



**GLOBAL
BOARD
SURVEY**

2024

**BOARDS IN A
DARWINISTIC
AGE**

INTERSEARCH
worldwide organization of executive search firms

BOARD  **NETWORK**

CONTENTS

3	INTRODUCTION
4	CONTEXT
6	THE ANALYSIS
7	Time Spend and Board Committees
9	Board Remuneration
10	Preparatory Material
10	Megatrends and Board Trends
12	Gazing Into the Future
14	Board Composition – Size and Diversity
18	Competence Demands and Succession Plans
23	Independency
24	Board Effectiveness, Dynamics and Performance
27	Board Recruitment and Board Evaluations
32	CONCLUDING
35	BEHIND THE SURVEY DATA

EXECUTIVE SUMMARY – THE HEART OF THE MATTER

INTRODUCTION

2023 saw major events – politically as well as business-wise – that only few would have predicted.

Across the world, we are now witnessing wars, political dogma shifts, greater polarization, technological advancements, business model innovation breakthroughs, geopolitical turbulence, terrorism, migration streams, artificial intelligence unfolding, climate change rapidly developing, alternative facts and fake news allegations, digitization of services and products, anti-woke movements, cybercriminals playing a real role in the agenda-setting, etc.

Coming from this, corporate boards have never attracted more attention than what we see today;

from how they are composed over the influence they carry to how they act and perform, attention is received from the entire organization internally, all the way from the man or woman on the floor and all the way up to the C-suite, but also from politicians, public authorities, media, investors and all the rest of the business environment.

With global supply- and value-chains but with growing trends of nationalism, supplemented by corporate scandals, many judged from new ethical standards, and adding increased investor activism, we have all the ingredients needed to put further pressure on the individual contributions to the board and the overall performance by the board. The number of operational activities, and the detail of these activities to which the board is expected to be familiar with, is growing rapidly. The days when business leaders only had to worry about making profits and steering clear of illegalities have long gone. Today, responsibilities and expectations on executives as well as non-executives are much more versatile and subject to significantly tougher scrutiny.

This puts a tremendous pressure on political, public, and not least business leaders. They are the ones with the ultimate responsibility for the long-term viability and survival of the businesses they head up – all in a time where the competition can prove to have many forms; size, speed, access to resources, and many more. **Survival will only be for the fittest.**

Between January – February 2024, we asked around our sizeable global network of chairs and board members, and we are very proud to hereby present to you the findings of our **Global Board Survey 2024 – Boards in a Darwinistic Age.**

We have once again been looking at what's hot, what's not and what's next within Corporate Governance and Board Leadership – because we know that what drives the board will always most certainly cascade down to executive management and from there further down the organization.

Some boards we can look to for inspiration, others will more seek to be inspired themselves. We have investigated how boards are composed, how they work together, what and how they prioritize, and what they believe the future holds for themselves, their companies and the world overall. We dig into where they feel comfortable, and in which areas they could innovate or improve. We look into their position on various elements of the strategic picture, and on competencies they feel lacking. In other words; we investigate how boards adapt to a state of constant flux – and what that implies for the companies they steward.

CONTEXT

InterSearch – Worldwide Organization of Executive Search Firms and Board Network – The Danish Professional Directors Association have together performed this Global Board Survey 2024 in January and February 2024 among **2,246 corporate chairmen and board members from 78 different countries and legal jurisdictions on all populated continents**. The regional distribution of our respondents is **43% from EMEA, 33% from Americas** and **24% from APAC**.

Respondents represent every imaginable industry, all sizes of companies from small startups to heritage organizations with turnovers of more than USD 20 Billion per year, and all kinds of ownership structures.

With a survey population as great and dispersed as ours, there will obviously often be regional or country-specific tendencies, or historically or culturally defined demographic trends, however we also see some very strong, universally valid results and trends which we want to highlight here:

- For the ninth year in a row, our global board survey shows that **boards have once again worked harder in the past year than ever before**, but even more importantly directors also expect to spend increased time on almost every single item on the board agenda in the year to come
- Perhaps not too surprising that also means that **boards in general feel that their remuneration is unsatisfactory**. Although the average board remuneration has also risen over the past years, it hasn't been at the same pace as the time spent increase
- Boards are becoming more and more digital in their working style and internal communication processes which is exemplified in two ways; by a continuous growth in the use of digital board portals (to distribute materials and ensure encrypted communication channels), and by an increase in the use of virtual meetings, obviously not at the level seen during the Covid19 pandemic, but at a much higher level than in the pre-pandemic years. Adding to that, **the fierce wave of generative AI washing over all parts of global society will undoubtedly result in an even more digital working mode for all boards**
- **A clear majority of boards are back in an optimistic mode regarding the future for their companies**, particularly when compared to past performance
- **Three very significant megatrends stand out in the eyes of global board members; AI, War / Geopolitical Instability, and Sustainability / ESG**. Far behind the Top 3 fall trends like Inflation and Financial Turmoil, Climate Change, Increased Regulation, Demographic Shifts, and Covid19 (or similar) related health issues
- Similarly, when predicting the most important board trends in the coming year, two trends outshine the rest; Increased Sustainability / ESG Focus and AI. The runner-ups include Digitalization (other than AI), Liquidity / Cashflow, and Cyber Risks / Data Privacy
- When probed about the more immediate external challenges, **Competition, Financial Turmoil / Inflation, and Political / Geopolitical Issues, rank as the top 3 external issues that boards expect to be dealing with during the next 12 months**
- Among internal challenges which boards will be prioritizing in the next 12 months, respondents mention Strategy first, followed by Sales, and HR-issues
- **Boards continue their diversity efforts** and numbers of diverse candidates on boards are growing. Especially within the areas of gender, functional competencies, nationality, and age, the push for increased diversity continues to grow. This is very much in sync – and probably caused by – the pressure from investors, proxy advisors and regulation in several countries and jurisdictions. But most remarkable is probably that **52% of all respondents now support gender quota-initiatives**, but the support continues to rely heavily on the respond-

ent's own gender: A staggering **74% of women support such initiatives while this is only true for 42% of the men** (the latter however up from 35% last year)

- 28% of respondents believe the board composition should change from a competence point of view, but more significantly 21% would like to replace one of their fellow directors, **27% say that two of the current directors should leave while a worrying 28% state that 3 or more directors ought to be dismissed**
- Apparently, the level of satisfaction is higher amongst boards with Executive Management than with their fellow board members. Only 47% believe that one or more members from the EMT should be replaced. Much more worrying however is the fact that **as few as 30% of global boards say that they have adequate succession plans in place for the CEO and the rest of the EMT**
- **Boards in general find that they lack competencies within AI, cyber risk, public affairs, sustainability, marketing / PR, geopolitical insight, law, and supply chain / logistics** the most. On the other hand, the vast majority feel well positioned within functional expertise areas like general management, industry knowledge, strategy, finance / economics, and governance / compliance
- The importance of having both an independent chair as well as an independent majority of board members continues to resonate the most with companies of size; our survey finds that **the higher the turnover, the more likely a company is to put weight on the importance of independent board members**
- In general, respondents rate the quality of the board's overall performance quite high, but on a

number of boards factors like **better understanding of the company's strategy, better alignment between EMT and the board, and a more effective mix of competencies amongst board members, are named the top factors to likely improve the board's overall performance**

- **The strategic areas which the boards feel the least comfortable around are AI / digitalization, Cyber risks / data privacy, and Talent management / HR.** Within all three areas, the lack of confidence is at such a level that it calls for immediate attention since we also know from this year's survey that these are all areas that pose some of the largest external and/or internal challenges for companies in general. **None should try to fight their biggest battles with dull knives**
- **The working climate on the board receives very high ratings from almost all respondents**
- **Board recruitment is getting more and more professionalized with 46% of boards using Executive Search firms** to help identify board candidates (up from 44% last year). The big majority of boards however also take advantage of the board members' as well as the owners' own personal networks
- A large increase in the use of regular board evaluation is another factor pointing to the increased professionalization of boards. **As many as 67% state that they perform regular, structured board evaluations**
- **52% have attended an Executive Education Board Program** of more than 4 days' duration, underlining the growing professionalization of boards. Just three years ago, that number was only 44%

THE ANALYSIS

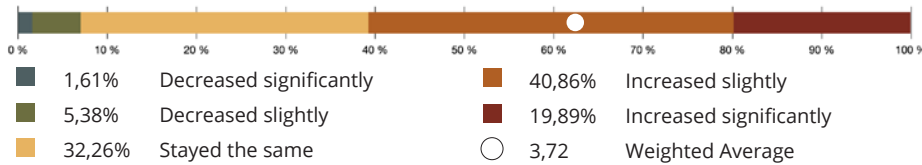


TIME SPEND AND BOARD COMMITTEES

The workload of boards increased once again this year – which has been the case year on year during the past 9 years. As little as 7% have spent less time in

the past 12 months while 66% have put in more hours preparing for and participating in the board meetings.

How much time have you spent on this specific board in the past 12 months in comparison to the previous 12 months



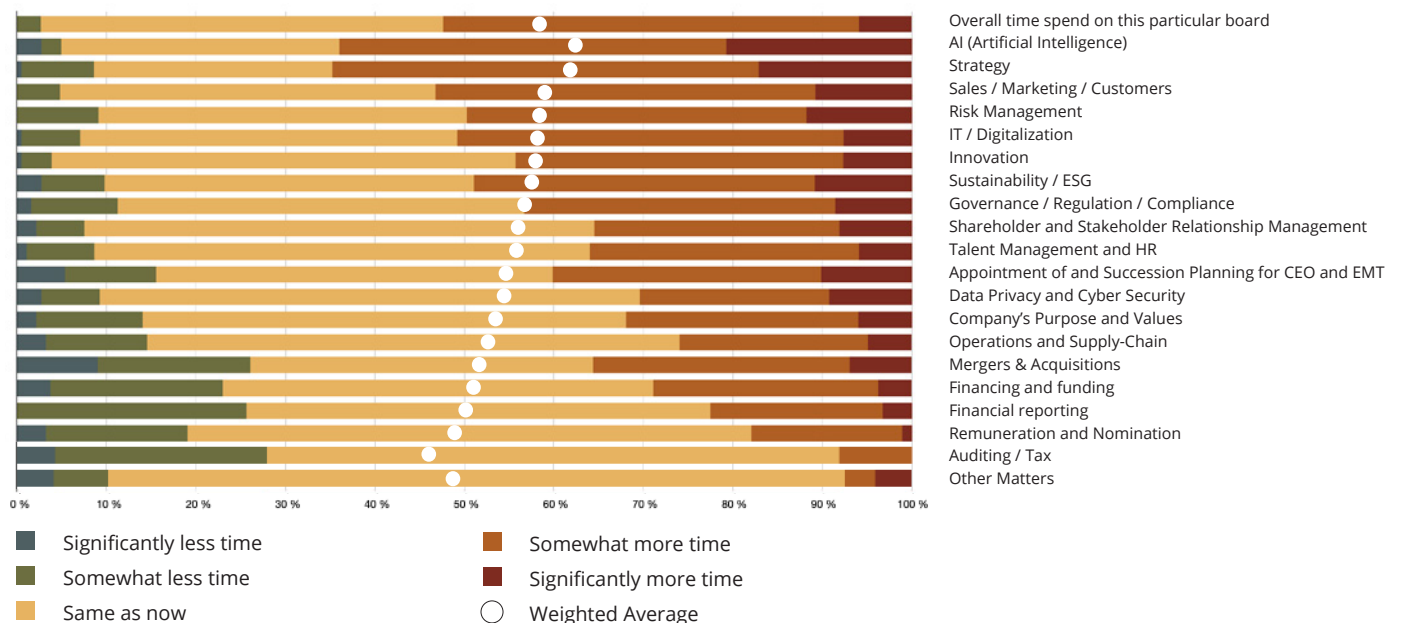
When further probed about their expectations for the coming year, boards say that they expect to spend even more time on 16 out of 20 specified agenda items. Particularly AI, Strategy, Sales / Marketing / Customers, Risk Management, IT / Digitalization, Innovation, and Sustainability / ESG can expect to attract even more attention in the year to come. Only Remuneration / Nomination, Auditing / Tax, and so-called other matters is likely to get less attention according to our respondents.

growing trend year on year, but we won't underestimate the impact of what the uncertainties during the past few years (Covid19, geopolitical tensions, increased inflation) have meant for that trend.

With a continuous increase in time demand, steadily growing over all 9 years during which we have published our Global Board Surveys, there is no doubt that boards have moved closer to the business and daily management. Not only does this seem to be a

Boards should however be aware that the best CEOs would all expect a reasonable level of autonomy to maintain motivation plus the fact that **an (almost) full-time working board would in reality mean that the business had simply added another level of senior management.** This would highly increase the risk of the board not being able to keep an arm's length to operational decisions and would thus significantly decrease its value as the right body to oversee risk, control and governance procedures.

How much time do you expect to spend on the following items on this board in the next 12 months compared to the past 12 months?

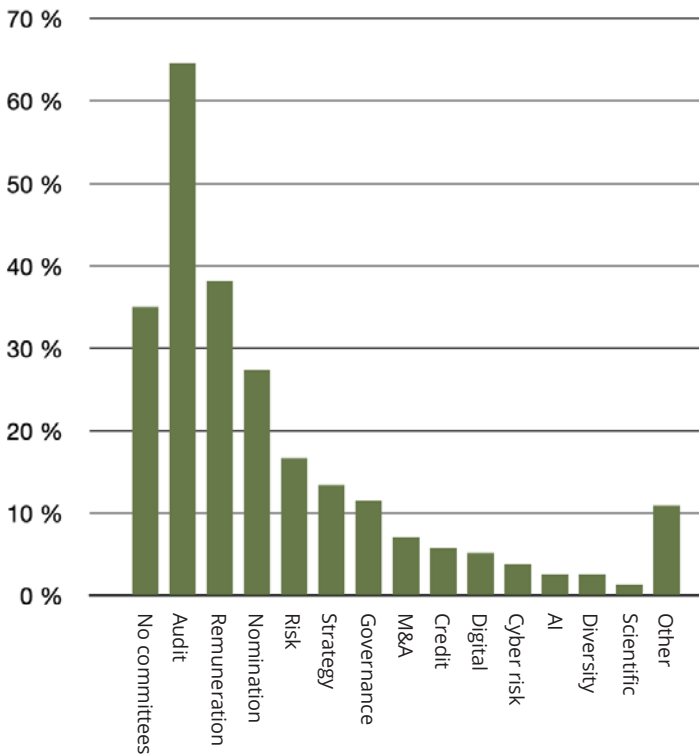


One way to try to optimize the time spend is by delegating responsibility for part of the initial assessment and preparation of a basis of decision through the establishment of standing committees within the areas of e.g. audit, remuneration, nomination, risk, M&A, etc.

Utilization of these committees is most often seen in larger (turnover of more than USD 1 B) and listed companies. Also, jurisdiction and thereby the regulatory governance model plays a role.

35% state that they don't have any committees at all (down from 40% last year), while 65% have audit committees, 38% remuneration committees, 27% nomination committees, making up for the top three, while e.g. both AI committees and diversity committees are only used by less than 3% each.

Which committees does your board have?

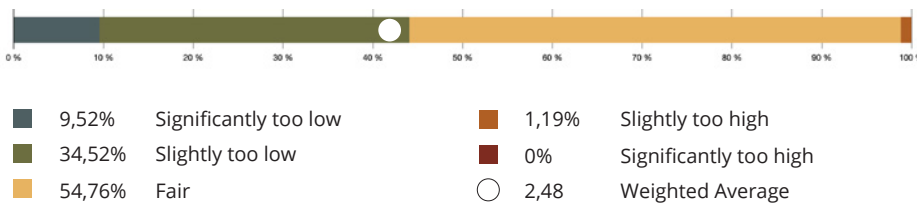


BOARD REMUNERATION

Since workloads keep increasing every year, it will be no surprise that in every single surveyed country, **board members at a weighted average feel they are underpaid**. As our survey has not mapped the remuneration levels as such, we do not know if there has been any kind of fee adjustment over the years

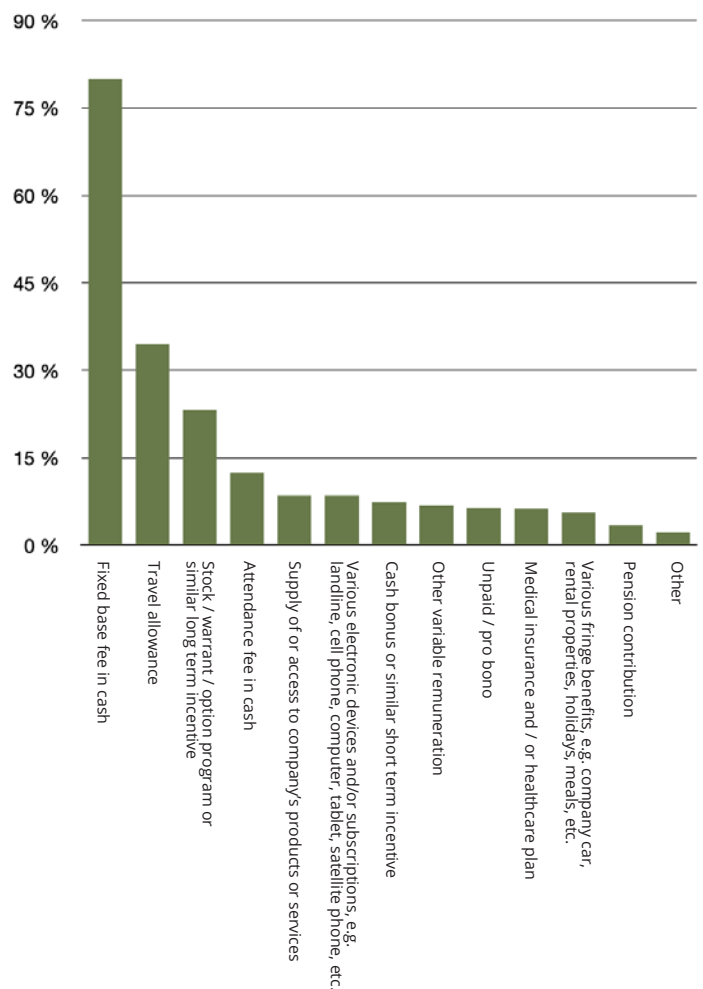
and if so to what extent. Yet, the conclusion seems clear enough; considering the time spent, the personal contribution, industry benchmark, company's performance, assumed responsibilities and liabilities, etc., the total remuneration is either slightly or significantly too low.

How would you rate your total compensation level for this particular board, considering time spent, personal contribution, industry benchmark, company's performance, assumed responsibilities and liabilities, your personal brand exposure, etc.?



While not measuring the remuneration levels, our survey has instead mapped the various components of the total compensation. **A fixed base fee in cash remains the rule of thumb** with 80% of respondents reporting this to be an element of their compensation. 34% receive a travel allowance, 23% have a long-term incentive program, 12% operate with an attendance fee in cash. Below 10% either have access to company goods or services to some extent, have subscription services covered by the company, are on a cash-bonus or other short-term incentive. 6% of survey respondents work pro-bono.

Which elements are part of your remuneration for this particular board?



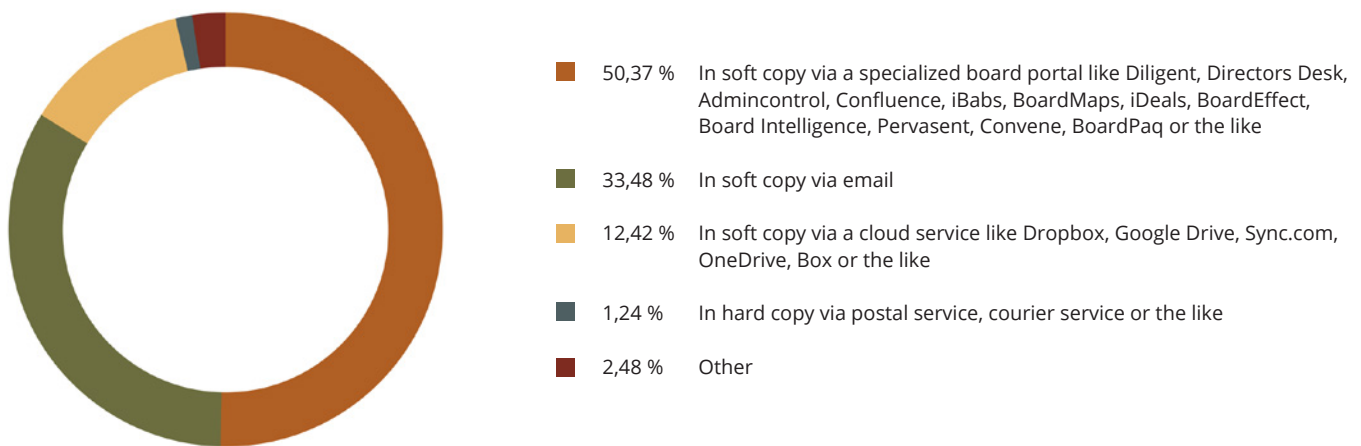
PREPARATORY MATERIAL

Considering boards' growing workload, we have also looked at how the preparatory material is being distributed to get an understanding of how digitally mature boards are when it comes to their own utilization of available tools.

A majority of boards in smaller companies (turnover below USD 100 M) continue to distribute the material in soft copy via either email or a well-known cloud service resulting in an overall score of 33%.

Strongly influenced by a majority of boards in larger companies (turnover above USD 1 B) digital board portals like Diligent, Directors Desk, Admincontrol, Confluence, iBabs, BoardMaps, iDeals, BoardEffect, Board Intelligence, Pervasant, Convene, BoardPaq or the like are now being used by 50% of all boards. Just one sign among a number of others that **boardrooms are becoming more and more digital.**

How is the preparatory board material being distributed?

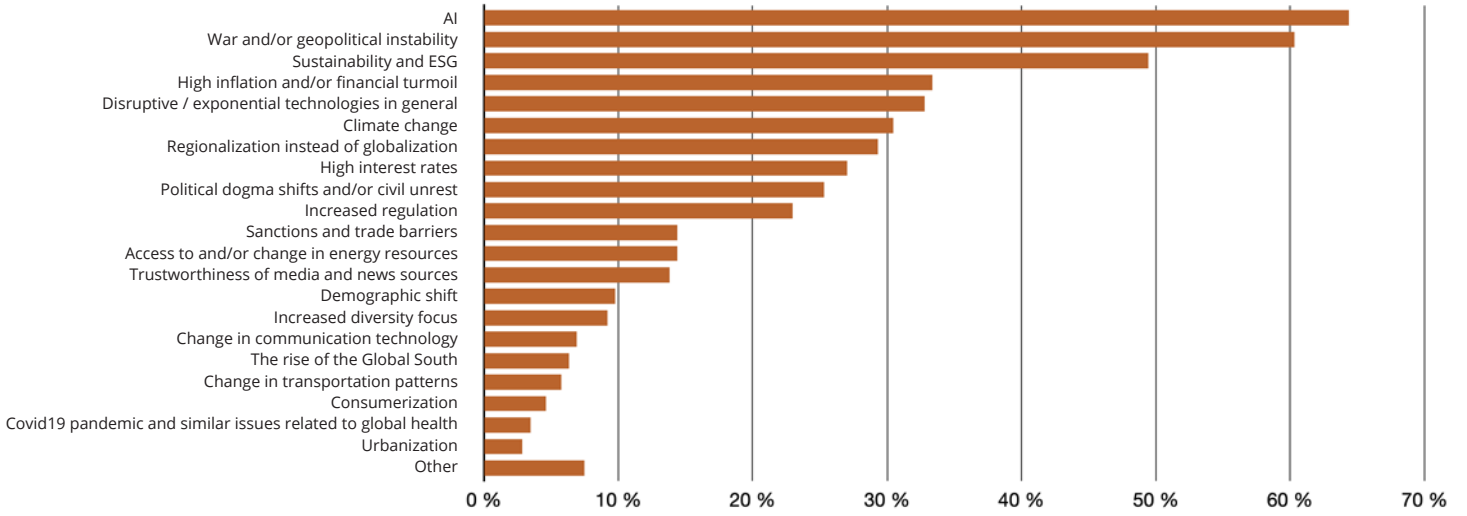


MEGATRENDS AND BOARD TRENDS

Megatrends are trends that have economical, societal and/or political impact of magnitude across several geographies over a span of time of at least 3 years. Megatrends have been in our focus in every Global Board Survey we have done in the past 9 years, and it is striking to observe how the top 3 megatrends differ from earlier years; 2/3 identify AI as the biggest megatrend of all, followed by War / Geopolitical Instability with 60%, Sustainability / ESG at 49%, High inflation / financial turmoil with 33% and Disruptive / exponential technologies in general at almost 33%.

Doing these surveys for the past 9 years have made us very aware that on most accounts, boards see the same opportunities, trends, and challenges across the globe. However, **this year there is a remarkable variance between geographies when it comes to identified megatrends.** Thus, in the Americas, AI and inflation come in as a significant top 2, while in most parts of Europe, the Middle East and South East Asia, AI and war / geopolitical tensions are tied as a no 1.

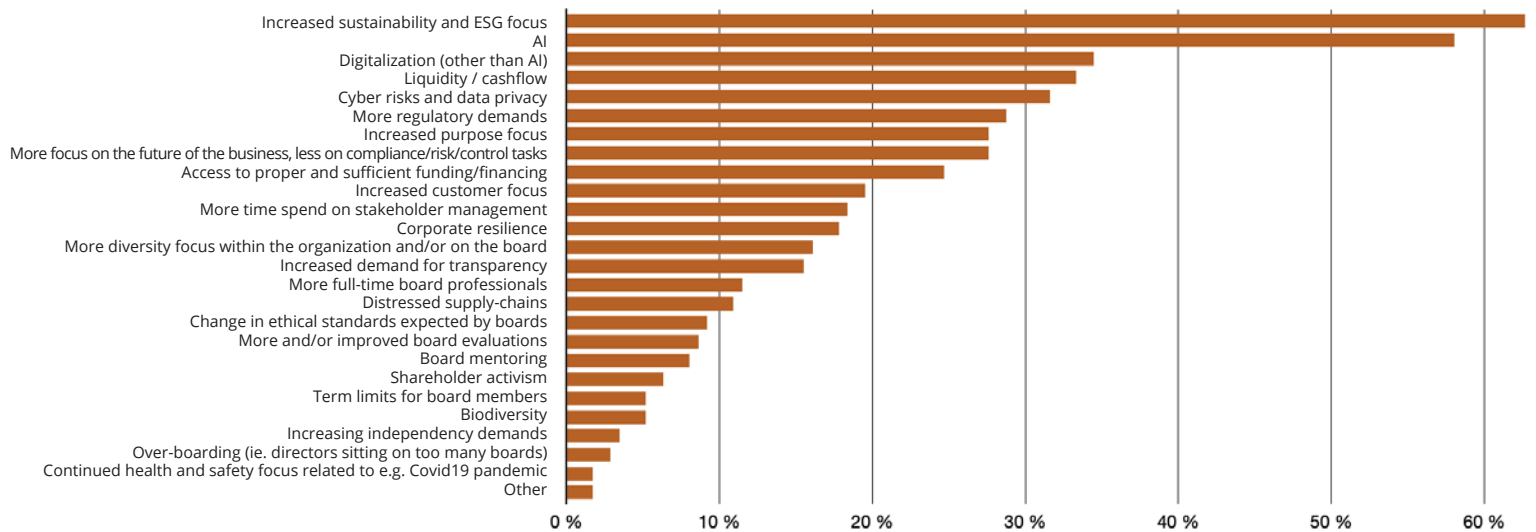
Which 5 megatrends do you expect to have the most significant impact on society and the economy in your country in the coming 3 years?



Megatrends obviously have significant impact on what is trending in the boardroom, and this year is no exception. However, regulation evidently plays a role too when it comes to boards' priorities. Hence, Sustainability / ESG is the main board trend, although fast followed by AI. Digitalization (other than AI), Liquidity / cash-flow, and Cyber risks / data privacy take the next three spots.

None of the topics in the top 5 can be considered easy tasks of an uncomplicated nature for boards to deal with. On the contrary. And between themselves

there is a lot of interdependent friction with a mix of inherent opportunities and challenges, and of short-term as well as long-term nature. All in all meaning that boards from both externalities and internalities are being constantly tested on their learning agility and ability to adapt to change. In other words, **even though boards would often have a preference for leading from a linear-thinking 'map and compass-approach', instead they have to navigate the terrain to steer clear of hazards and seize opportunities.**



GAZING INTO THE FUTURE

To obtain an understanding of the development in boards' general view on their company's financial outlook, every year we ask them about two things; about their expectations for the company's performance in the coming 24 months compared to the previous 24 months, and about their expectations for the company's performance in the coming 24 months compared to their closest competitor(s).

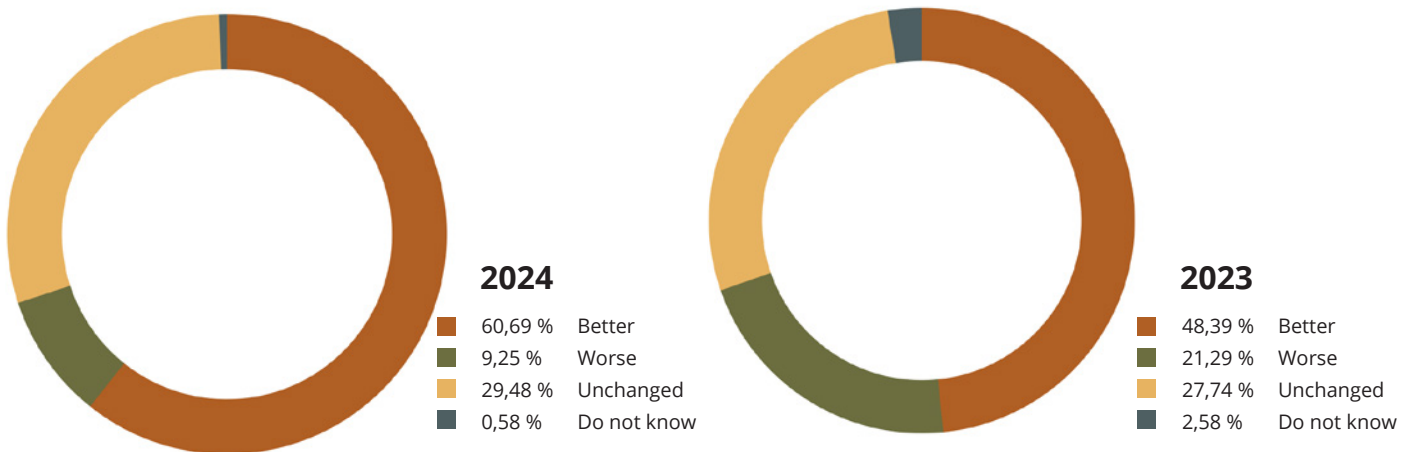
A remarkable 61% this year state that they see their company looking into a financially bright future, and only 9% expect a financial downturn.

Last year those numbers were on a much more dire level at 49% and 21% respectively.

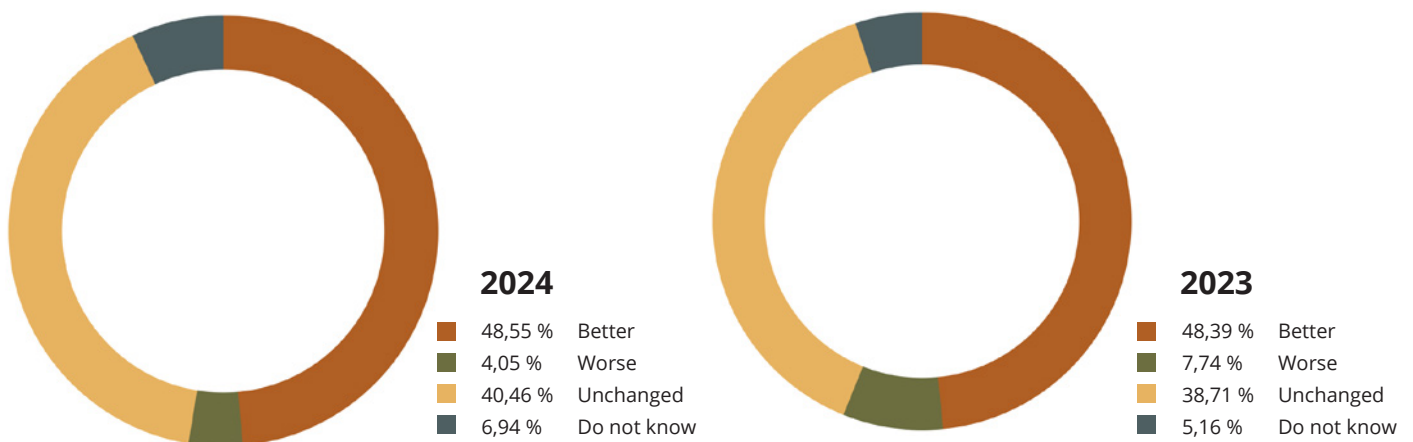
Further, when prompted to compare their expectations for their own company to their closest competitor(s), a spark of optimism prevails: 48% expect to do better (same as last year), and only 4% to do worse than their peers (down from 9% last year).

All in all, boards appear confident and optimistic in their look on the future – across all continents and even most countries, sending a strong message of positivism to the global business community and all stakeholders around companies of today.

What are your expectations for the company's financial outlook for the coming 24 months compared to the past 24 months?



What are your expectations for the company's financial outlook for the coming 24 months compared to that of your closest competitor(s)?



We also surveyed respondents' beliefs in relations to the most immediate external as well internal challenges for the company. Just as we have seen in previous years, they are to a great extent interlinked.

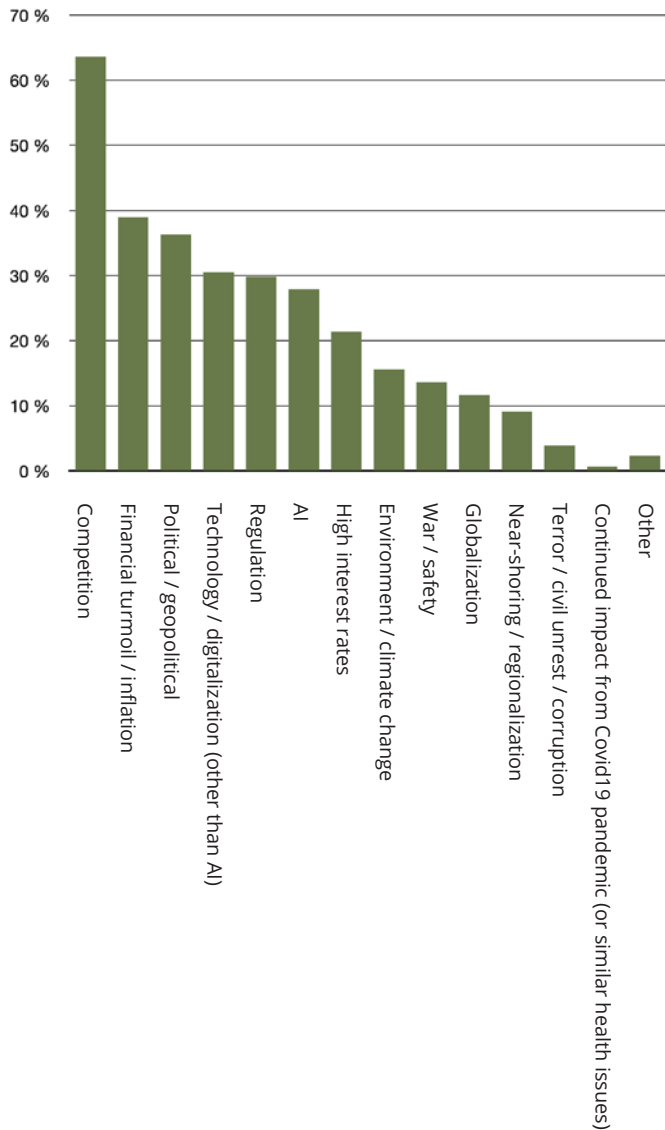
On the external side, Competitors are seen as the by far biggest challenge, while Financial turmoil / inflation, Political / geopolitical issues, and Technology (other than AI) follow in the next spots. Remarkably, on this question AI does not take a top spot (coming in at no 6), suggesting that while the technology is surely recognized as a societal tidal wave beyond compari-

son, it is still perceived to be far out in the horizon and thus not yet posing severe challenges.

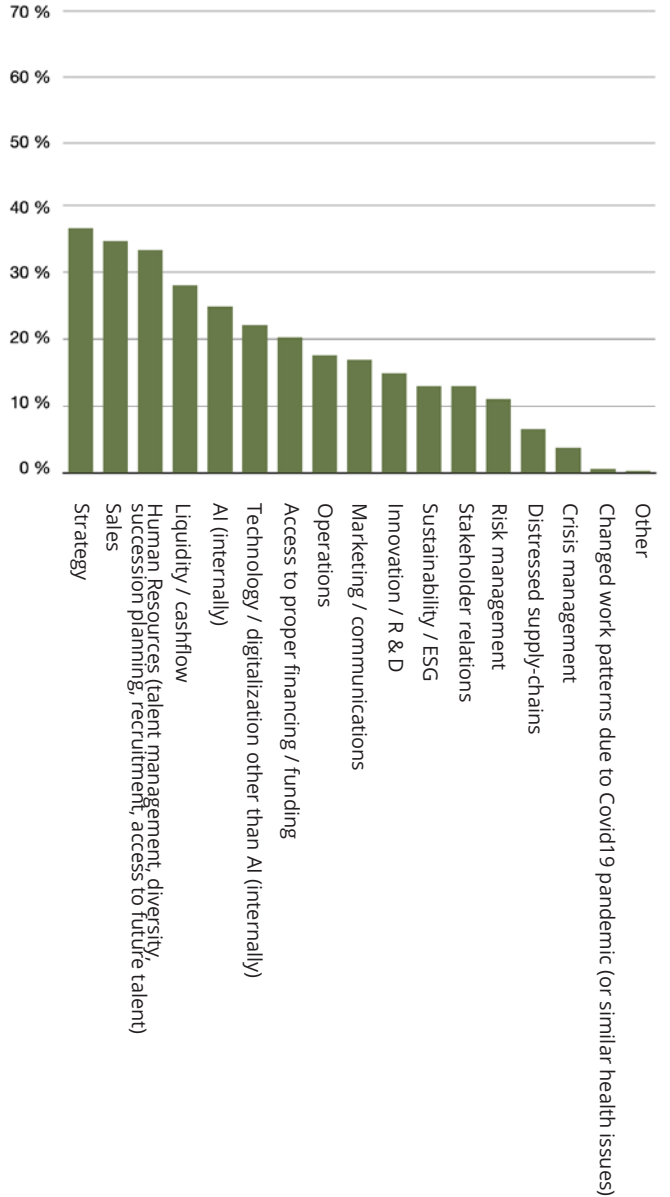
On the internal side, Strategy takes the number one spot, followed by Sales, Human Resources, and Liquidity / cashflow.

What is most interesting however is how there is an apparent correlation between what are considered to be the biggest immediate challenges and which competencies boards in general express that they lack the most, i.e. an almost classical example of a 'known unknown'.

Over the next 12 months what are the 3 most important external challenges your company faces



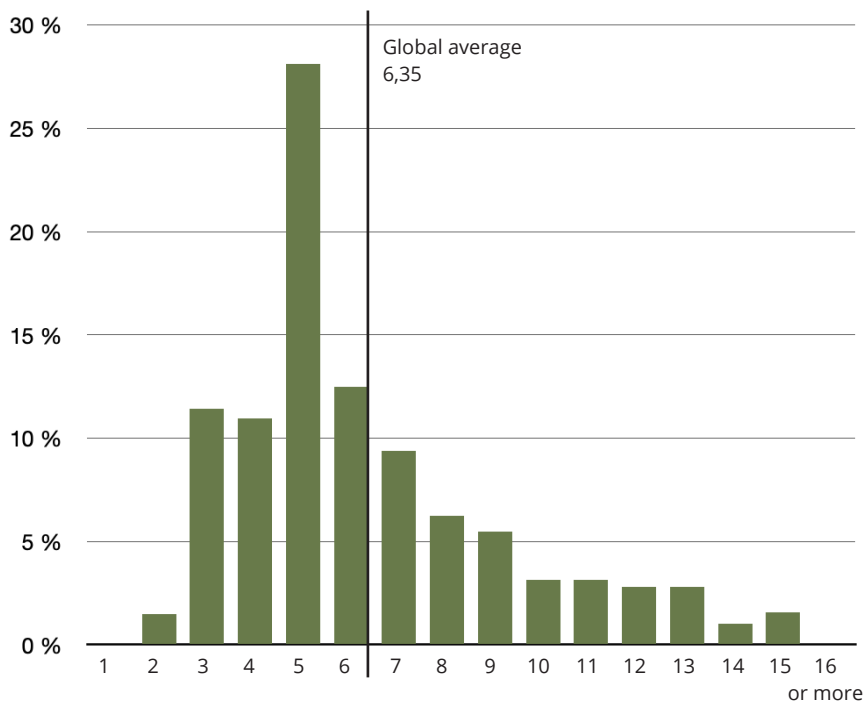
Over the next 12 months what are the 3 most important internal challenges your company faces



BOARD COMPOSITION - SIZE AND DIVERSITY

The total number of board members vary significantly – from 1-16. Most common is a board of 5 directors, with **the global average board size being 6.35 directors.**

How many directors is the board composed of?



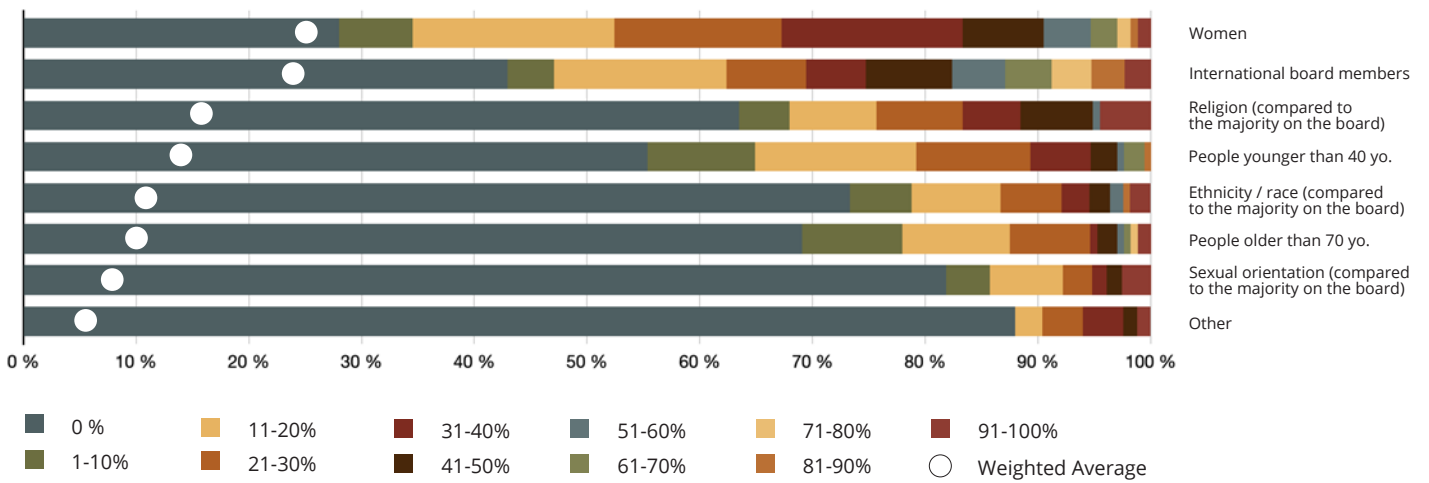
We have also examined the share of women directors as well as other diversity parameters such as international board members, ethnicity, sexual orientation, age etc. Most notably, today **25% of all directors are women** – but as many as **28% of all boards have no women**.

International board members make up for the second largest diversity group with 24% representation

amongst our surveyed boards. Religious diversity has 16% representation – while younger board directors account for 14%.

Diversity amongst board members in respect of their sexual orientation seems to be the least important priority.

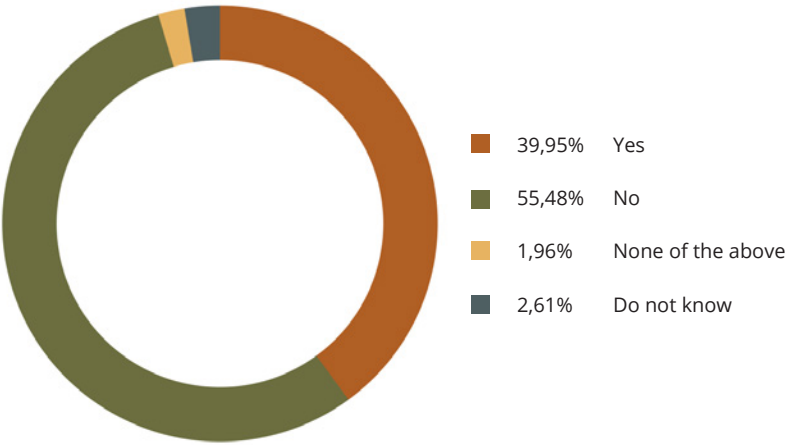
How diverse is your board within the following areas?



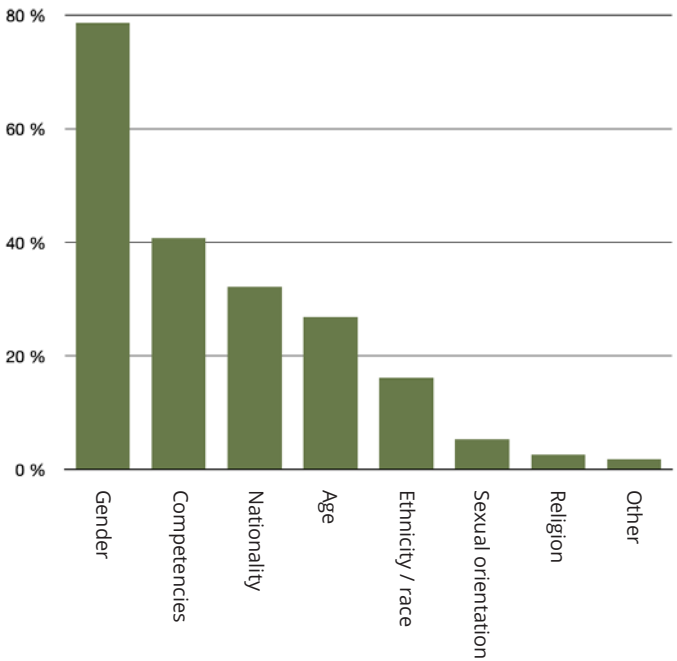
Following up on the previous question, we examined if respondents found that increasing focus on diversity on boards has had an effect over the past 12 months on how their board is composed. 40% said yes, and of these a striking 75% said that it had been gender-driven while 41% had recruited directors to ensure more diversity in competencies, 32% had looked for candidates of international background, and 27% had sought to increase the age diversity.

Increased gender diversity continues to be largely driven by large companies just as in previous years. Even though there are very big differences between countries and different legal environments, the trend remains the same; of companies with more than USD 1B in annual turnover, 68% have seen changes in their board composition, of which 84% had been gender-driven. **Only 6% of companies with more than USD 1B in annual turnover have zero women on their boards** – compared to 28% of boards overall.

Has increasing focus on diversity on boards had an effect over the past 12 months on how your board is composed?



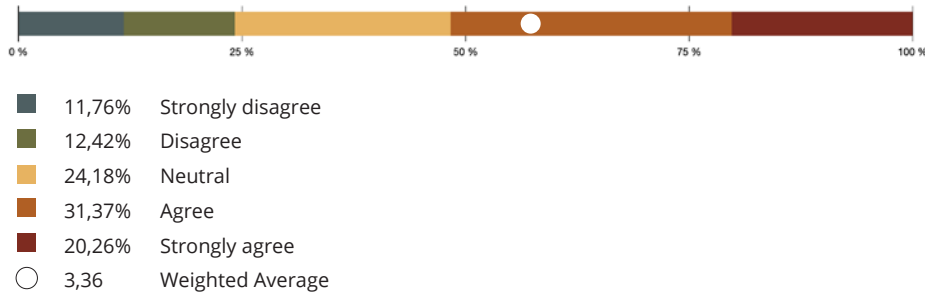
If yes, within



When probed if respondents agreed with initiatives like e.g. gender quotas, 52% of all respondents said yes to some or a great extent, however with a remarkable difference between men and women among the respond-

ents. **A staggering 74% of women support gender quota-initiatives, while this is only true for 42% of the men.**

On a scale from 1 to 5, where 1 is “strongly disagree” and 5 is “strongly agree”, do you support initiatives leading towards increased gender diversity in the boardroom, like e.g. gender quotas by either law or as part of the Corporate Governance Code?



COMPETENCE DEMANDS AND SUCCESSION PLANS

When trying to map which competencies are sufficiently represented on the current board in light of the company's current strategy and financial situation, the areas where boards feel strongest suited are General management, Strategy, Industry knowledge, and Financials.

On the other hand, **where boards in their own mind could need some strengthening would be within AI, Cyber risks / data privacy, Public Affairs, Sustainability, Marketing / PR, and Geopolitical insight.** There is – for the seventh year in a row – a strong and obviously worrying correlation to the most important megatrends, board trends and perceived future challenges here.

Respondents named AI as their no 1 priority by far when asked what competence they would ideally like to add if they had a free choice of one more board colleague. This was followed, although at quite a distance, by Industry knowledge and Digitalization (other than AI) in the next 2 spots.

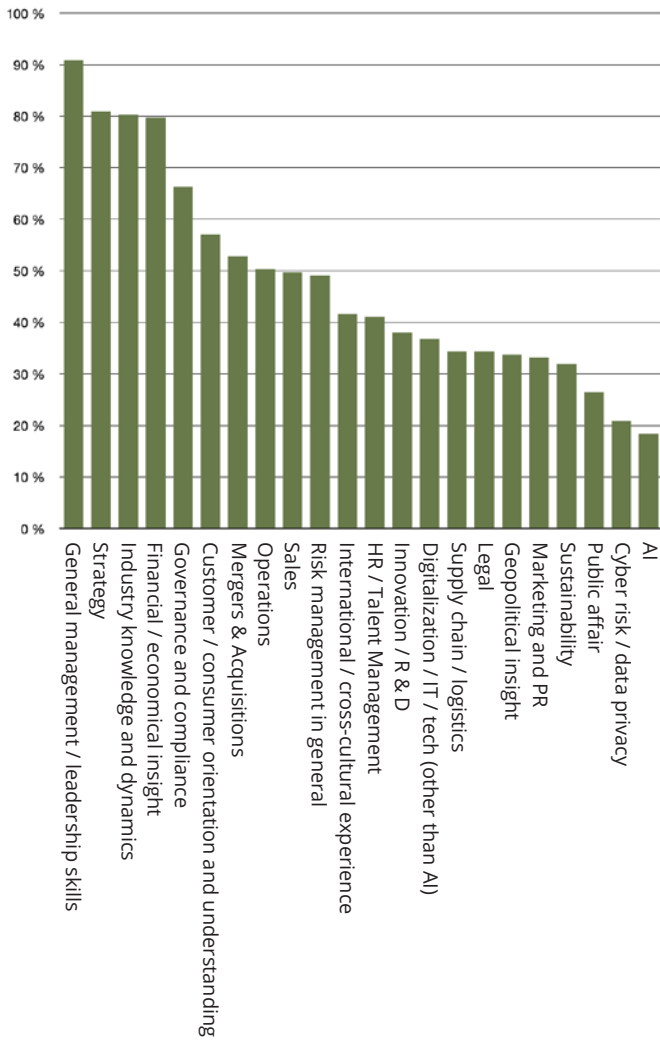
28% of the survey population would like to change how the board is composed from a competence point

of view. A relatively high proportion of 58% said that the current overall composition seems right to them, while the remaining 14% is undecided.

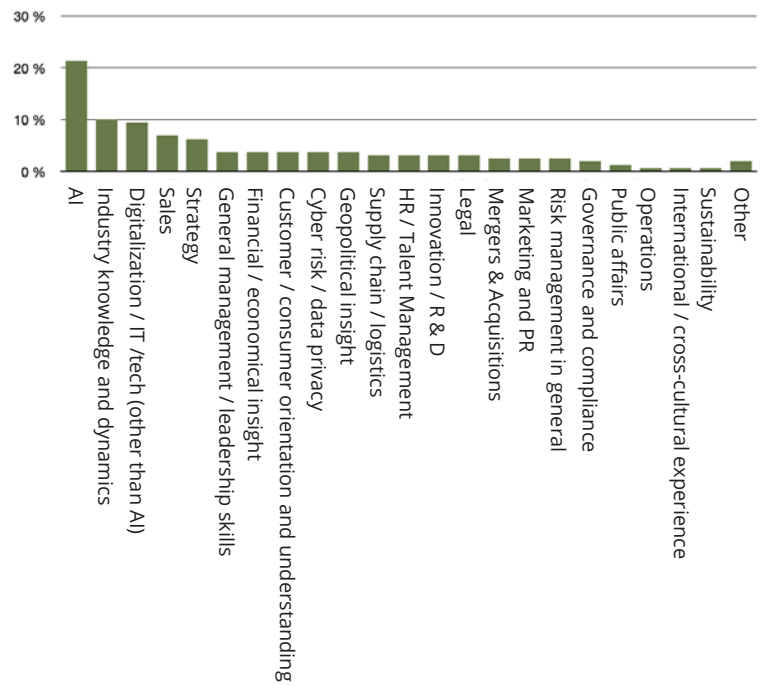
Now, one thing is what an individual director would prefer to add to the table in terms of new competencies on the board, another thing could be what the actual priorities for incoming board members are defined to be. Our survey shows a reasonable level of correspondence between 'the dream situation' and 'the agreed compromise'. What boards are currently looking for is industry expertise, AI knowledge, Tech / digital expertise (other than AI), Sales / marketing / customer understanding, and younger board profiles.

Strikingly, **HR- and cyber-competencies both remain under-prioritized in current board refreshment strategies even though both areas are considered to pose very big challenges and acknowledged to be areas where the current boards do not have sufficient capabilities.** From our experience, we believe that habitual thinking along the lines of 'you can't necessarily get everything you wish for' could be a showstopper however that could come with some drastic consequences and should be robustly challenged.

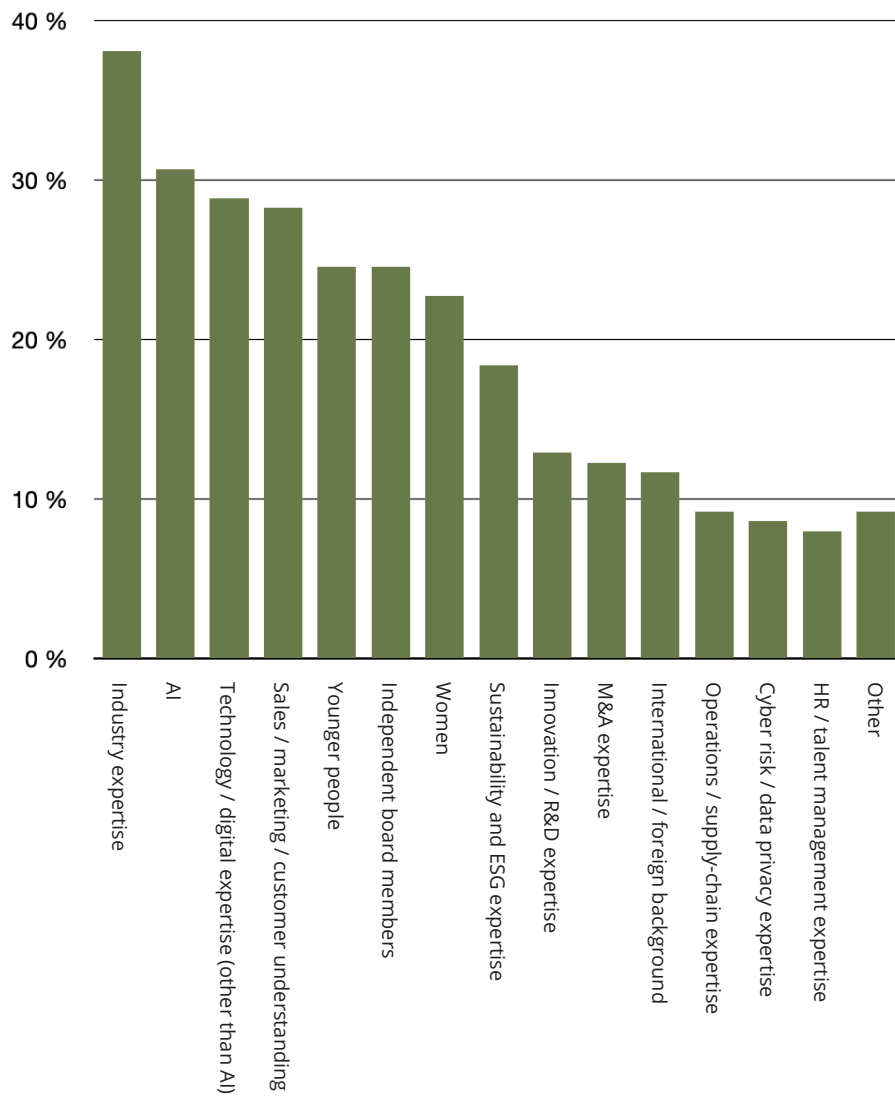
Which competencies would you say are present on the board to a sufficient extent considering the company's strategy and financial situation right now?



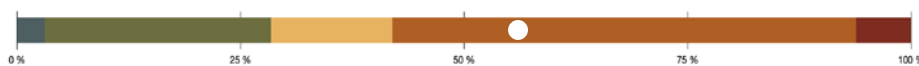
If you could add one more member to the current board, which competency would you personally prioritize?



Please name your board's actual 3 highest priorities for future board profiles?



Do you believe that the current board composition matches the competencies needed for the future in light of the company's strategy?

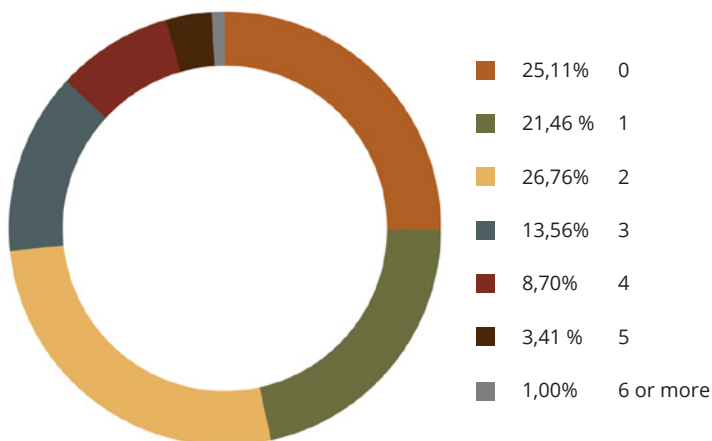


- 3,09 % No, unfortunately far from
- 25,31 % No, we would benefit from some changes in the composition in the near future
- 13,58 % Maybe, I find it hard to say
- 51,85 % Yes, but over some years' time we could use one or more skill sets in addition to the current board
- 6,17 % Yes, absolutely
- 3,33 Weighted Average

As a follow-up, we probed our respondents about how many board members in their view ought to be replaced at the next given opportunity, and only 25% said none. **21% thought that 1 board member should be replaced, 27% said that 2 directors ought**

to go, and 27% found that 3 or more board members should be replaced. It appears that respondents' satisfaction with their peer board members is not so high after all.

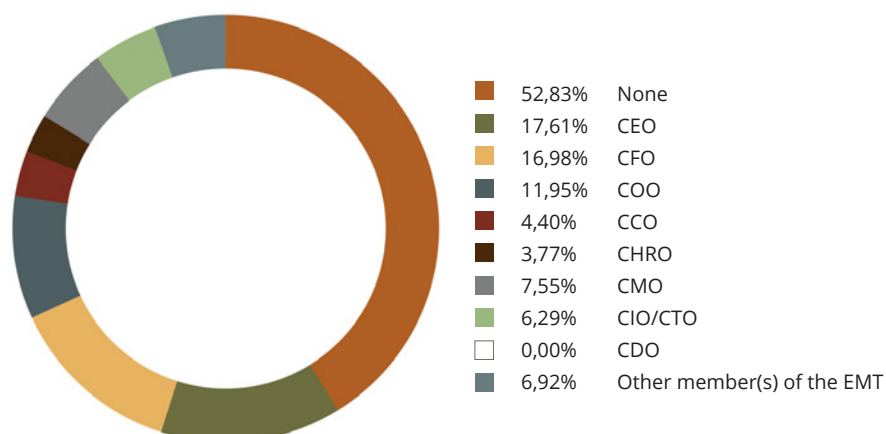
How many directors should in your view be replaced at the next possible General Assembly (or sooner)?



Considering that 75% of our survey population would like to replace one or more board members at first given opportunity, it must be reassuring for Executive Management Teams that satisfaction with their performance seems to be considerably higher among respondents.

53% say that they see no changes needed on the EMT. 18% would consider changing the CEO, 17% would consider to look for a new CFO, and 12% think of replacing the COO. A combined 29% would like to see other changes to the EMT coming into effect. Considering that the overall global tenure at C-level is just around 5 years on average, we find the satisfaction rate with all C-level executives to be very high.

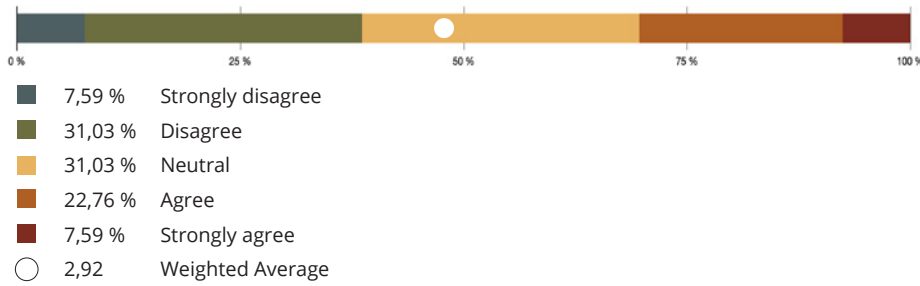
Which members (if any) of the Executive Management Team should in your view be considered for replacement within the next 12 months



Whatever level of satisfaction may exist with the current CEO and his/her EMT, changes will inevitably come regardless – either on the initiative of the board or by the people on the EMT themselves - and thus we wanted to investigate how well-prepared boards are in relation to succession plans covering the CEO

and the rest of the EMT. A disturbing low number of **only 30% believe that they have succession plans well in place** (although up from 25% last year), and **39% straight out disagrees that their plans are adequate** – if at all existing.

On a scale from 1 to 5 where 1 is “strongly disagree” and 5 is “strongly agree”, do you believe that your board has adequate succession plans in place for the CEO and the rest of the Executive Management team?

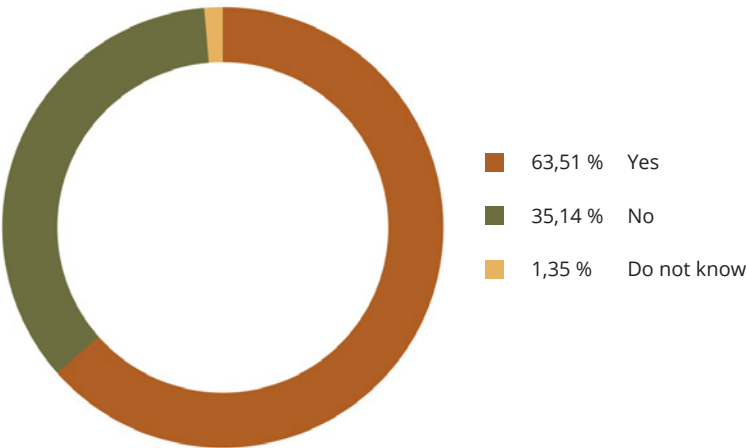


INDEPENDENCY

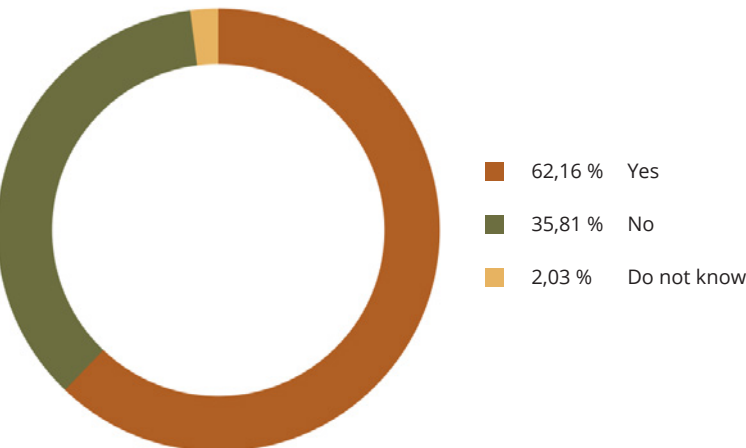
Two large global trends among institutional investors are undoubtedly their focus on decreasing the level of over-boarding among board members, and increasing board members' level of independency from the company and major shareholders. In this sense, this

year's report holds positive news as **64% report that the majority of the board members are independent** of the company and its largest shareholder(s), while 62% say that the Chair is also to be considered independent.

Is the majority of the board members independent of the company and its largest shareholder(s)?



Is the chairman of your board independent of the company and its largest shareholder(s)?

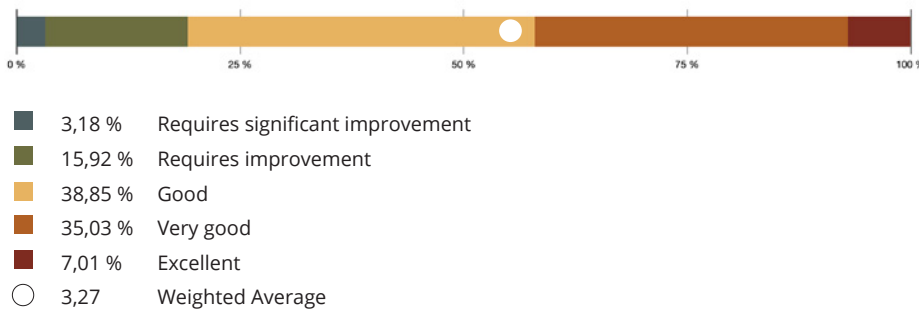


BOARD EFFECTIVENESS, DYNAMICS AND PERFORMANCE

In general, directors express a relatively high degree of satisfaction with their board’s overall performance. Thus, the weighted average is “Good”. Yet only 7%

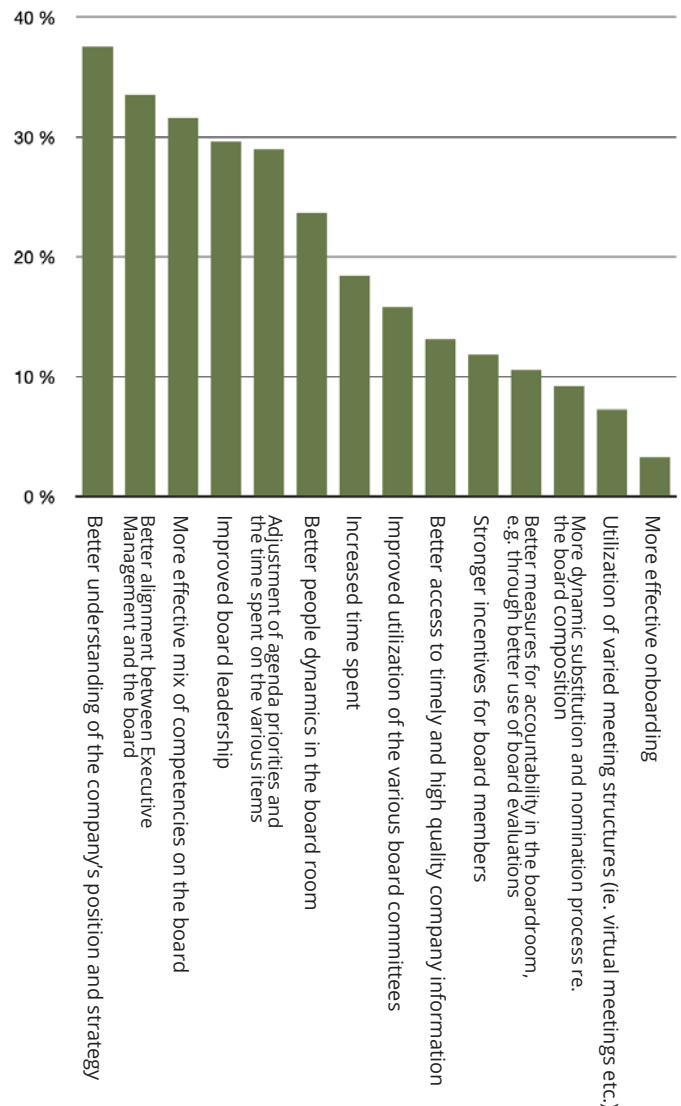
believe it to be truly excellent, and a total of **19% think that the board’s performance could either slightly or significantly improve.**

How would you rate the quality of the board’s overall performance?



When challenged about what could possibly increase the board’s performance further, three factors stand out over others. **Number one factor to improve board performance was identified as “Better understanding of the company’s position and strategy,”** second was Better alignment between EMT and the board, third was More effective mix of competencies on the board.

Embedded in the response data for this question lies a worrying misalignment between the findings above regarding the level of satisfaction with the board’s competencies within strategy on one hand, and on the other hand the findings below on the impressions of the board’s overall understanding of the company’s strategic positions as well as ‘Better understanding of the company’s position and strategy’ being voted top improvement factor by 38%.



When challenged on the board’s overall understanding of the company’s strategy within 13 specific sub-areas, the weighted average is above 50% within 10 areas – but below within 3 areas.

Most particularly **boards feel the least comfortable around AI and digitalization, Cyber risk / data privacy, and Talent management / HR.** Albeit this in isolation should not be too much of a surprise as these areas are farthest away from the board’s traditional focus, it should remain a reason to worry, ref. above, since no one should try to fight their biggest battles with dull knives.

Boards’ strongest areas of strategic understanding by a far margin are Company’s purpose and why, and Financials – both with a weighted average comfort rating over 80%.

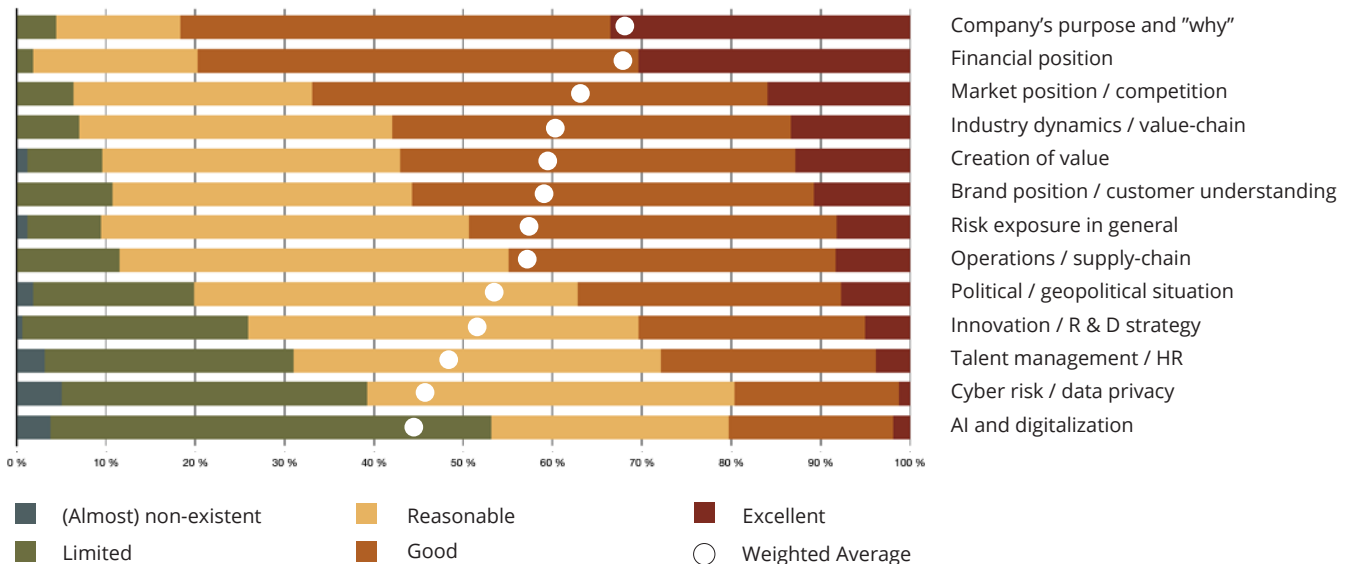
However, bearing in mind what respondents themselves point to as being the biggest challenges for their companies in the immediate future, and which areas they expect to spend more time on in board meetings, **the outcome here must be disturbing for most boards.**

We believe that this ought to call for further diversification and imply refreshment of the composition of most boards in the near future. Otherwise, boards can hardly be called prudent and diligent regarding the clear and present danger from cyber criminals, nor regarding the potential opportunities that could come from a much more thorough understanding of AI.

The last point on the top 3, Talent management and HR, is an equal reason to worry. Almost every single company today will in their corporate presentation explain how their biggest asset is their employees. However, **how does a limited understanding at the very top of the organization of how to best attract, retain, develop, motivate, and promote talent resonate with an assumed goal of protecting this asset?**

Hence, we stress once again that a refreshment of boards should be called for to make room for board members with top people and HR skills. **Workforces of today are very different from when the average board member of 56 years of age grew up through the ranks of corporations 25-35 years ago.**

How would you rate the board’s overall understanding of the company’s strategy within the following areas?



When asked to rate the working climate on the board, boards in general express a high degree of satisfaction with their peers and with the board dynamics displayed. Especially the fact that enjoyment of board meetings, exhibition of integrity, and a solid atmosphere for candid discussions and feedback take the top 3 spots is to us evidence of boards being able to conduct themselves and their meetings in a meaningful and respectful manner to the benefit of not only the company but also all its shareholders as well as other stakeholders.

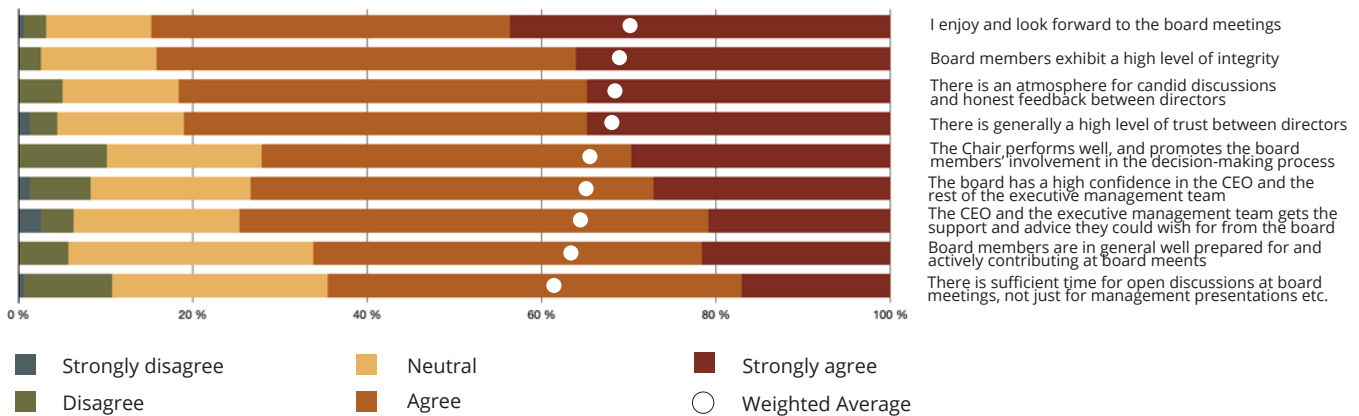
One of the factors that can often be used to determine if a company will excel compared to its competitors, i.e. advance from poor to good – or from good to great – is the effectiveness of its board, and that usually depends on the inner dynamics on the board.

That is why **on board recruitments we always advise the nomination committee, the chair and the most**

influential owners to look equally at Competencies, Character and Chemistry (with the rest of the board). Trust on the other hand can be build through working together – but the tendency for many companies to use existing board members’ and shareholders’ personal networks to recruit new board members from, indicates that **(too) many boards put too much emphasis on trust through existing relationships, not realizing what they are then missing out on in terms of competence versatility and cognitive diversity.**

We further believe that if formalities, compliance, check-lists and endless reporting on historical issues take up the predominant part of the board agenda, leaving only very little room for intelligent questions, constructive criticism, sound debate, and broad-minded business discussions, then boards only have a role to play in companies where the management is already on their heels either due to misconduct, misrepresentation or simply poor performance.

How would you rate the working climate on the board?



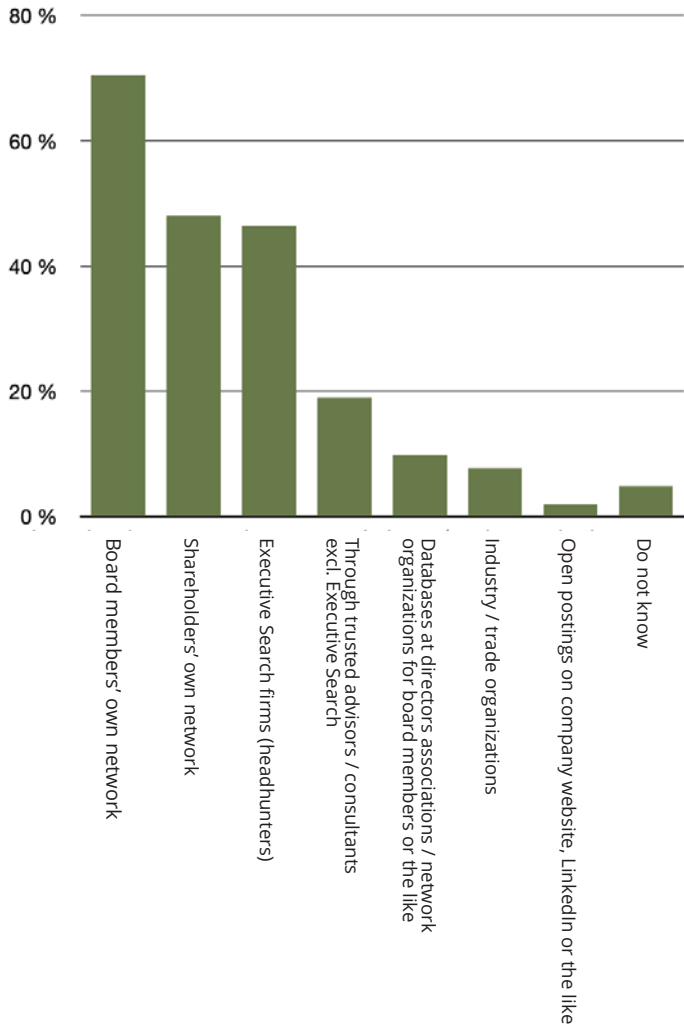
BOARD RECRUITMENT AND BOARD EVALUATIONS

As indicated above, “Old Boys Network” is still the dominating source to identify and attract new board members – either through board members’ own networks or owners’ personal relationships. But especially **the use of Executive Search firms has grown again and is now at 46%** compared to last year’s 44%, in accordance with increasing demands of a larger degree of independency, diversity and process transparency (not to mention professionalism in the process).

With that in mind, we expect the utilization of Executive Search firms to keep growing exponentially - with up to 500% in the coming 5 years.

The growth in the use of headhunters is primarily driven by larger companies (with turnover over USD 1B) where 79% utilize the expertise of executive search firms (compared to 73% last year).

Which sources do you use to identify and attract new board members?



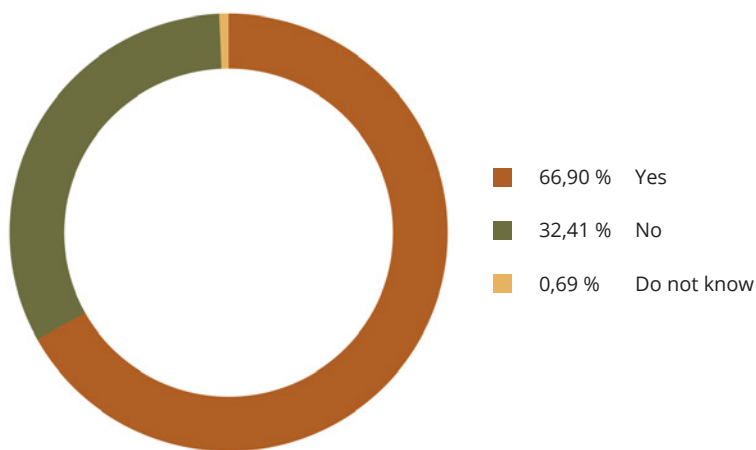
Also, the use of regular board evaluations is seeing steady growth. **66% now report that they regularly undergo a structured board evaluation process - up from 64% last year.** We interpret this to be yet another sign of the increasing professionalization of boards in general. 73% (of the 66%) perform the evaluation on an annual basis, while 20% do them every other year.

42% go through the process as a self-evaluation while an equal 42% to some degree or the other used a third-party consultant to facilitate the process to ensure independency and robustness.

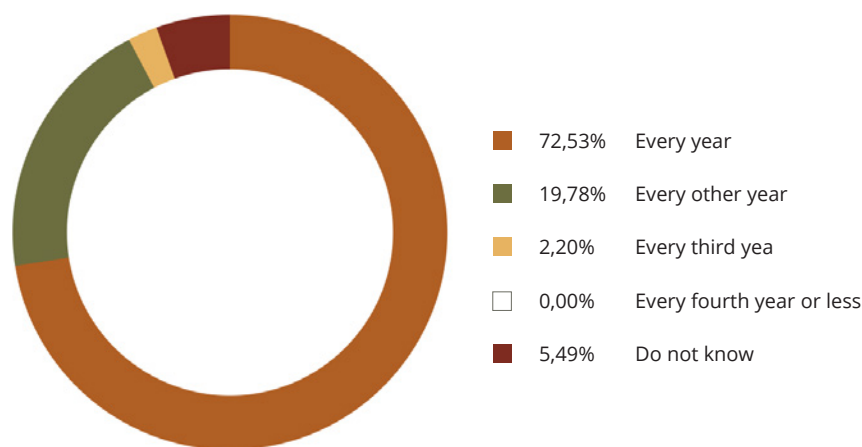
Most of the evaluating boards include quantitative questions (66%), qualitative questions (60%) and questions on the board as a whole (58%).

Individual contributions are assessed by 42%, yet only **32% include a competency mapping. One must wonder how the board's future capability needs are being determined if no competency mapping is taking place.**

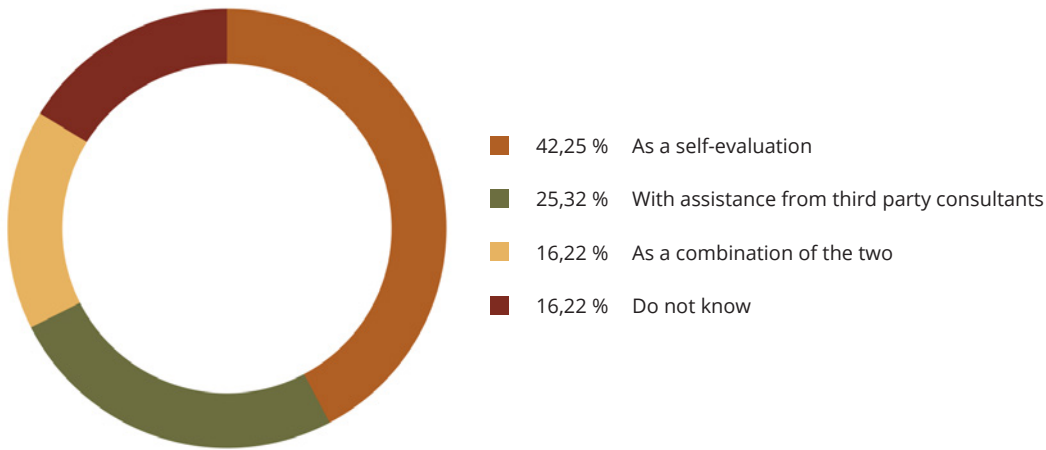
Do you perform regular assessments / evaluations of board performance?



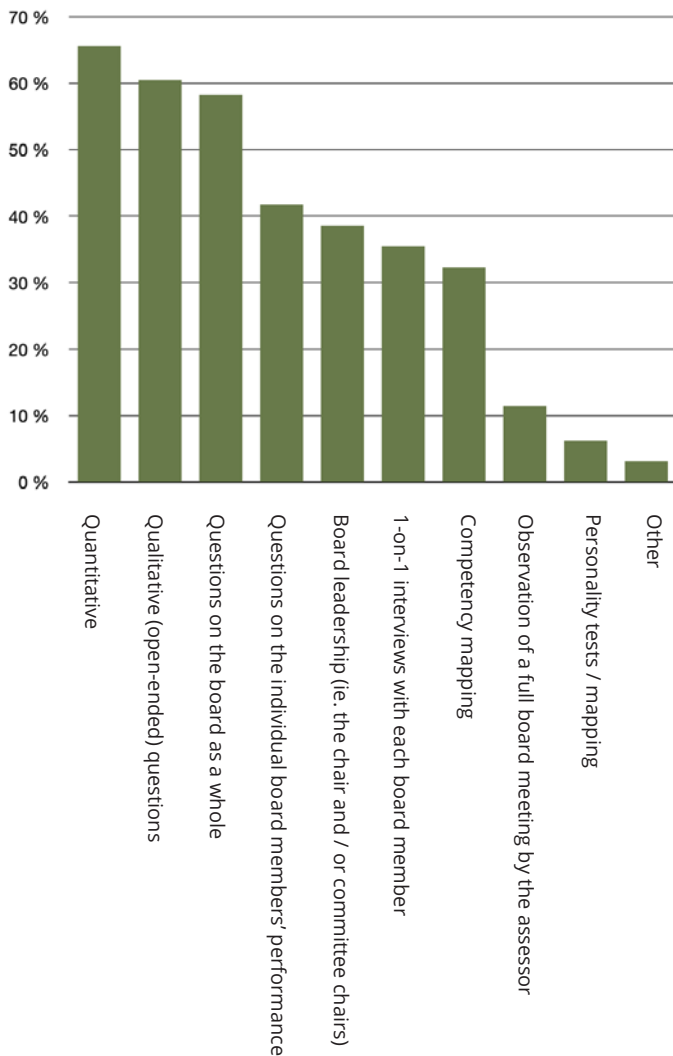
If yes, how often?



How was the latest assessment / evaluation conducted?



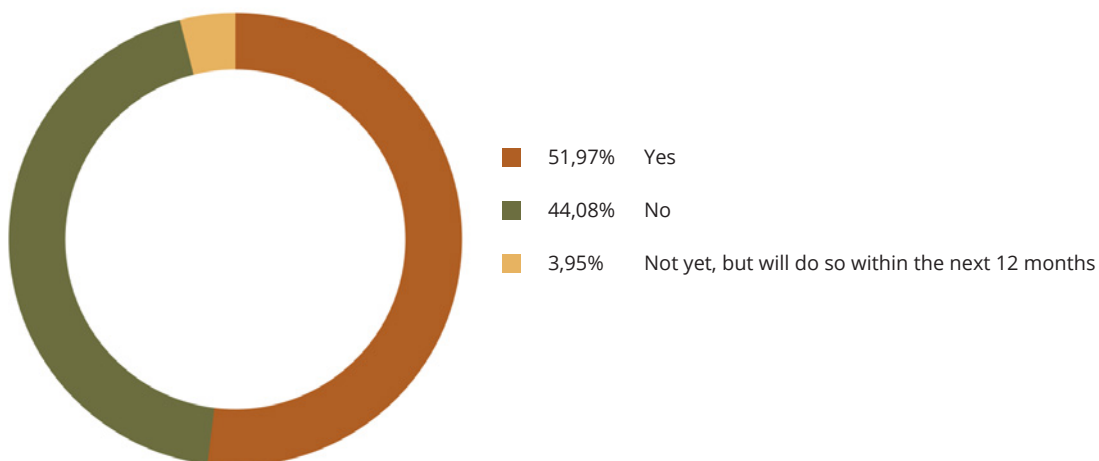
Which structural elements did the latest assessment / evaluation include?



Over the past decade and a half, board work has undergone a clear professionalization, and with that a steep increase in the demand for continuous professional development within the board profession has also been seen. Thus, the industry of executive education programs focused on corporate governance, board leadership, board effectiveness etc., has seen

tremendous growth. As a result, more than **52% of our survey population has either individually or as a group followed a board program** with a duration of minimum 4 days in the past 10 years (up from 44% last year). Another 4% are planning to do so in the coming year. That is very far from the apprenticeship-like approach that had been prevailing up until around 2007.

Have you individually or as a board undergone any specific 'board training / education' of minimum 4 days duration in the past 10 years?



***So,
what should
boards be doing
now?***

CONCLUDING



With first Covid19 and later the invasion by Russia in Ukraine and most recently the conflict in the Middle East, **businesses across the world have learned the hard way that the world is no longer what we had gotten used to** during almost 35 years of more or less uninterrupted economic growth, democratic progress and technological advancements.

Instead, the past 4 years have taught us that **globalization should not be taken for granted**, that supply chains are much more vulnerable than perceived, that strong geopolitical forces have significant interests in engaging in an intimidation game, that populations in great many countries feel more and more politically divided, that **new technology does not only come with opportunities** but certainly also threats, that sustainability in many geographies is being treated with a 'if and when we can afford it'-attitude, and that **ethics in business is subject to very individual interpretation** depending on the current winds in our respective major markets.

Despite small bumps on the road – the end of the dot com-era or the worldwide financial crisis to name a few – growth and progress had since before the turn of the millennium become our standard mode. Mentally, we had programmed ourselves to think that linear growth was the very least we could expect, while many almost subconsciously expected exponential growth rates year on year – heavily dependent on historically low interest rates, a strong innovation wave and very favorable business conditions.

On the political side, we had convinced one another that reason and logic would prevail and peaceful, democratic systems would inevitably surpass dictatorships and autocratic structures. We had completely forgotten the very hard learned lessons from our past that **sometimes political decisions come down to very banal aspirations for power**, access to resources and land, differences in religious beliefs, strong wishes for outright revenge, gathering of personal wealth or an egomaniac self-image – and with all that; geopolitical instability, terrorism, armed conflicts and wars.

The stakeholder-capitalism movement that saw its peak a few years ago has taken quite a blow in 2023. ESG-promoters like BlackRock have taken a much less progressive stand since right-wing influenced investors stated that too-green or too-woke asset managers would now longer oversee their investments. Further, despite the seemingly positive outcome from the COP28 summit with an adoption of a fossil fuel phase-out agreement, the reality is that nobody is truly taking a real lead to achieve the am-

bitious goals in terms of financing or imposing real sanctions on those who do not meet targets. With unprecedented climate records all over the world in 2023 – in terms of levels of precipitation, flooding, wildfires, draughts – all depending on where you live – the results from lack of action are already here. The worldwide leader in sustainability initiatives, the EU, has put more emphasis on what and how to report on a company's efforts rather than promoting ground-breaking steps to improve our environment. Nothing is wrong with driving a compliance-focused agenda, but it would seem as if somebody forgot that **more reporting is rarely good for business operations but more so for consultants and auditors.** What the CSRD could unfortunately end up with is a situation where big companies will only deal with other big companies, and small companies will be left with only dealing with other small companies – due to the compliance-heavy reporting regime in the directive's Scope 3 which only large companies have the resources to fulfill.

Finally, **a double-edged sword has arrived in the world with the introduction of generative AI** in the public domain. OpenAI's ChatGPT platform has already been complimented with thousands of other apps designed to make life easier for everyone – but without anyone knowing whether the technology has any limits – in terms of infringement of IP, fact-checking, spreading of fake news, identity theft threats, hacking or other cyber threat utilization, arms control, critical infrastructure security, etc.

Undoubtedly AI is here to stay and radically evolve, but we urge everyone to proceed with caution and to keep ethical standards high in the development and utilization of this new 'mother of all technologies'.

With all the gloom and doom above, it ought to be hard to maintain a positive outlook. However, we find sparks of reason for optimism in a number of cultural megatrends, political microtrends, technological advancements, and socioeconomic theories.

As Swedish professor Hans Rosling described in his book "Factfulness" from 2018, **our instincts program us to exaggerate situations and distort our perception of reality** in ways that further exacerbate problems and how we react to them. We further believe that the four corner concepts of the book is worth repeating in today's unstable political and business climate; 1) To control the blame instinct, resist finding a scapegoat. 2) Look for causes, not villains. 3) When something goes wrong don't look for an individual or a group to blame. 4) Accept that bad things can happen without anyone intending them to.

We are convinced that **businesses find themselves in a Darwinistic age**, stemming from Darwin's theory of evolution by natural selection based on 1) variation, 2) heredity, and 3) a struggle for existence. Only those most adaptable to change will survive in the long run. As that was true for the evolution of species throughout history, we believe it to be true for boards of today.

Like before in our global board survey reports, we have gathered and updated **our top 10 recommendations for boards** that want to stay not only relevant but also want to keep pushing the bar:

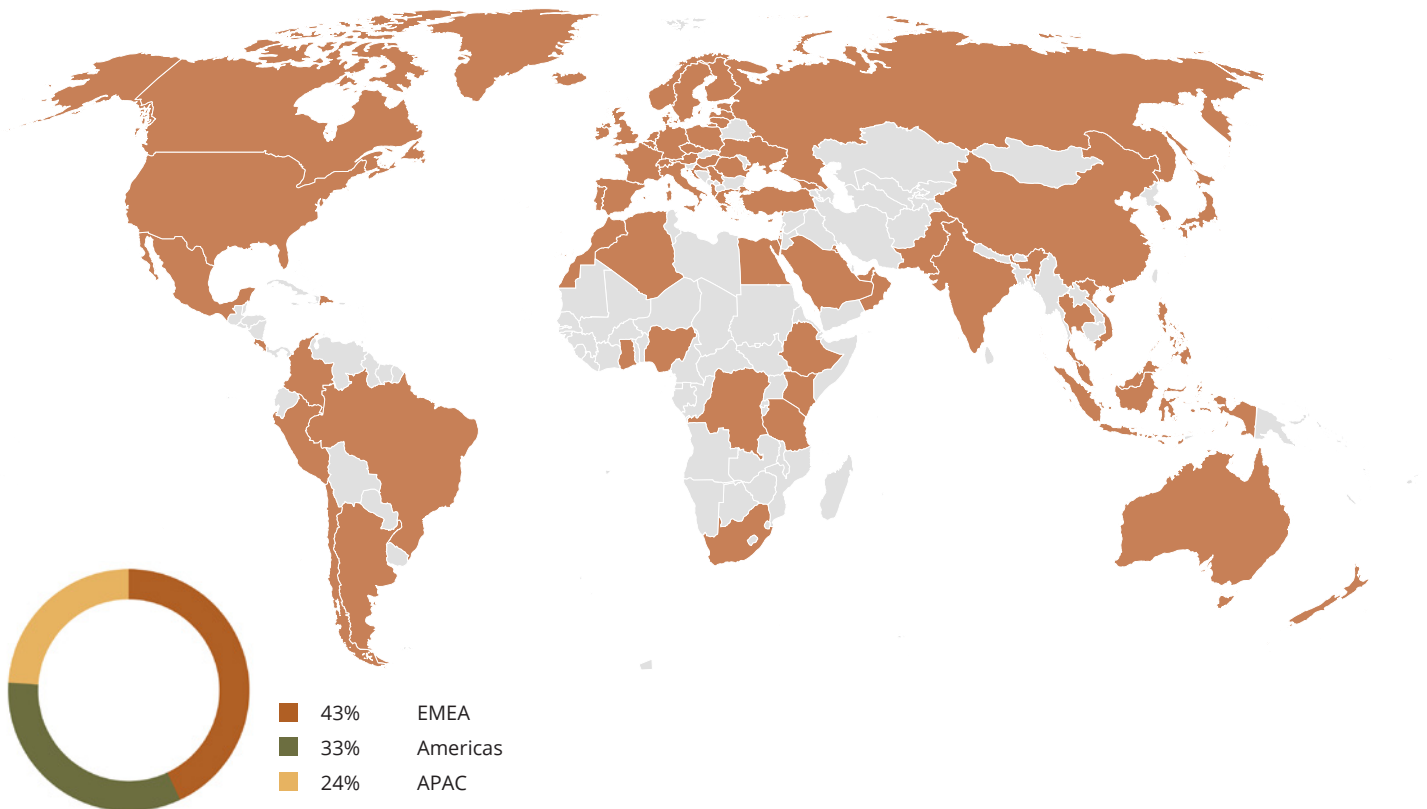
Recommendations to Boards in a Darwinistic Age

Based on this year's Global Board Survey 2024, and adding to that our vast experience from working with some of the world's most influential board members from some of the world's largest companies, we have been able to identify ten characteristics that the most advanced boards have in common;

1. First and foremost, they are courageous. They have the **courage** to think in new ways, to challenge the status quo, to try new things, to speak out their mind, voice their concerns, share their experience.
2. They **lead**. They know that the Tone at the Top is set by the very top; the board – and they accept the responsibility that comes with that. This includes standing up for your values and to adhere to the formulated Why of the organization – even though circumstances could all of a sudden possibly put your beliefs to the test.
3. They continuously **prepare for the future** and do not rely on achievements and glory from the past. They personally prioritize learning about new technologies and embrace AI and digitization, they observe megatrends and customer behaviour patterns, all while ensuring to support initiatives that have the potential to disrupt the competition instead of themselves becoming obsolete.
4. They **engage fully**. Truly advanced board members do not accept positions that they can't devote enough time to. They know that the company is dependent on them.
5. They do not rely on gut feeling when making strategic decisions, but make sure that the strategic vision, engagement, and alignment **rely on evidence, facts, and data**. They go through rigorous scenario planning sessions and validated risk management assessments.
6. They are **all for diversity**. Vigilance, innovation, adaptability, risk management, agility and transformations are all areas that are better supported by heterogeneity in competencies and mindsets rather than by homogeneity, hence also better supported by diversity in nationality, age, gender, and not least cognitive style.
7. They **act timely** by being well prepared, showing decisiveness, making changes when needed, without hesitation - also when it comes to changing the CEO.
8. They **exhibit integrity**. Ethics is close to their hearts. They do what they say, and say what they do, and remember that sustainability is not about meaningless philanthropy, but more so about staying relevant for the long term – or in other terms, embracing ESG is becoming a license to operate.
9. They **operate holistically**, understanding the importance of always keeping a helicopter perspective – because in global business setting, circumstances can change overnight, and even SMEs – let alone big multinationals – are now impacted by multiple geopolitical events, like e.g. the rise of The Global South implying a multi-polar world order instead of the old East/West-bipolarity.
10. They **remember why they were originally appointed to the board**. It was originally all about shareholders believing they could add value. Knowing their company and trade. And they are adding that value - to the board, the company, and the shareholders.

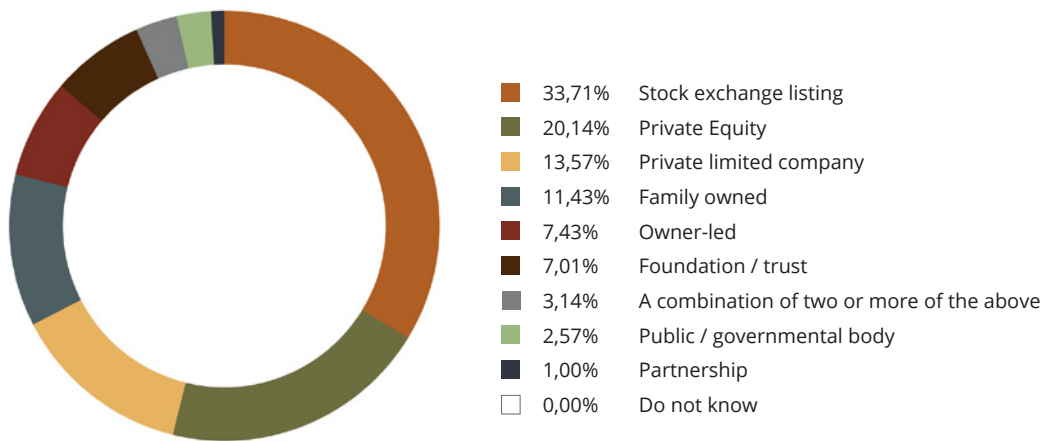
BEHIND THE SURVEY DATA

As referenced above, the survey population totals a record high **2,246 corporate chairmen and board members from 78 different countries and legal jurisdictions on all populated continents.** The regional distribution of our respondents is **43% from EMEA, 33% from Americas** and **24% from APAC.**

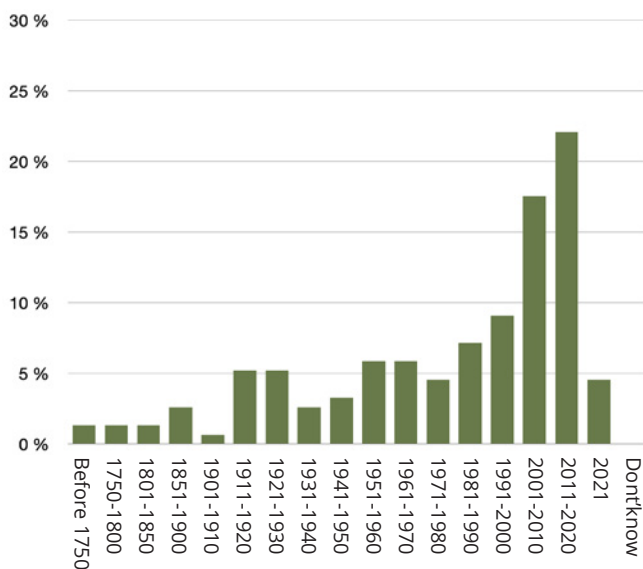


- | | | | |
|-------------------|--------------------|---------------|--------------------------|
| Albania | Dominican Republic | Japan | Portugal |
| Algeria | Egypt | Jersey | Romania |
| Argentina | Estonia | Kenya | Russia |
| Australia | Ethiopia | Kuwait | Saudi Arabia, Kingdom of |
| Austria | Faroe Islands | Latvia | Serbia |
| Belgium | Finland | Liechtenstein | Singapore |
| Bermuda | France | Lithuania | South Africa |
| Brazil | Georgia | Luxembourg | South Korea |
| Canada | Germany | Malaysia | Spain |
| Chile | Ghana | Mexico | Sweden |
| China | Greece | Morocco | Switzerland |
| Colombia | Greenland | Netherlands | Tanzania |
| Congo, Democratic | Hong Kong | New Zealand | Thailand |
| Rebulic of | Hungary | Nigeria | Turkey |
| Costa Rica | Iceland | Norway | Ukraine |
| Croatia | India | Oman | United Arab Emirates |
| Curacao | Indonesia | Pakistan | United Kingdom |
| Cyprus | Ireland | Peru | United States (USA) |
| Czech Republic | Israel | Philippines | Vietnam |
| Denmark | Italy | Poland | |

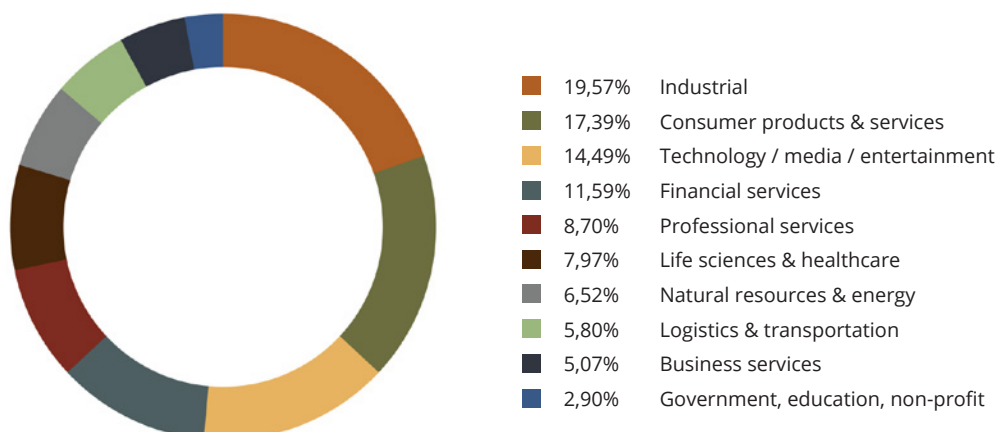
What kind of ownership is the company subject to?



When was your company founded?



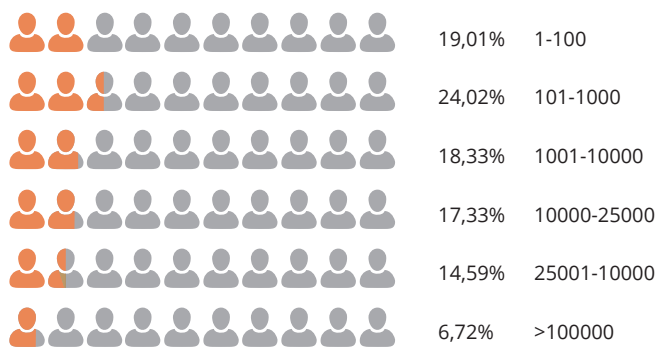
What main industry does your company operate within?



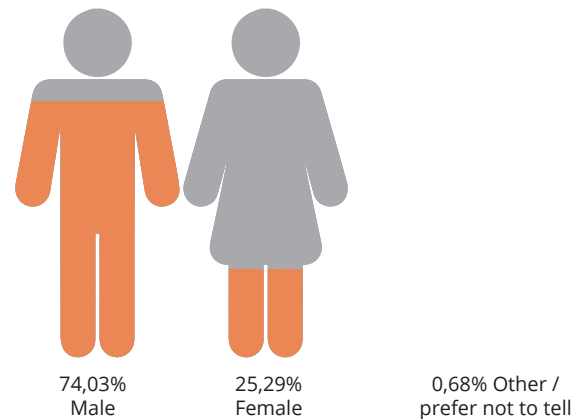
What is the company's total annual turnover? (given in US Dollars)



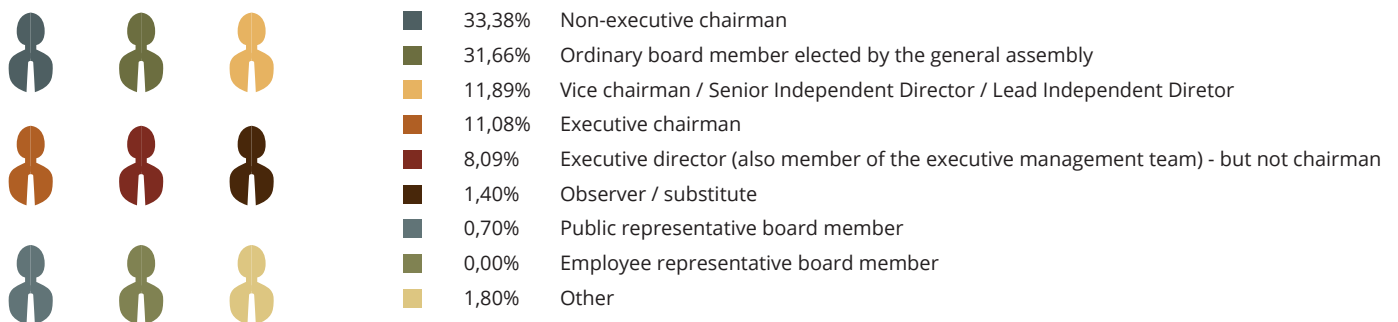
What is the company's total number of employees?



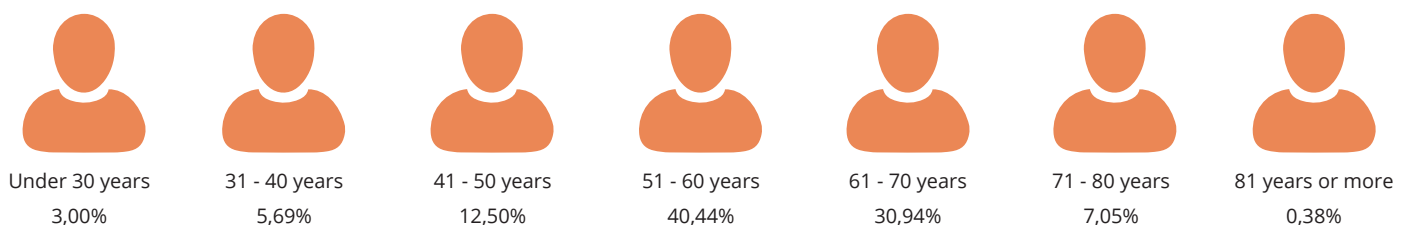
Are you



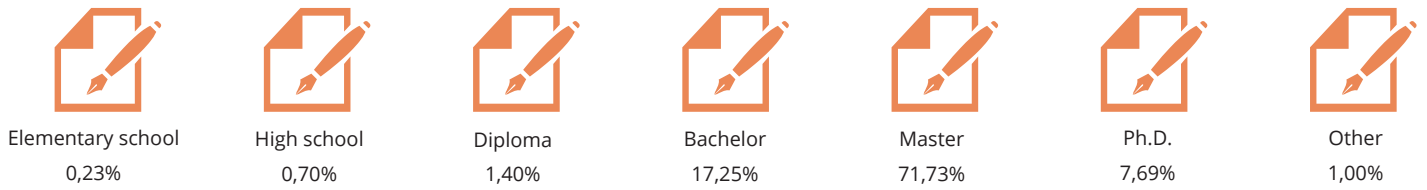
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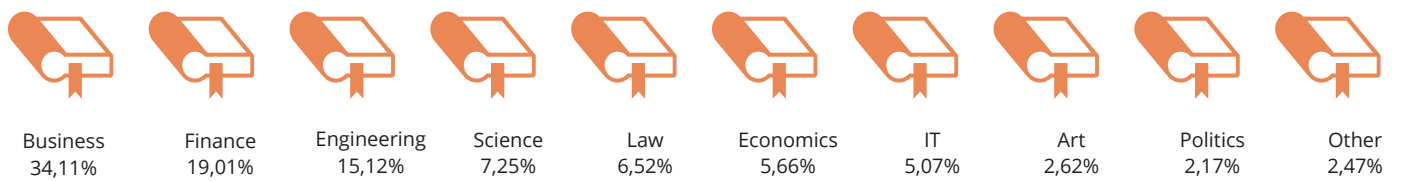
Please disclose your age



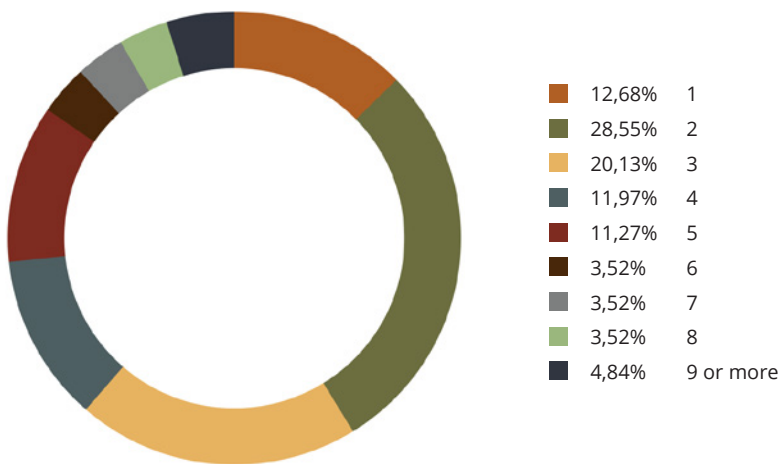
Please disclose your educational background



Please disclose your field of study



How many corporate boards - public as well as private - do you sit on in total?



Our heartfelt gratitude goes to all the 2,246 global survey participants who volunteered their time, effort and nuanced insight into the board leadership and corporate governance agenda at the highest level. We hope you find the presented collection of visuals, discussions and conclusions from the Global Board Survey

2024 valuable and relevant. You are of course more than welcome to continue the dialogue with us, and please also feel free to quote the analysis with a clear reference to 'Global Board Survey 2024 – Boards in a Darwinistic Age, by InterSearch and Board Network'.

AUTHOR OF THIS SURVEY AND PUBLICATION:



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Jakob Stengel is among the executive search industry's globally leading board leadership and corporate governance experts, having been involved at the forefront of that agenda for more than 25 years. He is the Editor-in-Chief of the quarterly magazine, Board Perspectives, the founder and chairman of Board Mentors, and holds a degree as Master of Law (LL.M.) from University of Copenhagen.

For further information and contact details on our two organizations, please go to www.intersearch.org and www.boardnetwork.dk.



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