: Very well

Base: 788 (2021); 624 (2020); 821

Directors reject looming ESG regulations

Today, US public company disclosure on ESG is mostly voluntary. Unless an issue rises to the level of being “financially material,” companies are usually not compelled to disclose it. But investors are clamoring for more information on ESG. This has led to a variety of reporting standards and frameworks that companies can choose to adopt in order to provide relevant and comparable data to shareholders. Meanwhile, the SEC is working toward a comprehensive (and maybe mandatory) ESG disclosure framework, with a proposal expected in late 2021 or the first half of 2022.

But mandatory reporting is a change most directors do not support. Fewer than one in five directors (18%) are in favor of mandatory reporting or disclosure requirements. Two-thirds (67%) prefer the current, voluntary approach. While they are not looking for mandatory requirements, ninety-four percent (94%) say their companies are offering some voluntary disclosure already.

However, even with all of the focus on ESG disclosures, oversight remains a challenge for many boards. Only 28% of directors say their board has a strong understanding of the company’s ESG/sustainability messaging.

Directors prefer voluntary ESG disclosure

The current system of voluntary ESG reporting/disclosure is a preferable approach

Mandatory ESG reporting/disclosure requirements would be a preferable approach (e.g., SEC regulation, listing agency rules)

Female directors much more concerned with climate crisis

Female directors 87%

Male directors 67%

Female directors also twice as likely to support mandatory ESG disclosure

Q26. To what extent are you concerned about the business/societal impact of the following macro trends? Responses: Very much and somewhat base: 798

Q18. Which of the following do you agree with as it relates to ESG reporting/disclosure? (select all that apply)
Base: 798
Macro issues impacting strategy oversight

Across the world, leaders in business, politics, and society point to a common set of concerns. A team at PwC spearheaded by our global strategy leader, Blair Sheppard, have dubbed this the “ADAPT” framework. In the book *Ten Years To Midnight*, they describe a world in which asymmetry, disruption, age, polarization, and trust are fundamentally changing the way billions of people live and work. These forces, and how companies react to them, will dictate business risks and opportunities now and in the future.

The trend most concerning to directors is increasing political polarization. Almost all directors (95%) are concerned about the business and societal impact of an increasingly fractured body politic. The impact of technological disruption is close behind (91%), followed by the waning confidence in social institutions (88%).

Because the board of directors can (and should) take the long view on company strategy, their view on these long-term pressing issues will impact how companies incorporate these issues into their future planning. Read more about these global concerns and the board’s role in addressing them.

### How macro issues drive PwC's New Equation

As we at PwC have wrestled with these same concerns, we have shifted to focus on creating a passionate community of solvers coming together in unexpected ways, creating new solutions for a new day. This strategy speaks to the urgency to respond to the macro issues highlighted here. And to do that, we need to build trust at a time when it is both more fragile and more complicated to earn.

The two needs are interdependent. Trust underpins everything we do and everything our society is built on. Organizations must build it with an expanding set of stakeholders on a variety of topics, including diversity, taxes, customer data protection, ESG, and more. The pressure to deliver business outcomes for all stakeholders is high and it’s a complex endeavor. We are shifting to meet the moment.

### Key macro concerns impacting businesses

<table>
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<tr>
<th>% of directors concerned about the impact of:</th>
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<tr>
<td>95% Increasing political polarization</td>
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<tr>
<td>91% Technological disruption</td>
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<tr>
<td>88% Waning confidence in social institutions</td>
</tr>
<tr>
<td>76% Income inequality</td>
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<tr>
<td>73% Climate crisis</td>
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Q26. To what extent are you concerned about the business/societal impact of the following macro trends? Responses: Very much and somewhat
Base: 805-807
Boards take steps to diversify

The issue of public company board diversity continues to intensify. California’s recently-enacted laws, which require public companies to have a minimum number of female directors as well as directors from “underrepresented communities,” have pushed the issue forward, as have shareholder calls for more diverse boards. NASDAQ has also issued new listing standards that would require a minimum level of diversity on the boards of a wide swath of companies.

Directors have been part of the conversation about board diversity for years. And boards have been diversifying—although slowly. The percentage of female directors on S&P 500 boards has increased from 16% to 28% in the past 10 years. But the percentage of corporate directors from racial minority groups remains extremely small. At the country’s largest companies, only about 5% of directors are Black and only 3% are Latinx.

Today boards are addressing diversity in new ways. Importantly, almost every director says their board is doing something on the issue. More than 9 out of 10 directors (93%) say their board has taken action on diversity over the previous 24 months. The most common change they have made is to replace retiring directors with someone who brings diversity to the board (69%). For boards without retiring directors, we see many increasing the size of the board, at least temporarily, in order to bring in diversity. One-third of directors (33%) say their board has taken this step in the previous two years.

Boards are also more open about sharing what they are doing when it comes to board diversity. More than half of directors (54%) say their company’s proxy statement includes information about board diversity.

Boards are making changes and opening up about diversity

- 69% Replaced a retiring director with a director who increases the board’s diversity
- 54% Disclosed information about board diversity in the company’s proxy statement
- 33% Increased board size to add a diverse director
- 31% Engaged with shareholders on the topic of board diversity

Q7. Which of the following actions has your board taken over the past two years regarding board diversity? (select all that apply)
Base: 846
Racial diversity drives new director searches

In the past three to five years, much of the attention around board diversity has been focused on gender. But recently, the conversation has turned to the lack of racial/ethnic diversity on boards as well.

Recent board diversity requirements enacted in California, NASDAQ listing standards, and calls from investors have put a new emphasis on the need for boards to have not just gender diversity, but racial and ethnic diversity as well.

As a result of these pressures, board searches are changing. When we asked about the single most important attribute being prioritized in the board’s next director search, racial/ethnic diversity topped the list (25%). It ranked higher than traditional areas like industry expertise (20%) and operational expertise (14%). Gender diversity ranked much lower at 12%, perhaps because boards have done a lot of work to bring on female directors in the past few years—if only one or two.

And when it comes to skill sets generally in demand for directors, boards are still prioritizing wide skill sets over narrow ones. Cyber and ESG are important issues for boards, but they are not necessarily looking for experts in those areas. A growing focus in the boardroom doesn’t translate to the need for specific expertise.

The single most important attribute in boards’ next director

- **Racial/ethnic diversity** (25%)
- **Industry expertise** (20%)
- **Operational expertise** (14%)
- **Gender diversity** (12%)

Q1. When your board recruits its next director, what is the single most important attribute your board will prioritize in the search? (select only one)

Base: 842

Diversity has benefits, but board changes bring concerns

To directors, it’s clear that board diversity brings benefits. Most directors agree that it brings unique perspectives to the boardroom (93%), and that it improves relationships with shareholders (90%). More than four out of five (85%) say that it enhances board performance, and about three-quarters agree that it improves strategy/risk oversight (76%) and company performance more broadly (75%).

But as boards become more diverse, an increasing percentage of directors also point to concerns. Almost 6 out of 10 directors (58%) say that diversity is driven by political correctness—up six points from 2020. Directors are now also more likely to say that board diversity results in the nomination of additional unneeded candidates (31%, up from 26% in 2020), perhaps tied to the number of boards that are increasing their size in order to bring on a director who will increase the board’s diversity. And more than a quarter of directors (27%) say that the push for diversity actually results in boards nominating unqualified candidates to address these issues.

**Board diversity brings benefits—and some risks**

- Brings unique perspectives to the boardroom: 93%
- Improves relationships with investors: 90%
- Enhances board performance: 85%
- Driven by political correctness: 58%
- Results in boards nominating additional unneeded candidates: 31%
- Results in boards nominating unqualified candidates: 27%

**Male directors more likely to be skeptical of new diversity efforts**

<table>
<thead>
<tr>
<th>Directors who believe board diversity efforts result in:</th>
<th>Male</th>
<th>Female</th>
</tr>
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<tbody>
<tr>
<td>Unneeded candidates</td>
<td>35%</td>
<td>18%</td>
</tr>
<tr>
<td>Unqualified candidates</td>
<td>32%</td>
<td>12%</td>
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Q4. To what extent do you agree with the following statements about board diversity? Responses: Strongly agree and somewhat agree
Base: 834-849
Board diversity won’t just happen on its own

When it comes to board diversity, many directors have traditionally endorsed the idea that it just takes time. In 2020, 71% of directors agreed that no action was necessary because boards would naturally become more diverse on their own over time. In 2021, views have shifted—significantly. The percentage of directors who believe that boards don’t need to take action dropped by more than half, to just 33%. This represents a seismic shift and indicates an understanding of the fact that boards need to take deliberate actions in order to bring about changes.

When it comes to the various methods of achieving diversity, directors are now more supportive of almost all of them. They are more likely to support efforts like the “Rooney Rule” of always interviewing a diverse slate of candidates. They are also more supportive of search firms offering diverse slates, and institutional investors’ policies of voting against directors at boards without sufficient diversity. Almost two-thirds of directors (64%) even support SEC or listing agency rules requiring the disclosure of board diversity.

**Director support of board diversity measures grows**

<table>
<thead>
<tr>
<th>Method of achieving diversity</th>
<th>2021</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board policies of always interviewing a diverse slate of candidates (e.g., the “Rooney Rule”)</td>
<td>88%</td>
<td>82%</td>
<td>6%</td>
</tr>
<tr>
<td>Search firm policy of always offering diverse slates of candidates</td>
<td>85%</td>
<td>81%</td>
<td>4%</td>
</tr>
<tr>
<td>Institutional investor engagement with companies lacking board diversity</td>
<td>69%</td>
<td>66%</td>
<td>3%</td>
</tr>
<tr>
<td>No action necessary—boards will naturally become more diverse over time</td>
<td>33%</td>
<td>71%</td>
<td>38%</td>
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Q6. To what extent do you support the following methods of achieving diversity on public company boards? Responses: Very much and somewhat

Base: 826-848 (2021); 681-683 (2020)

What’s still standing in the way of board diversity?

With so many boards thinking about and focusing on diversity, why aren’t changes happening more quickly? Many directors tell us that they see a shortage of qualified candidates.

Almost every board is taking steps to increase their diversity. Many of those boards are looking for the same types of qualifications in their next director: often someone with financial and/or operational expertise, as well as someone who might change the gender and racial/ethnic makeup of the board.

With many boards looking for similar candidates with similarly-defined skill sets, they are turning to a limited candidate pool. The top reason directors say their boards are not able to diversify more quickly is the lack of qualified candidates. Lack of opportunity on boards is another main factor. Thirty-nine percent (39%) of directors point to long-serving board members’ reluctance to retire as inhibiting diversity. Nearly as many (38%) say it relates to directors’ over-reliance on their own networks to source board candidates—networks that might not be broad enough to deliver the right diversity of candidates.

Directors say lack of candidates and opportunities stymies board diversity

Female directors point to candidate sourcing problems

<table>
<thead>
<tr>
<th>% of directors who say board diversity efforts are impeded by:</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over-reliance on director networks to source candidates</td>
<td>59%</td>
<td>31%</td>
</tr>
<tr>
<td>Lack of qualified candidates</td>
<td>21%</td>
<td>54%</td>
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Q5. In your opinion, what has impeded efforts to increase board diversity in general (i.e., why haven’t boards become diverse more quickly)? (select all that apply)
Base: 785
Human capital and D&I demand board focus

Companies are embarking on a war for talent. In order to compete, they need to be an employer of choice, and that means more than just offering competitive pay. In fact, only 14% of directors say their companies have increased compensation or added additional benefits.

Rather, much of the focus has been on issues like company culture, gender and racial pay equity, and opportunities made available to a broad workforce. How a company addresses these challenges can make a difference in how they are seen by employees, particularly as social awareness of workplace equity has risen following the COVID-19 pandemic and the social justice protests dominating many cities in 2020.

In 2021, almost all directors say their companies are taking action to address human capital and D&I issues. And most of the time, this means that the board is getting involved in ways they haven’t in the past. Almost three-quarters of directors (74%) say board-level discussions on human capital or D&I strategy have increased. Almost half (47%) say their company is investing in upskilling or retraining employees, and another 47% say their executive teams are offering more reporting to the board. Almost as many (46%) see changes in their companies’ approach to recruiting and hiring. Only 8% of directors tell us that their companies have not taken any action to address these issues.

Companies take action on D&I

% of directors who say their company has:

- Increased discussion of human capital or D&I strategy at the board level: 74%
- Invested in upskilling/retraining: 47%
- Provided additional metrics to the board: 47%
- Changed approach to recruiting/hiring: 46%
- Enhanced public disclosure on human capital or D&I metrics: 39%

Larger companies are ahead on board metrics

% of companies that provide human capital or D&I metrics to the board

<table>
<thead>
<tr>
<th>Annual revenue</th>
<th>% of companies</th>
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<tbody>
<tr>
<td>over $10B</td>
<td>63%</td>
</tr>
<tr>
<td>under $1B</td>
<td>28%</td>
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Q23. Which of the following steps has your company/board taken, or plans to take, to address human capital and diversity and inclusion (D&I)-related issues? (select all that apply)
Base: 808
Bringing ESG metrics into executive compensation

As the ESG conversation takes hold in boardrooms, more and more companies are making changes to their executive compensation plans to reflect that focus. In part, this is a recognition that executives should be held to account for company priorities—even those priorities that do not relate directly to financial performance. More than half of directors support tying compensation to goals relating to customer satisfaction, safety, quality, and employee engagement.

But a key change relates to the inclusion of D&I goals. While the vast majority of directors (86%) are in favor of companies doing more to promote equality in the workplace, last year just 39% of directors agreed that incentive plan goals should actually be tied to those metrics. In 2021, that figure rose 13 points to 52%, indicating a significant shift in how boards are thinking about D&I in particular, and how they can hold executives accountable.

Support for D&I goals grows

Female directors are far more supportive of including D&I goals in incentive plans

Female directors: 74%

Male directors: 44%

Q22. Which of the following non-financial metrics do you think should be included in executive compensation plans? (select all that apply)
Base: 815
Part 2:
Board practices

Directors still see room for improvement on their boards

Investors and others have focused on board composition and turnover for years, pushing boards to recruit directors who bring a diverse set of skills, expertise, and background to the board. But even so, director turnover rates remain low. For boards looking to increase their diversity and/or skill sets, many are expanding their size to accommodate new members. Are boards doing enough to ensure that each director in the boardroom is the right fit for the board?

Directors don’t think so. Almost half of directors (47%) say that at least one fellow board member should be replaced. Eighteen percent (18%) would like to see two or more board members replaced.

And yet overall, director performance may be improving. Fewer directors see issues with their peers’ performance. A smaller percentage say that their peers are reluctant to challenge management (12%, down from 18%) or overstep the boundaries of their oversight authority (11%, down from 18%). Almost two-thirds of directors (63%) didn’t name any specific complaints at all about their peers—an 11 point increase since last year.

So perhaps the issue is less about underperformance, and more about each director being the right fit for the board. Board refreshment/recruitment is never “done.” The board is constantly evolving and nominating/governance committees could benefit from thinking about it that way.

Director complaints diminish
% of directors who believe the following about a fellow board member

<table>
<thead>
<tr>
<th>Issue</th>
<th>2021</th>
<th>2020</th>
<th>Change</th>
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<tbody>
<tr>
<td>Reluctant to challenge management</td>
<td>12%</td>
<td>18%</td>
<td>6%</td>
</tr>
<tr>
<td>Oversteps the boundaries of his/her oversight role</td>
<td>11%</td>
<td>18%</td>
<td>7%</td>
</tr>
<tr>
<td>Interaction style negatively impacts board dynamics</td>
<td>10%</td>
<td>14%</td>
<td>4%</td>
</tr>
<tr>
<td>Advanced age has led to diminished performance</td>
<td>10%</td>
<td>12%</td>
<td>2%</td>
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Q2. Do you believe any of the following about any of your fellow board members? (select all that apply)
Base: 845 (2021); 682 (2020)

Almost half of directors want to see a fellow board member replaced

Q3. In your opinion, how many directors on your board should be replaced? (select one)
Base: 841
Drilling down on assessments

Board, committee, and individual director assessments are a critical piece of the puzzle for boards looking to improve. To be effective, a board’s assessment process needs to be honest and thorough. Most importantly, it needs to lead to action or change.

In many ways, boards’ assessment processes today are getting high marks. The overwhelming majority of directors (88%) say their board has an effective process, and 89% give their board leadership high marks for the way assessments are led. More than three-quarters (76%) say there is sufficient follow-up afterwards.

But boards still battle some limitations. Two-thirds of directors (67%) say it is difficult to be frank in the process, and more than half (52%) say it is too much of a “check the box” exercise.

### Directors give the assessment process high marks, but see limitations

<table>
<thead>
<tr>
<th>% of directors agreeing very much or somewhat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board leadership effectively leads the process</td>
</tr>
<tr>
<td>We have an effective process</td>
</tr>
<tr>
<td>We have sufficient follow-up</td>
</tr>
<tr>
<td>There are limitations to being “frank”</td>
</tr>
<tr>
<td>Too much of a “check the box” exercise</td>
</tr>
</tbody>
</table>

Q8. Regarding board/committee self-assessments, to what extent do you believe the following? (Base: 831-837)

### How do assessments lead to change?

Almost three-quarters of directors (72%) say their board made changes as a result of their last assessment process. The three most common actions were:

1. **Added additional expertise**
2. **Changed board committee composition**
3. **Diversified the board**

Q9. 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: 834)

What’s lost in the shift to virtual board meetings? Plenty.

In 2020, as the COVID-19 pandemic hit, nearly all boards shifted from in-person to virtual meetings like the rest of corporate America. In 2021, this trend has started to turn, with nearly all directors (96%) reporting that their boards will be back to meeting in person by the end of the year. But many (54%) also say that they plan to continue to meet virtually some of the time.¹

As boards find the right balance between in-person meetings and video meetings, it’s important to examine the costs and benefits of virtual meetings. More than half of directors (52%) said it had a positive impact on meeting efficiency, as meetings were inevitably shorter and didn’t require what can often be extensive travel time.

But board meetings are not just about efficiency, and an efficient meeting is not always an effective one. More than half of directors (61%) say the shift had a negative impact on board culture, while only 2% saw a positive impact. Directors were also much more likely to see a negative impact on director engagement and on meeting effectiveness.

### The impact of virtual board meetings

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting efficiency</td>
<td>12%</td>
<td>52%</td>
</tr>
<tr>
<td>Meeting effectiveness</td>
<td>39%</td>
<td>12%</td>
</tr>
<tr>
<td>Director engagement</td>
<td>43%</td>
<td>5%</td>
</tr>
<tr>
<td>Board culture</td>
<td>61%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Q12. In your view, how has the shift to virtual board/committee meetings impacted the following? % of directors saying virtual meetings have a negative impact on:

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director engagement</td>
<td>47%</td>
<td>33%</td>
</tr>
<tr>
<td>Meeting effectiveness</td>
<td>42%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Q12. In your view, how has the shift to virtual board/committee meetings impacted the following? % of directors saying virtual meetings have a negative impact on:

Base: 798-799


¹ PwC survey, June 16, 2021. Base: 160 respondents
Boards wrestle with how to allocate their time

One thing that we never hear from directors is that their boards have too much time and not enough to do. Directors most commonly report spending between 150 and 250 hours on their board duties. And still, board and committee agendas are packed, and deciding how to allocate time is difficult.

When it comes to which areas are most in need of more time and attention, respondents ranked talent management at the top of the list for the first time. COVID-19 and the evolution of the workplace have created a need to manage workforces in a new way, demanding more of boards’ time and focus.

But while many directors agree that talent management needs more attention, we noticed a significant difference in other responses from male and female directors. If their board had an extra hour to spend, female directors were equally likely to want to spend it on talent management and on ESG. For male directors, ESG was practically at the bottom of the list. Female directors were also significantly more likely to say that the board needed to spend more time on workforce diversity and inclusion efforts and corporate culture. Male directors, for their part, prioritized strategy, crisis management, and succession planning after talent management.

Male and female directors agree that talent management needs more oversight—but other priorities differ

Areas of oversight that need more attention:

<table>
<thead>
<tr>
<th>Female directors</th>
<th>Male directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent management</td>
<td>35%</td>
</tr>
<tr>
<td>ESG</td>
<td>35%</td>
</tr>
<tr>
<td>Diversity and inclusion</td>
<td>34%</td>
</tr>
</tbody>
</table>

Q11. In your opinion, which of the following areas of oversight do not receive sufficient board time/attention? (select all that apply)
Base: 718
Appendix:
Complete survey findings

Board composition/diversity

1. When your board recruits its next director, what is the single most important attribute your board will prioritize in the search? (select only one)

- Racial/ethnic diversity: 25%
- Industry expertise: 20%
- Operational expertise: 14%
- Gender diversity: 12%
- Financial expertise: 10%
- IT/digital expertise: 7%
- International expertise: 3%
- Risk management expertise: 2%
- Environmental/sustainability expertise: 2%
- Cyber risk expertise: 2%
- Age diversity: 1%

Base: 842

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

- Reluctant to challenge management: 12%
- Oversteps the boundaries of his/her oversight role: 11%
- Interaction style negatively impacts board dynamics (e.g., style/culture/fit): 10%
- Advanced age has led to diminished performance: 10%
- Lacks appropriate skills/expertise: 8%
- Consistently unprepared for meetings: 4%
- Serves on too many boards: 4%
- Board service largely driven by director fees: 63%
- None of the above apply: 53%

Base: 845

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

- Zero: 14%
- One: 29%
- Two: 53%
- More than two: 4%
- None of the above apply: 1%

Note: Due to rounding, some charts may not add to 100%
4. To what extent do you agree with the following statements about board diversity?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brings unique perspectives to the boardroom</td>
<td>61%</td>
<td>32%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Enhances board performance</td>
<td>45%</td>
<td>40%</td>
<td>12%</td>
<td>3%</td>
</tr>
<tr>
<td>Improves relationships with investors</td>
<td>41%</td>
<td>49%</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Improves strategy/risk oversight</td>
<td>33%</td>
<td>43%</td>
<td>19%</td>
<td>5%</td>
</tr>
<tr>
<td>Enhances company performance</td>
<td>29%</td>
<td>46%</td>
<td>18%</td>
<td>6%</td>
</tr>
<tr>
<td>Board diversity efforts are driven by political correctness</td>
<td>21%</td>
<td>37%</td>
<td>19%</td>
<td>23%</td>
</tr>
<tr>
<td>Shareholders are too preoccupied with board diversity</td>
<td>17%</td>
<td>33%</td>
<td>29%</td>
<td>21%</td>
</tr>
<tr>
<td>Results in boards nominating unqualified candidates</td>
<td>7%</td>
<td>20%</td>
<td>24%</td>
<td>49%</td>
</tr>
<tr>
<td>Results in boards nominating additional unneeded candidates</td>
<td>7%</td>
<td>24%</td>
<td>27%</td>
<td>42%</td>
</tr>
</tbody>
</table>

Base: 834–849

5. In your opinion, what has impeded efforts to increase board diversity in general (i.e., why haven’t boards become diverse more quickly)? (select all that apply)

<table>
<thead>
<tr>
<th>Impediment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of qualified candidates</td>
<td>45%</td>
</tr>
<tr>
<td>Long-serving directors’ reluctance to retire</td>
<td>39%</td>
</tr>
<tr>
<td>Over-reliance on director networks to source candidates</td>
<td>38%</td>
</tr>
<tr>
<td>Board leadership not invested in board diversity</td>
<td>19%</td>
</tr>
<tr>
<td>CEO not invested in board diversity</td>
<td>10%</td>
</tr>
<tr>
<td>Fears that it will negatively impact board effectiveness</td>
<td>10%</td>
</tr>
<tr>
<td>Change on the board is not needed</td>
<td>29%</td>
</tr>
</tbody>
</table>

Base: 831

6. To what extent do you support the following methods of achieving diversity on public company boards?

<table>
<thead>
<tr>
<th>Method</th>
<th>Very much</th>
<th>Somewhat</th>
<th>Not very much</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search firm policy of always offering diverse slates of candidates</td>
<td>56%</td>
<td>29%</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Board policies of always interviewing a diverse slate of candidates</td>
<td>55%</td>
<td>33%</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td>(e.g., the “Rooney Rule”)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEC or exchange rules requiring disclosure of board diversity</td>
<td>26%</td>
<td>38%</td>
<td>20%</td>
<td>16%</td>
</tr>
<tr>
<td>Institutional investor engagement with companies lacking board diversity</td>
<td>25%</td>
<td>44%</td>
<td>19%</td>
<td>12%</td>
</tr>
<tr>
<td>Institutional investor policy of voting against directors at companies lacking board diversity</td>
<td>15%</td>
<td>33%</td>
<td>27%</td>
<td>25%</td>
</tr>
<tr>
<td>No action necessary—boards will naturally become more diverse over time</td>
<td>11%</td>
<td>22%</td>
<td>28%</td>
<td>40%</td>
</tr>
<tr>
<td>Proxy advisor policies of negative voting recommendations for boards lacking diversity</td>
<td>10%</td>
<td>27%</td>
<td>33%</td>
<td>30%</td>
</tr>
<tr>
<td>Laws mandating board diversity (e.g., California laws requiring female directors and directors from “underrepresented communities”)</td>
<td>6%</td>
<td>15%</td>
<td>23%</td>
<td>56%</td>
</tr>
</tbody>
</table>

Base: 820–848
7. Which of the following actions has your board taken over the past two years regarding board diversity? (select all that apply)

- Replaced a retiring director with a director who increases the board’s diversity: 69%
- Disclosed information about board diversity in the company’s proxy statement: 54%
- Increased board size to add a diverse director: 33%
- Engaged with shareholders on the topic of board diversity: 31%
- Amended/modified the board’s succession plan to ensure increased board diversity in the future: 16%
- N/A—Our board has not taken any action in the past two years: 5%
- Other: 7%

Base: 846

8. Regarding board/committee self-assessments, to what extent do you believe the following?

- Board leadership leads the assessment process effectively: 50%
- We have an effective assessment process: 45%
- There is sufficient follow-up after the assessment process: 36%
- There are inherent limitations to being “frank” in assessments: 12%
- Assessments are too much of a “check the box” exercise: 11%

Very much | Somewhat | Not very much | Not at all
---|---|---|---
39% | 41% | 18% | 9%
39% | 41% | 18% | 9%
39% | 41% | 18% | 9%
39% | 41% | 18% | 9%
39% | 41% | 18% | 9%

Base: 831–837

9. 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)

- Add additional expertise to the board: 32%
- Change composition of board committees: 28%
- Diversify the board: 25%
- Provide disclosure about the board’s assessment process in the proxy statement: 17%
- Provide counsel to one or more board members: 16%
- Use an outside consultant to assess performance: 15%
- Not renominate a director: 11%
- Other: 6%
- We did not make any changes: 28%

Base: 834

10. Approximately how many hours per year do you spend in your board oversight role (including preparation and committee service)?

- Fewer than 100: 7%
- 100–150: 19%
- 150–200: 22%
- 200–250: 21%
- 250–300: 15%
- 300–350: 7%
- More than 350: 9%

Base: 837
11. In your opinion, which of the following areas of oversight do not receive sufficient board time/attention? (select all that apply)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent management</td>
<td>34%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy</td>
<td>31%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crisis management</td>
<td>29%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Succession planning</td>
<td>28%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cyber/digital/technology</td>
<td>26%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate culture</td>
<td>25%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk</td>
<td>24%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ESG (environmental, social, and governance)</td>
<td>24%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workforce D&amp;I (diversity and inclusion efforts)</td>
<td>23%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive compensation</td>
<td>4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. In your view, how has the shift to virtual board/committee meetings impacted the following?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting efficiency</td>
<td>52%</td>
<td></td>
<td></td>
<td>36%</td>
<td>12%</td>
</tr>
<tr>
<td>Meeting effectiveness</td>
<td>12%</td>
<td></td>
<td></td>
<td>49%</td>
<td>39%</td>
</tr>
<tr>
<td>Director engagement</td>
<td>5%</td>
<td></td>
<td></td>
<td>52%</td>
<td>43%</td>
</tr>
<tr>
<td>Ability to voice dissent</td>
<td>4%</td>
<td></td>
<td></td>
<td>71%</td>
<td>25%</td>
</tr>
<tr>
<td>Ability to challenge/question</td>
<td>3%</td>
<td></td>
<td></td>
<td>65%</td>
<td>32%</td>
</tr>
<tr>
<td>management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board culture</td>
<td>2%</td>
<td></td>
<td></td>
<td>37%</td>
<td>61%</td>
</tr>
</tbody>
</table>

Shareholder communication

13a. Has a member of your board (other than the CEO) had direct engagement with investors during the past 12 months?

- Yes: 36%
- No: 53%
- Don't know: 12%

Base: 838

13b. To what extent do you agree with the following regarding your board’s direct engagement with investors?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investors were well prepared for the engagement</td>
<td>46%</td>
<td>49%</td>
<td>5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The right investor representatives were present at the meeting</td>
<td>45%</td>
<td>47%</td>
<td>9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>It positively impacted (or is likely to positively impact) proxy voting</td>
<td>39%</td>
<td>48%</td>
<td>13%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The board received valuable insights from the engagement</td>
<td>36%</td>
<td>53%</td>
<td>11%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>It positively impacted (or is likely to positively impact) investing decisions</td>
<td>23%</td>
<td>52%</td>
<td>25%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
13c. On which of the following topics did a member of your board (other than the CEO) engage in direct communications with shareholders? (select all that apply)

- ESG issues: 43%
- Executive compensation: 40%
- Strategy oversight: 38%
- Board composition: 38%
- Capital allocation: 23%
- Shareholder proposals: 23%
- Management performance: 21%
- Risk management oversight: 15%
- Other: 8%
- Don’t know: 4%

Base: 443

Strategy/risk/ESG

14. How does your board primarily allocate oversight of risk? (select only one)

- Full board: 36%
- Audit committee: 33%
- To various committees according to type of risk: 16%
- Risk committee: 14%
- Other board committee (not audit or risk): 1%

Base: 820

15. To what extent do you think your company should take the following issues into account when developing company strategy?

<table>
<thead>
<tr>
<th>Topic</th>
<th>Very much</th>
<th>Somewhat</th>
<th>Not very much</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource scarcity</td>
<td>31%</td>
<td>40%</td>
<td>21%</td>
<td>8%</td>
</tr>
<tr>
<td>Climate change</td>
<td>25%</td>
<td>40%</td>
<td>25%</td>
<td>10%</td>
</tr>
<tr>
<td>Human rights</td>
<td>23%</td>
<td>39%</td>
<td>23%</td>
<td>9%</td>
</tr>
<tr>
<td>Health care availability/cost</td>
<td>15%</td>
<td>51%</td>
<td>28%</td>
<td>6%</td>
</tr>
<tr>
<td>Income inequality</td>
<td>12%</td>
<td>36%</td>
<td>35%</td>
<td>17%</td>
</tr>
<tr>
<td>Social movements (e.g., Black Lives Matter, gun control)</td>
<td>10%</td>
<td>38%</td>
<td>30%</td>
<td>23%</td>
</tr>
<tr>
<td>Employee retirement security</td>
<td>9%</td>
<td>45%</td>
<td>39%</td>
<td>7%</td>
</tr>
<tr>
<td>Immigration</td>
<td>4%</td>
<td>27%</td>
<td>49%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Base: 812–818
17. Which of the following statements do you agree with about ESG (environmental/social/governance) issues? (select all that apply)

- ESG issues are linked to the company’s strategy 64%
- ESG issues are a part of your board’s enterprise risk management discussions 62%
- ESG issues have a financial impact on your company’s performance 54%
- ESG issues are regularly a part of your board’s agenda 52%
- Our board should have a more defined process for ESG oversight 31%
- Our board needs more reporting on ESG-related measures 29%
- Our board has or should have a standing committee dedicated to ESG issues 11%

Base: 788

18. Which of the following do you agree with as it relates to ESG reporting/disclosure? (select all that apply)

- The current system of voluntary ESG reporting/disclosure is a preferable approach 67%
- Our shareholders care about ESG reporting/disclosure 54%
- ESG reporting/disclosure should be a priority for management 46%
- Our ESG reporting/disclosure impacts shareholder investment decisions 35%
- ESG reporting/disclosure is overly time- and cost-intensive 20%
- Mandatory ESG reporting/disclosure requirements would be a preferable approach (e.g., SEC regulation, listing agency rules) 18%
- Our company does not offer voluntary ESG reporting/disclosure 6%

Base: 812
COVID-19 impacts

19. In your opinion, has the COVID-19 pandemic and associated business disruptions exposed vulnerabilities at your company in any of the following areas? (select all that apply)

- Crisis response plan 16%
- Internal control oversight process 10%
- Structure of executive compensation programs 9%
- CEO succession planning 7%
- Other 7%
- Financial reporting process 3%
- Activist shareholder response strategy 3%
- Board assessment process 3%
- Board composition, (e.g., director skill sets, background) 2%
- CEO assessment process 2%
- N/A - The crisis has not exposed any particular vulnerabilities at our company 53%

Base: 805

20. Do you believe COVID-19 will have any of the following long-term structural impacts on business in general? (select all that apply)

- Increase in employees’ ability to work remotely 92%
- Decrease employee travel 88%
- Reduction in number or size of physical office locations 73%
- Reduce globalization (e.g., in supply chains) 30%
- Increase in industry consolidation 22%
- Increase in companies’ average liquidity levels 21%
- Increase employee benefits 5%

Base: 809

Executive compensation/talent management

21. To what extent do you agree with the following regarding executive pay in the US?

- Incentive plans promote long-term shareholder value
- Proxy advisors have too much influence
- The media unfairly criticizes executive pay
- Compensation consultants have too much influence
- Executive pay exacerbates income inequality
- Executives are overpaid
- Compensation committees are too willing to approve overly generous packages/incentives
- Investors focus too much on executive pay
- Performance targets are too easy to achieve

Base: 803-813

22. Which of the following non-financial metrics do you think should be included in executive compensation plans? (select all that apply)

- Customer satisfaction 68%
- Safety 55%
- Quality 53%
- Diversity and Inclusion (D&I) metrics 52%
- Employee engagement and attrition rate 52%
- Succession planning 47%
- Environmental goals 39%
- N/A - Compensation should only be tied to financial performance 6%

Base: 815

23. Which of the following steps has your company/board taken, or plans to take, to address human capital and diversity and inclusion (D&I)-related issues? (select all that apply)

- Increased discussion of human capital or D&I strategy at the board level 74%
- Invested in upskilling/retraining 47%
- Provided additional human capital or D&I metrics to the board 47%
- Changed approach to recruiting/hiring 46%
- Enhanced public disclosure on human capital or D&I metrics 39%
- Increased compensation or added new employee benefits to be more competitive 14%
- Other 4%
- N/A - Our company has not taken any actions to address human capital or D&I issues 8%

Base: 808
### The broader environment

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

<table>
<thead>
<tr>
<th>Issue</th>
<th>Too much</th>
<th>Right amount</th>
<th>Not enough</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim earnings guidance/targets</td>
<td>52%</td>
<td>54%</td>
<td>11%</td>
</tr>
<tr>
<td>Board racial/ethnic diversity</td>
<td>36%</td>
<td>58%</td>
<td>8%</td>
</tr>
<tr>
<td>Board gender diversity</td>
<td>34%</td>
<td>59%</td>
<td>16%</td>
</tr>
<tr>
<td>Environmental/sustainability issues</td>
<td>25%</td>
<td>64%</td>
<td>11%</td>
</tr>
<tr>
<td>Pay inequality</td>
<td>25%</td>
<td>59%</td>
<td>16%</td>
</tr>
<tr>
<td>Executive compensation</td>
<td>24%</td>
<td>85%</td>
<td>7%</td>
</tr>
<tr>
<td>Corporate governance practices</td>
<td>7%</td>
<td>85%</td>
<td>7%</td>
</tr>
<tr>
<td>Human capital management</td>
<td>5%</td>
<td>76%</td>
<td>19%</td>
</tr>
<tr>
<td>Capital allocation</td>
<td>3%</td>
<td>80%</td>
<td>16%</td>
</tr>
<tr>
<td>Long-term stock performance</td>
<td>3%</td>
<td>73%</td>
<td>24%</td>
</tr>
<tr>
<td>Corporate culture</td>
<td>3%</td>
<td>65%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Base: 799–808

#### 25. To what extent do you agree with the following?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very much</th>
<th>Somewhat</th>
<th>Not very much</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social purpose and company profitability are not mutually exclusive</td>
<td>43%</td>
<td>40%</td>
<td>13%</td>
<td>4%</td>
</tr>
<tr>
<td>Companies should not engage in political spending</td>
<td>38%</td>
<td>25%</td>
<td>23%</td>
<td>14%</td>
</tr>
<tr>
<td>Companies should be doing more to promote gender/racial diversity in the workplace</td>
<td>36%</td>
<td>50%</td>
<td>11%</td>
<td>3%</td>
</tr>
<tr>
<td>Companies should have a social purpose</td>
<td>29%</td>
<td>47%</td>
<td>18%</td>
<td>3%</td>
</tr>
<tr>
<td>Share ownership of public companies is becoming too concentrated among the largest asset managers</td>
<td>28%</td>
<td>46%</td>
<td>19%</td>
<td>5%</td>
</tr>
<tr>
<td>Companies should disclose metrics related to their corporate purpose</td>
<td>28%</td>
<td>43%</td>
<td>22%</td>
<td>4%</td>
</tr>
<tr>
<td>Companies should prioritize a broader group of stakeholders in making company decisions (rather than just shareholders)</td>
<td>21%</td>
<td>38%</td>
<td>28%</td>
<td>13%</td>
</tr>
<tr>
<td>Proxy advisory firms, on the whole, have a positive effect on corporate governance practices</td>
<td>33%</td>
<td>43%</td>
<td>23%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Base: 799–805

#### 26. To what extent are you concerned about the business/societal impact of the following macro trends?

<table>
<thead>
<tr>
<th>Macro trend</th>
<th>Very much</th>
<th>Somewhat</th>
<th>Not very much</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing political polarization</td>
<td>77%</td>
<td>36%</td>
<td>11%</td>
<td>4%</td>
</tr>
<tr>
<td>Technological disruption</td>
<td>67%</td>
<td>34%</td>
<td>8%</td>
<td>9%</td>
</tr>
<tr>
<td>Waning confidence in social institutions (e.g., government, media, universities)</td>
<td>52%</td>
<td>36%</td>
<td>11%</td>
<td>8%</td>
</tr>
<tr>
<td>Climate crisis</td>
<td>38%</td>
<td>36%</td>
<td>20%</td>
<td>8%</td>
</tr>
<tr>
<td>Income inequality</td>
<td>33%</td>
<td>43%</td>
<td>19%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Base: 805–807
Demographics

You are:

- Male: 29%
- Female: 71%

Base: 802

Your age is:

- 50 and under: 2%
- 51-60: 22%
- 61-65: 26%
- 66-70: 23%
- 71-75: 8%
- 76 or older: 18%

Base: 805

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

- Less than $500 million: 16%
- $500 million to $1 billion: 37%
- $1 billion to $5 billion: 10%
- $5 billion to $10 billion: 14%
- More than $10 billion: 14%

Base: 804

How long have you served on this board?

- Less than one year: 9%
- 1-2 years: 24%
- 3-5 years: 28%
- 6-10 years: 23%
- More than 10 years: 2%

Base: 805

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

- Banking and capital markets: 12%
- Consumer products: 9%
- Energy (oil and gas): 5%
- Energy (power and utilities): 7%
- Industrial products: 16%
- Insurance: 6%
- Pharma and life sciences: 5%
- Real estate: 6%
- Technology: 11%
- Other: 9%
- Asset and wealth management: 1%
- Business and professional services: 7%
- Health services: 5%
- Media/entertainment/telecommunications: 5%
- Retail: 5%

Note: Each of these industries comprised less than 5% of the survey respondents.
Base: 805

Which of the following describes that board’s leadership structure?

- Non-executive independent chair: 8%
- CEO chair: 35%
- CEO chair with lead independent director: 50%
- Other: 7%

Base: 804

On how many public company boards do you currently serve?

- One: 13%
- Two: 5%
- Three: 31%
- Four: 50%
- More than four: 1%

Base: 803

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 2021, 851 directors participated in our survey. The respondents represent a cross-section of companies from over a dozen industries, 76% of which have annual revenues of more than $1 billion. Seventy-one percent (71%) of the respondents were men and 29% were women. Board tenure varied, but 65% 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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