Heidrick & Struggles

Boards and Society: How Boards Are Evolving to Meet Challenges from Sustainability to Geopolitical Volatility

BCG + INSEAD The Corporate Governance Centre

Contents

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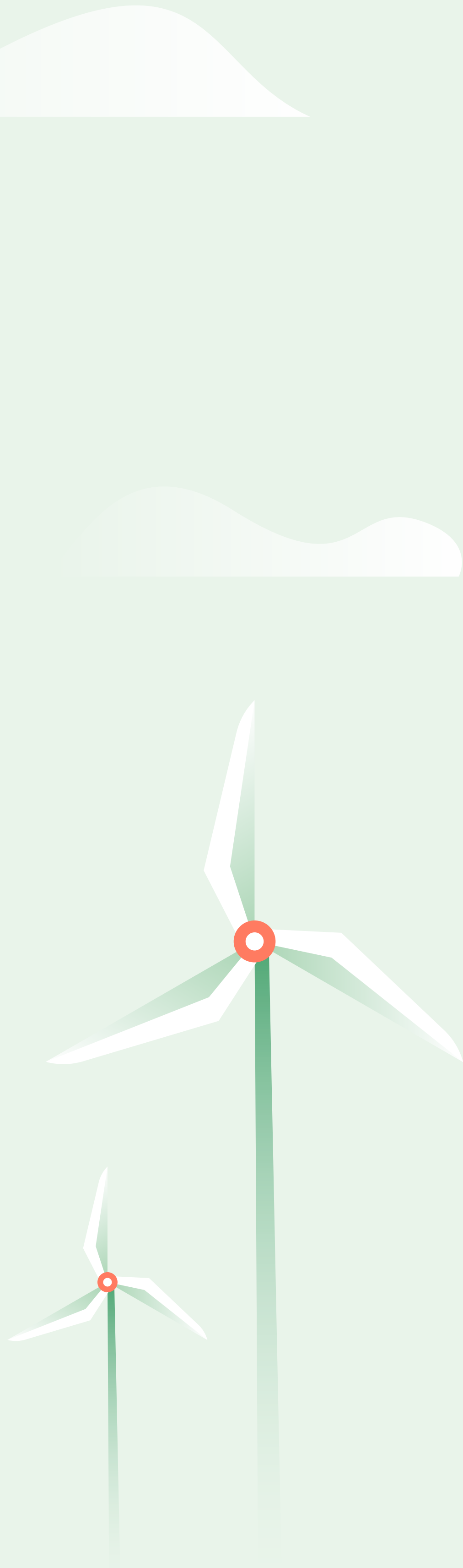
Introduction

Boards of directors are confronting an ever-expanding list of critical, complex topics—many of which reflect powerful external trends and disruptions. For the past few years, that list has been driven by an increased urgency to address climate and sustainability issues, and that imperative continues. But other issues—such as the rising importance of generative AI (GenAI) and intensifying trade and geopolitical disruptions—have also become a central part of the board agenda. These interconnected dynamics are forcing directors to navigate an increasingly unpredictable environment filled with conflicting and often politically charged demands.

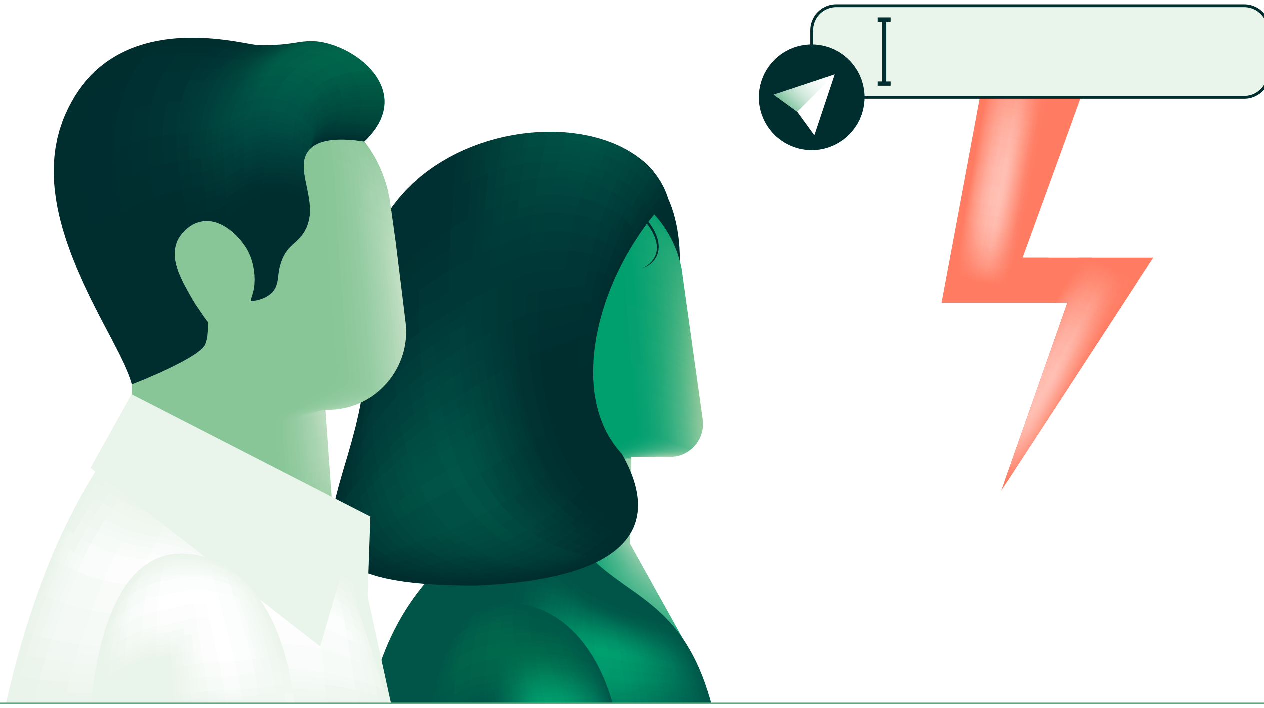
BCG, the INSEAD Corporate Governance Centre, and Heidrick & Struggles have teamed up to understand how boards are responding to these complex trends and disruptions. This is the third report in our series. Our work this year includes a survey of 444 directors and executives around the world, along with a dozen roundtables that brought together more than 130 directors in North America, Europe, Southeast Asia, Africa, and South America. Our research sheds light on boards' hard work on these issues. We see that they have made meaningful advances to address sustainability topics and are less confident when it comes to their understanding of and ability to capitalize on GenAI.

Our work also reveals that the lessons boards learned by addressing sustainability issues are helping them evolve toward a new model of governance. In our roundtable discussions, for example, directors articulated a need to transition from traditional models that primarily emphasize a rearview mirror approach focused on performance and compliance monitoring to a more dynamic approach that stresses forward-looking strategies and adaptability. "Effectively managing uncertainties starts by recognizing their constant presence and developing the resilience to navigate through them as they emerge," a European director at a diversified conglomerate asserted. Another director pointed out, "You must continue to accept uncertainties; controllability does not exist. This requires resilience from people and companies—and that is far more essential than any specific actions."

The current reality makes the role of directors more challenging than ever. But it also puts them in a position to add more value than ever. As issues grow more complex, sound business judgment and personal character become just as important as deep business expertise.



Boards confront multiple disruptions



The societal expectations for companies—and, by extension, for their directors—have never been higher. A majority of respondents (77%) report that boards have the responsibility to address broader societal concerns. Although 54% still believe that business objectives should remain the primary focus, 23% believe that boards should put societal concerns on a par with—or even above—such objectives.

As the role of business in society has evolved, boards are also confronting an increasingly long list of disruptions. Whether it is the rising importance of GenAI, the intensifying trade and geopolitical dynamics, or the variety of topics related to sustainability, the issues on the board agenda are changing rapidly and shrouded in significant uncertainty. At the same time, directors must manage the frequently conflicting demands of diverse stakeholders, including activists, in an increasingly polarized world.

Our survey and roundtables shed light on where boards stand on some of the most challenging issues of the day, where progress has been made, and where difficulties remain. (See sidebar "A boardroom pulse check.")

A majority of respondents—77%—believe the board has a responsibility to address broader societal concerns

Statement: Describe the board's responsibility to address broader societal concerns.

A primary responsibility that should be prioritized equally with or above the business objectives

23%

A significant responsibility despite the business objectives being the primary focus

54%

A moderate responsibility that should be considered where it aligns with the business objectives

16%

A limited responsibility since the primary focus should be maximizing shareholder value

6%

No responsibility since the focus is strictly achieving the business objectives and maximizing shareholder return

1%

Source: BCG, INSEAD Corporate Governance Centre, and Heidrick & Struggles survey of corporate directors, 2024, n = 420

SIDEBAR

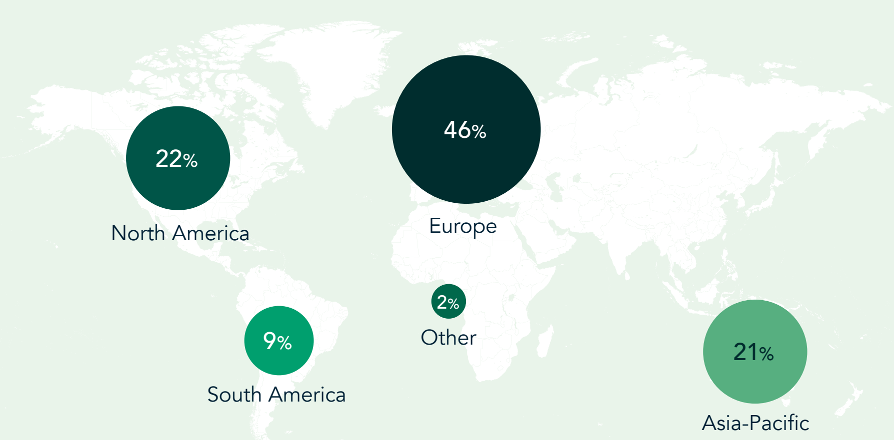
A boardroom pulse check

Our annual survey kicked off three years ago with a focus on how the drive for sustainability was affecting the role of directors. This year, the survey takes a wider view, exploring how boards are also adapting to the changes driven by GenAI and trade and geopolitical disruption. We capture a global view: the largest share of our respondents (46%) is in Europe, followed by 22% in North America and 21% in Asia-Pacific.

The majority of survey respondents (59%) have been serving as directors for more than five years, and 12% are CEOs. The survey covers a wide variety of industries, including banking and finance (19% of respondents) and manufacturing (also 19%). Directors represent businesses of varying sizes and structures, and 36% serve on boards of publicly traded companies.

Discussions at our 12 roundtables followed the Chatham House Rule, allowing participants to speak freely without concern about attribution. Directors were therefore able to discuss the most pressing issues on their board's agenda and their views on how their board is adapting.

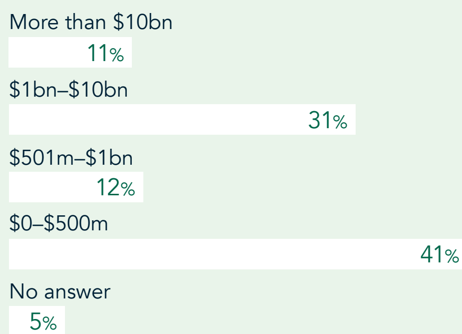
Respondents mostly represent multinationals that are headquartered in Europe, North America, and Asia-Pacific



Source: BCG, INSEAD Corporate Governance Centre, and Heidrick & Struggles survey of corporate directors, 2024, n = 428

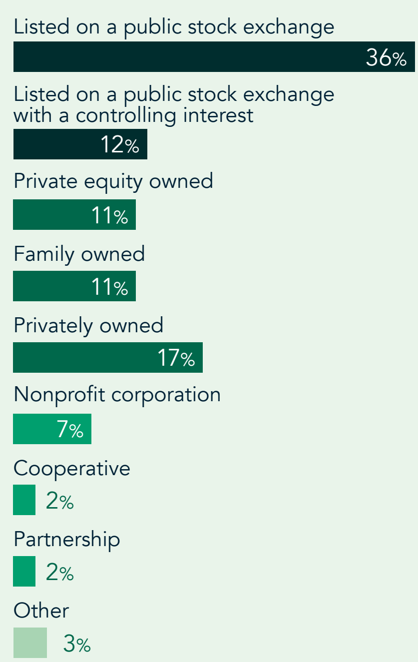
The majority of directors' companies generate less than $1 billion in revenue and are split nearly evenly between public and private ownership

Companies' annual revenues



Source: BCG, INSEAD Corporate Governance Centre, and Heidrick & Struggles survey of corporate directors, 2024, n = 428

Companies' ownership structure



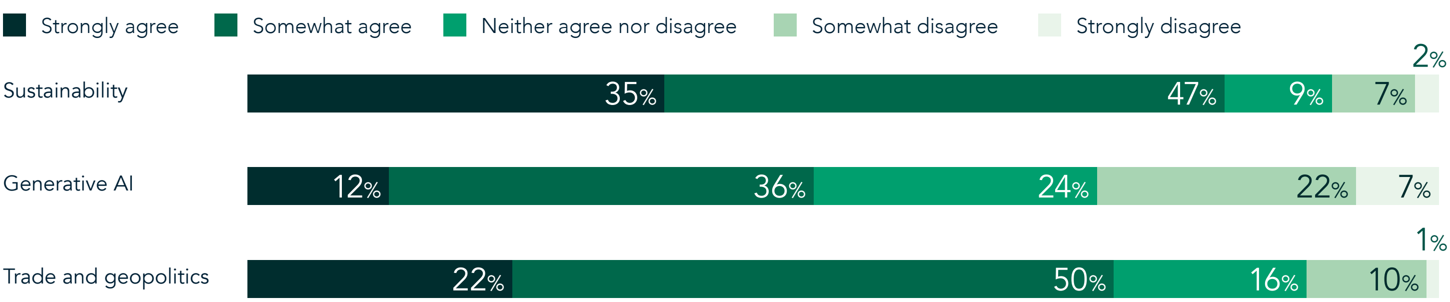
Source: BCG, INSEAD Corporate Governance Centre, and Heidrick & Struggles survey of corporate directors, 2024, n = 433

Boards' understanding of long-term trends varies

We asked directors if their company has a clear understanding of how sustainability, GenAI, and trade and geopolitics will affect the way value is created and how much. A healthy majority say they strongly or somewhat agree that their company has a clear understanding of the effects of sustainability and trade and geopolitics. But when it comes to GenAI—which has emerged relatively recently as a critical factor—the directors have less confidence in their company's understanding.

Directors think that their company has a clearer understanding of the effects of sustainability and geopolitics than it does of generative AI's impact

Statement: Your company has a clear understanding of how sustainability, GenAI, and trade and geopolitics will affect the way value is created and how much.



Note: Numbers may not sum to 100% due to rounding.
Source: BCG, INSEAD Corporate Governance Centre, and Heidrick & Struggles survey of corporate directors, 2024, n = 434

When we dig deeper into the data, we find interesting differences based on industry and company size. More than 90% of directors from companies in the energy and utility sectors strongly or somewhat agree that their company has a clear understanding of how sustainability will impact the business. That percentage is higher than the share from companies in any other sector, but it's not surprising given the direct and significant impact the energy transition is having on companies in both industries.

When it comes to GenAI, meanwhile, the comfort level is highest among directors of financial institutions: 65% strongly or somewhat agree that their institution understands GenAI's impact on value creation. Since financial institutions have become adept at leveraging their vast, high-quality collection of customer data, they are likely in a good position to add GenAI to their toolkit.

We also noted some variations based on company size. Directors of large companies, those with sales in excess of $10 billion, report that their company has a better understanding of GenAI than do directors of smaller organizations. And the same trend holds for trade and geopolitics: 88% of directors of large companies strongly or somewhat agree that their company understands how changes on this front could impact value creation—a result that is more than 10 percentage points above the result for directors of smaller companies.

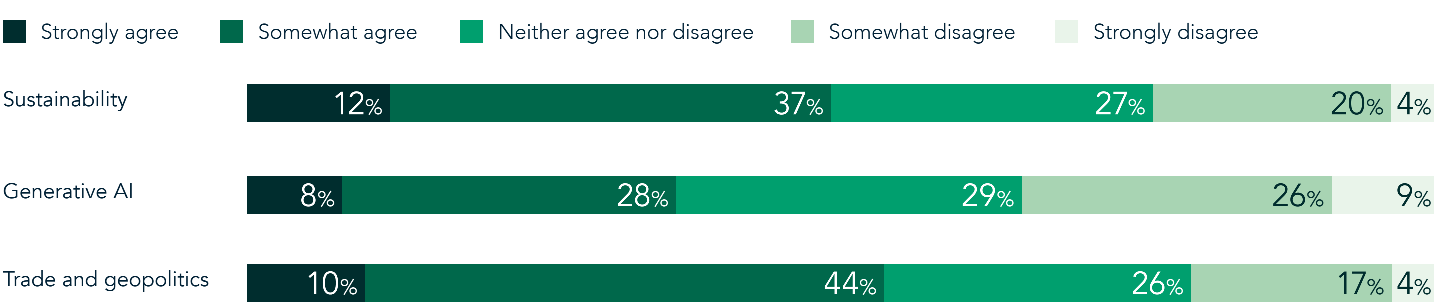
Directors are unsure about anticipating changes and adapting to gain advantage

Understanding the changes that are occurring is one thing. It is quite another to "look around corners" and anticipate how major trends may evolve, foresee how new ones may emerge, understand how all of that may impact the business, and then set a path to translate those shifts into competitive advantage.

Roughly half of directors are not confident that their company has the muscle to scan the horizon for new threats or opportunities connected to sustainability, GenAI, and trade and geopolitics.

A majority of directors report that their company is not adept at scanning for weak signals that indicate disruption

Statement: Your company has developed sufficient capability to scan for weak signals that indicate that sustainability, GenAI, and trade and geopolitical opportunities or threats are on the horizon.



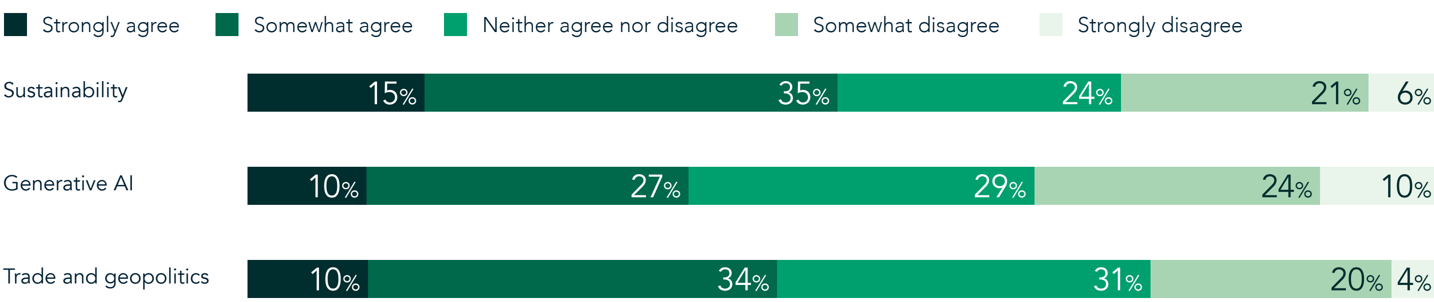
Note: Numbers may not sum to 100% due to rounding.
Source: BCG, INSEAD Corporate Governance Centre, and Heidrick & Struggles survey of corporate directors, 2024, n = 435

Similarly, the survey reflects that companies are still struggling to develop strategies for translating disruption in any of those three areas into competitive advantage. The challenge is most stark for GenAI: only 37% strongly or somewhat agree that their company has plans to turn it into advantage.

These challenges make the role of the board in developing a corporate strategy—one that is aligned with the company's clearly articulated purpose—more critical than ever. "Strategy is no longer just the responsibility of management with approval by the board," a director for a major European bank observed. "Strategy is increasingly a joint responsibility."

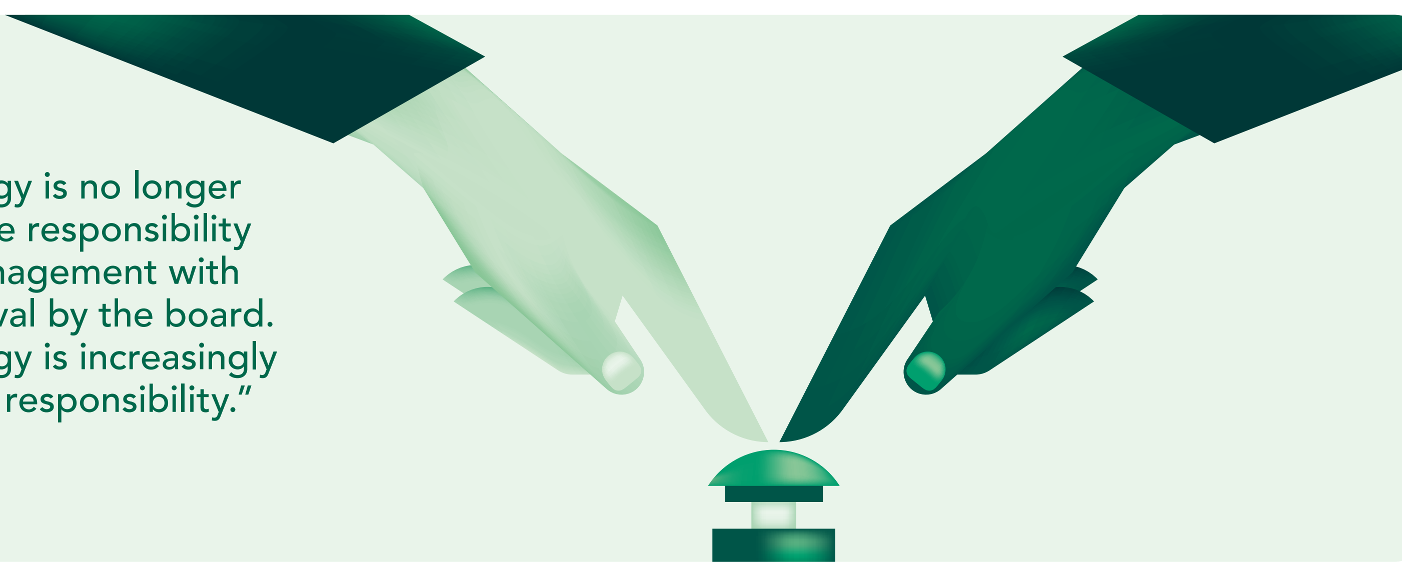
Many board members are unsure if their company can take advantage of disruptions to create competitive advantage

Statement: The company has developed plans to turn these potential sustainability, GenAI, and trade and geopolitical disruptions to its competitive advantage.



Note: Numbers may not sum to 100% due to rounding.
Source: BCG, INSEAD Corporate Governance Centre, and Heidrick & Struggles survey of corporate directors, 2024, n = 434

“Strategy is no longer just the responsibility of management with approval by the board. Strategy is increasingly a joint responsibility.”



Investing in technology and flexibly allocating resources top the list of actions

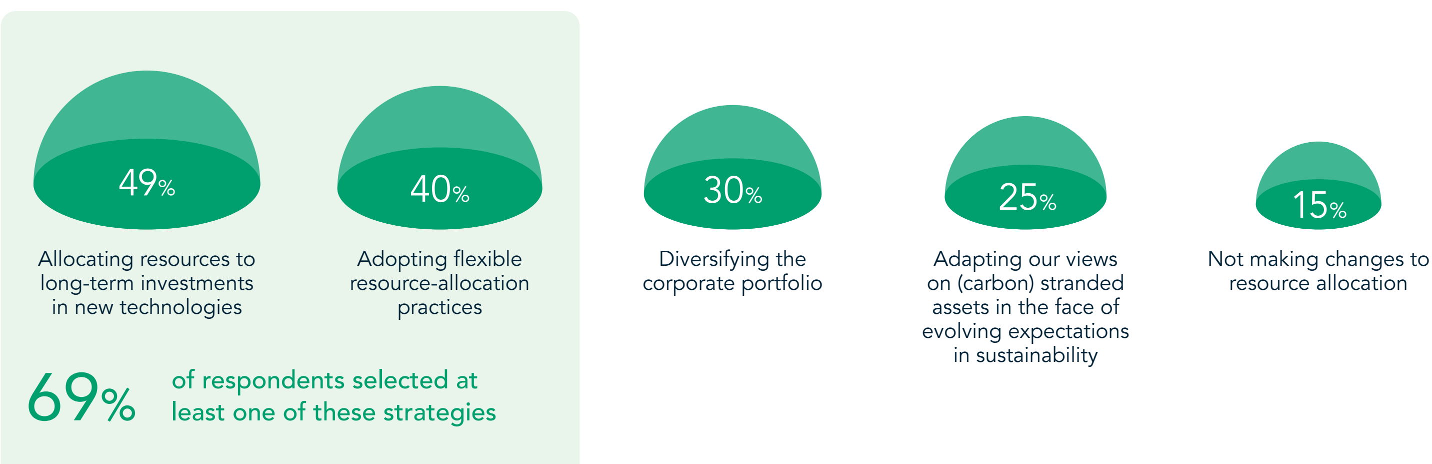
Despite the uncertain business environment, directors report that their company is taking a variety of actions to begin to adapt.

We asked directors to name up to three changes that their company is making to resource-allocation approaches to address sustainability, GenAI, and trade and geopolitics. Increasing investment in new technologies is cited most frequently for sustainability (by 49% of respondents) and GenAI (by 44%).

Adopting flexible resource-allocation processes is the second-most common response for sustainability and GenAI, and it is the top answer (35% of respondents) for addressing disruption caused by trade and geopolitics. The need for agility in the face of geopolitical shifts is critical, owing to issues such as the dependence on certain regions for raw materials, the potential disruption in shipping routes, and the risk of increased trade restrictions. A meaningful share of directors—27%—report that their company is placing speculative bets related to GenAI and piloting new products and services.

To address sustainability disruptions, 69% say their company is either making long-term investments or adopting flexible allocation practices

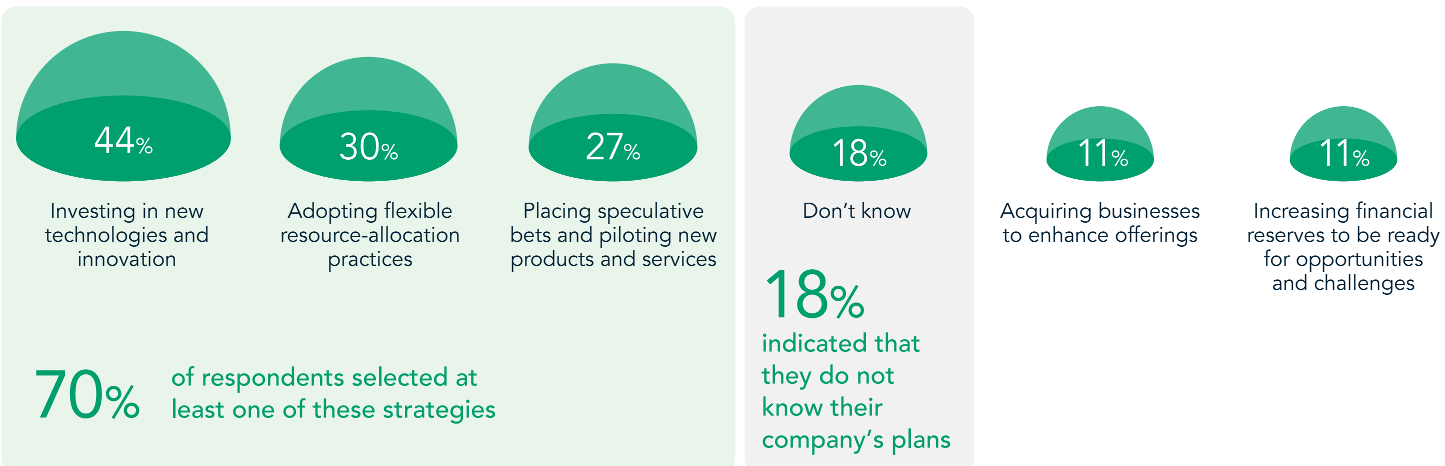
Question: How is your company changing its resource allocation to address sustainability shocks?



Note: If less than 5% of the respondents selected a survey choice, the method for allocating resources was not included. Respondents could select up to three ways.
Source: BCG, INSEAD Corporate Governance Centre, and Heidrick & Struggles survey of corporate directors, 2024, n = 413

To address generative AI shocks, 70% say their company is investing in new tech, adopting flexible allocation practices, or placing bets on new products

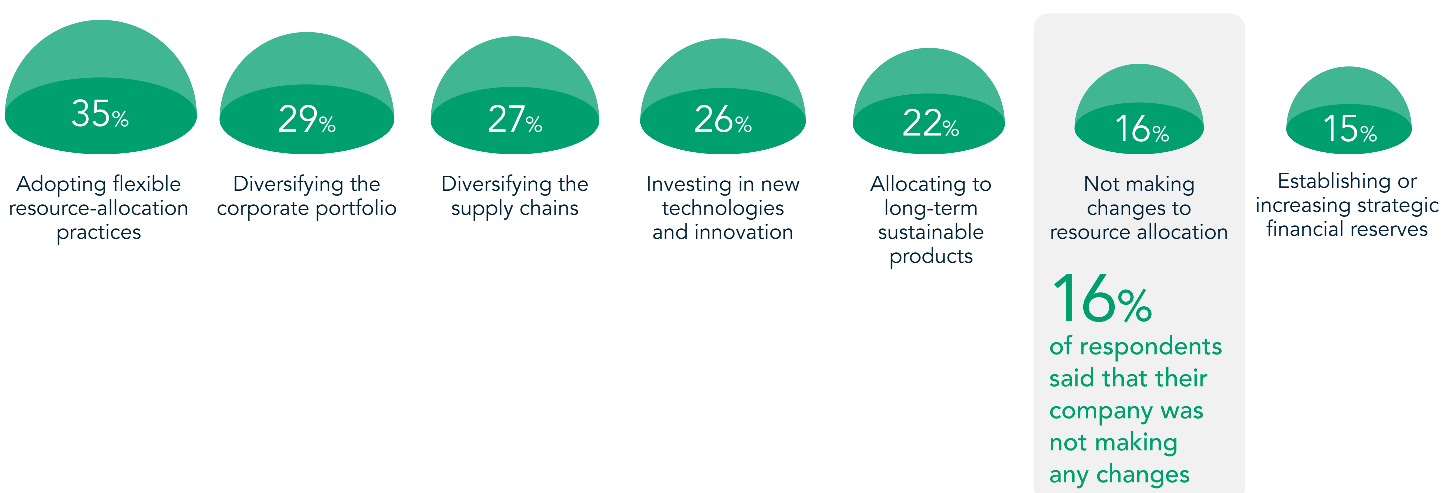
Question: How is your company changing its resource allocation to address GenAI shocks?



Note: If less than 5% of the respondents selected a survey choice, the method for allocating resources was not included. Respondents could select up to three ways.
Source: BCG, INSEAD Corporate Governance Centre, and Heidrick & Struggles survey of corporate directors, 2024, n = 424

To address trade and geopolitical disruptions, more than 80% of respondents say their company is making changes via a variety of strategies

Question: How is your company changing its resource allocation to address trade and geopolitical disruptions?

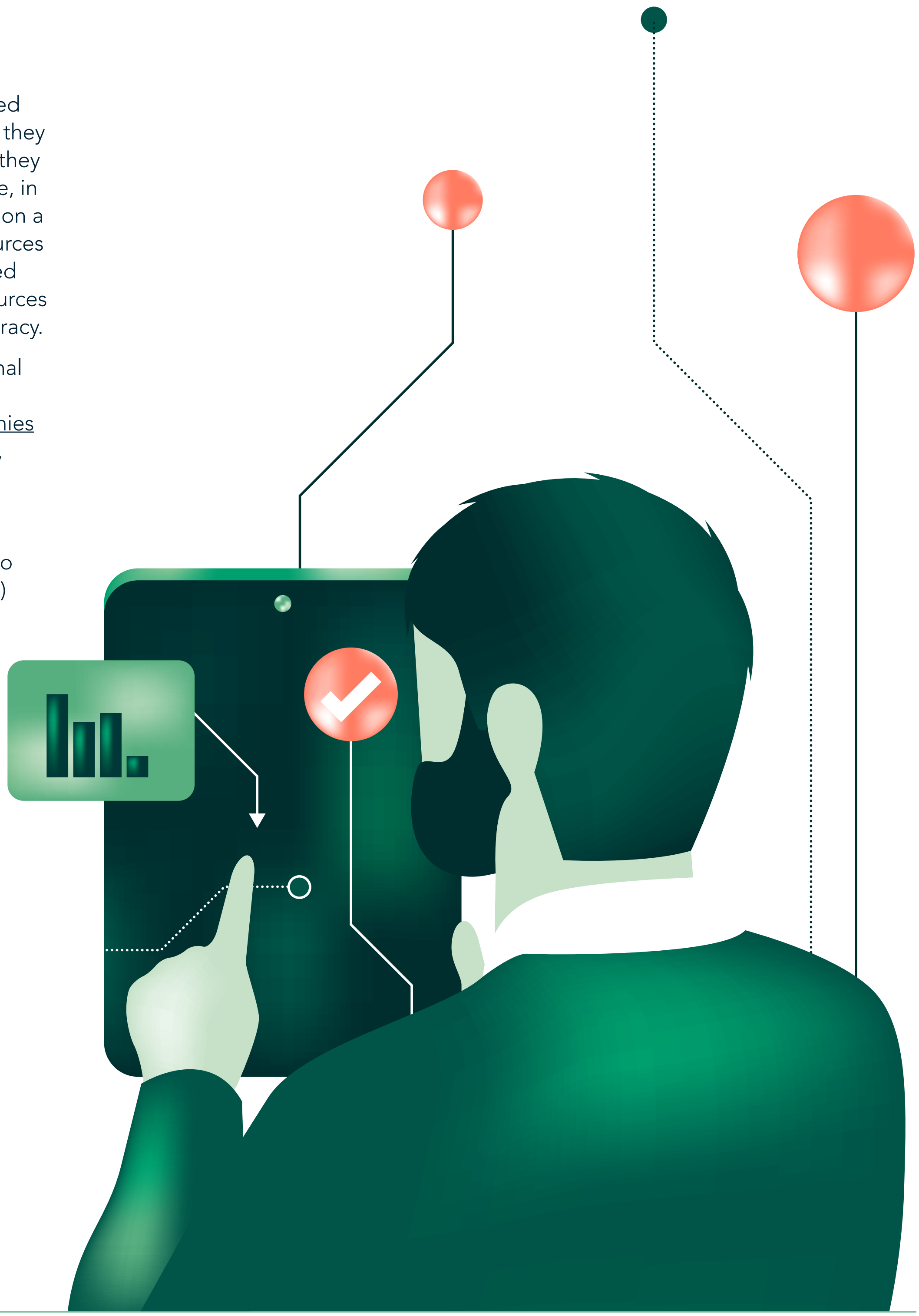


Note: If less than 5% of the respondents selected a survey choice, the method for allocating resources was not included. Respondents could select up to three ways.
Source: BCG, INSEAD Corporate Governance Centre, and Heidrick & Struggles survey of corporate directors, 2024, n = 426

We did spot some warning signs. While the majority of directors can outline steps that their company is taking to embrace GenAI, fully 18% do not know what steps the business is taking to adapt.

Boards may become more informed on these newer issues over time if they seek information in the same way they have on sustainability. For example, in 2023, we found that boards relied on a variety of internal and external sources for information and, overall, wanted more information from outside sources to stay well-informed and gain literacy.

There are some noteworthy regional differences in how companies are responding to disruption. Companies in emerging markets, for example, are putting more emphasis on GenAI-related M&A than are their counterparts in developed markets. (See sidebar "Adapting to uncertainty in emerging markets".)



SIDEBAR

Adapting to uncertainty in emerging markets

Companies based in emerging markets operate in a context that is quite different from the context in Europe or North America—and our roundtable discussions and survey reflect the distinctions.

For example, directors who joined our roundtables in emerging markets reported that they focus on governance practices such as making their board more independent. As a family member of a family-owned finance company in Africa noted, “Independent board members, especially foreign, really make a difference. They aren’t afraid to make difficult decisions that may affect short-term profitability but are essential for long-term value creation. They should be mandatory.”

Directors who attended emerging market roundtables also explained that they are still coming up to speed on sustainability issues that have been high on the agenda in developed economies for several years. For example, these directors are still grappling with how to develop a robust business case for climate and sustainability action when emerging market regulators and politicians are often prioritizing other issues. “There are massive uncertainties regarding returns, particularly in the short and intermediate term,” explained a director who serves on the board of a Southeast Asia mining company. As a result, even those that are committed to advancing sustainability “may be confined by limitations in technology or cost.”

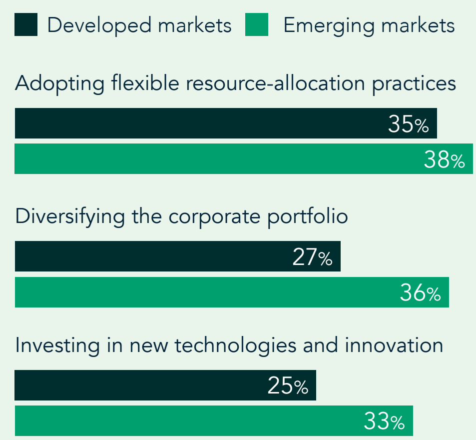
Our discussions did make clear that regulatory changes elsewhere in the world, particularly Europe’s Corporate Sustainability Reporting Directive and Corporate Sustainability Due Diligence Directive, are strengthening the business case for sustainability action. “Complying early with the new regulations is a competitive advantage,” noted a director from a food and beverage company in South America. But others seem to be significantly underestimating the impact of the shift or taking a wait-and-see approach. A director from a Southeast Asia–based company that supplies raw materials for consumer products observed that acting too early carries its own risks: “We do everything the world asks of us, but as soon as we comply with all the rules, they move the goalposts again.”

Nevertheless, directors in emerging markets report that their companies are moving aggressively not only on sustainability topics but also on GenAI and trade and geopolitical ones:

- More than 60% say that their company is making long-term investments in new technologies related to sustainability—more than the 48% of directors in developed markets who say their company is doing so.
- Some 16% say their company is doing M&A related to GenAI—well above the 10% of directors in developed markets who report the same.
- For the top three actions being taken to address trade and geopolitical disruption overall, higher shares of emerging market directors report their companies are taking such steps compared with shares of directors in developed markets.

More companies in emerging markets are acting in response to geopolitics compared with those in developed markets

Question: How is your company changing its resource allocation in response to geopolitics?



Note: Respondents could select up to three ways. Only the top three answers for emerging markets are included.
Source: BCG, INSEAD Corporate Governance Centre, and Heidrick & Struggles survey of corporate directors, 2024, n = 310 (developed markets), n = 113 (emerging markets)

Governance evolves amid change

The sheer number of issues confronting boards, along with the rapid pace of change—and the fact that their traditional responsibilities haven't gone away—is making the pressure on directors increasingly palpable. When we asked what is blocking the board from spending more time on external shocks and disruptions, the top answer (38% of respondents) is that other important issues are crowding out such discussion. But we do see clear signs that board governance is evolving in this new context.

Progress on sustainability points the way forward

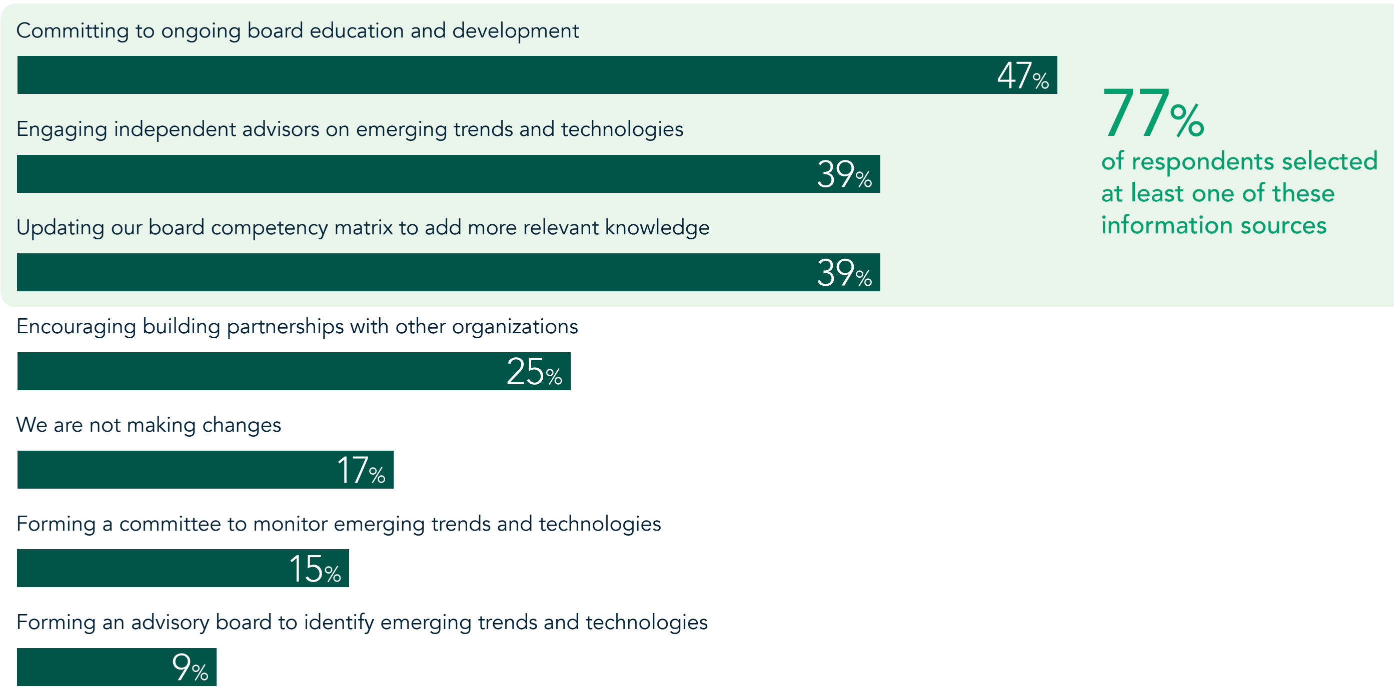
The push from investors, customers, employees, and other stakeholders to embrace sustainability has been steady for the past several years. And our research finds that boards have made meaningful progress in this area.

For example, in our 2023 survey, we found that one-quarter of directors lacked confidence in their company's understanding of how sustainability would impact value creation. This year, that figure stands at just 9%. Last year, 37% said their company lacked the capability to scan for weak signals of future sustainability shocks; this year, only 24% say the same. And last year, 46% of directors said their company lacked a plan to turn sustainability shocks into competitive advantage, a figure that falls to 27% this year. It is likely that efforts to enhance board expertise have contributed to these improvements: a full 74% of respondents indicate that sustainability is a formal part of the board's competency matrix this year.

It is not surprising, then, that when asked what boards are doing to adapt to disruptions around sustainability, GenAI, and trade and geopolitics, the top three actions directors cite include ongoing board education, engaging with independent experts, and updating the competency matrix.

Most respondents cite board education, independent advisors, and updating competency as important sources of information on long-term trends

Question: What are the most significant sources of information for strategic reflections on long-term external trends?



Note: If less than 5% of the respondents selected a survey choice, the results were not included. Respondents could select as many choices as applied.
Source: BCG, INSEAD Corporate Governance Centre, and Heidrick & Struggles survey of corporate directors, 2024, n = 441

Board competency, in particular, was a major topic at our roundtable in Southeast Asia. One participant contended that there is a need to refresh many boards to balance conventional board profiles with individuals who have specific sustainability experience and represent different perspectives. This director, who serves on the board of a construction materials company, noted that adding younger board members would bring in different insights on issues such as sustainability and GenAI: "You will see changes when you see rejuvenation of the board with directors who are younger and come from different backgrounds."

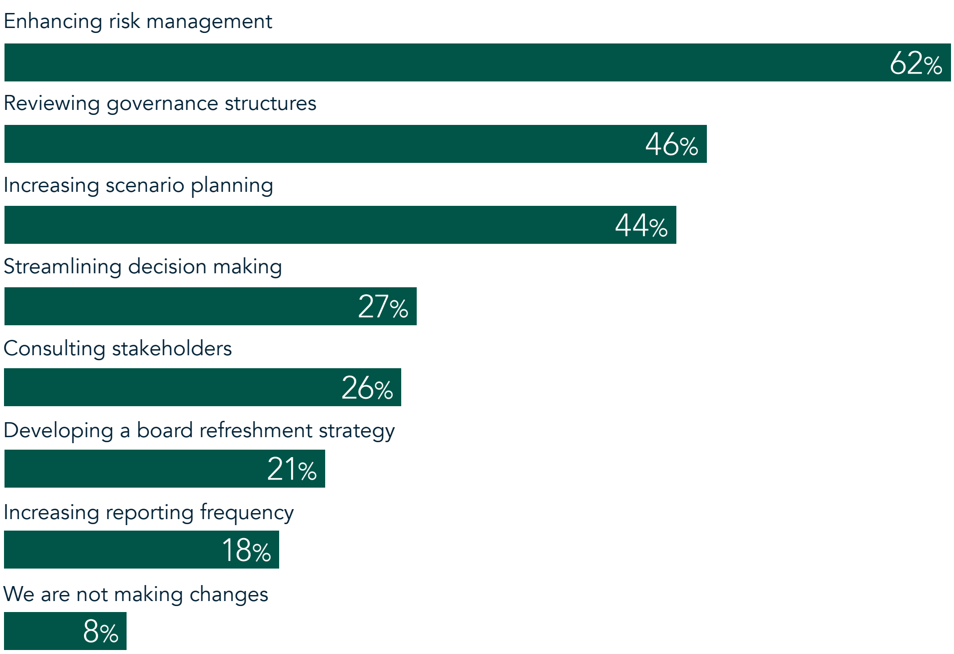
Other research conducted by Heidrick & Struggles late in 2023 found that 43% of directors had little or no confidence that their board evaluation and refreshment process positioned the organization well for the future; considerations about rebalancing board profiles are likely one reason for that.

Enhanced risk management can also help spot opportunities

Directors clearly understand the heightened risks facing companies. More than 60% of directors report that their board is enhancing risk management, making it the top governance change. Boards of large companies are leaning in on risk management even more, with roughly 78% citing it as a governance shift.

Enhancing risk management is the top governance change in response to trends in sustainability, generative AI, and trade and geopolitics

Question: How is your company adapting its governance processes in response to trends in sustainability, GenAI, and trade and geopolitics?



Note: If less than 5% of the respondents selected a survey choice, the results were not included. Respondents could select as many choices as applied.
Source: BCG, INSEAD Corporate Governance Centre, and Heidrick & Struggles survey of corporate directors, 2024, n = 425

But risk management is too often a reactive process that primarily looks at how known trends are impacting the business today. "In a lot of companies, enterprise risk management is a side pocket," a director at a private equity firm in South America explained. "They produce great reports, but they don't drive decisions." Companies must become more proactive, expanding their risk management view of the many possible changes and impacts that the business could encounter in the future. There are a couple of steps that boards can take to broaden their perspective.

First, they can reach outside the walls of their company for insight and inspiration. A recent Heidrick & Struggles survey indicated that while boards are beginning to do this, there is room for improvement. Nearly 70% of directors in that survey said they were spending more time with company executives discussing risk management, but only 35% said they were connecting with external experts on risk. And just 28% reported that the board was adding members with specific expertise in the risks facing the company.

Second, boards can expand the use of scenario planning to gain foresight on potential trends, including black swan events that are rare and unpredictable but that have a high impact. A full 44% of respondents report that their board is increasingly conducting scenario planning—an encouraging sign. Done well, scenario planning can aid boards not only in managing risk but also in identifying compelling new business opportunities. For example, companies that are unable to decarbonize quickly enough face the risk of losing business to more green rivals. But those that lead on sustainability transformation are positioned to develop compelling new products and build lasting advantage.

As boards assess each scenario, they should ask many questions, including:

- Which capabilities does their company and its leaders need to succeed?
- What indicators would signal the likelihood of this scenario becoming a reality?
- What specific actions should their company take in this scenario?
- Which of those actions are no-regrets moves?

It is important for scenario planning to take an integrated view of how various changes could be linked—for example, how trade disruptions could impact company decarbonization efforts or how advances in GenAI could impact trade and geopolitics. Our roundtable discussions revealed that such integrated scenario planning is more the exception than the rule.

Ultimately, boards that understand how changing dynamics could have a material impact on the business can be more effective on a number of fronts, including ensuring that their company is complying with an increasingly complex web of regulatory requirements. A director who is serving on the board of a European food company noted that the task of fully complying with escalating reporting and regulatory requirements related to sustainability is a tall one. He explained that some boards believe they have fully addressed the new regulations, but they "are either overseeing an unusually straightforward company or have simply not grasped what the regulations demand." (See sidebar "The regulatory bar moves up.")

SIDEBAR

The regulatory bar moves up

Some 19% of directors in our survey cite the inability of their organization to comply with new regulations as a primary threat to the company delivering on its sustainability goals. Among the regulations they cited as challenging in our roundtable discussions was the Corporate Sustainability Reporting Directive (CSRD). Many companies operating in the European Union will need to comply with the CSRD, depending on factors such as revenues and number of employees.

Yet, CSRD doesn't need to be viewed as a compliance burden. Companies subject to the regulation must report on risks and opportunities across all environmental, social, and governance (ESG) dimensions, but they have a choice. They can report exhaustively on these ESG impacts or report on only those issues that are material to the organization. Many companies do the former in order to avoid underreporting. But taking the latter approach to focus on material issues—from both financial and impact perspectives—can unlock critical insights and help align sustainability initiatives with the company's broader long-term goals. Identifying what is material initially requires more work on the part of management and the board, but this approach can not only ensure compliance but also set the stage for future success.

Creating alignment among directors and management helps a company advance

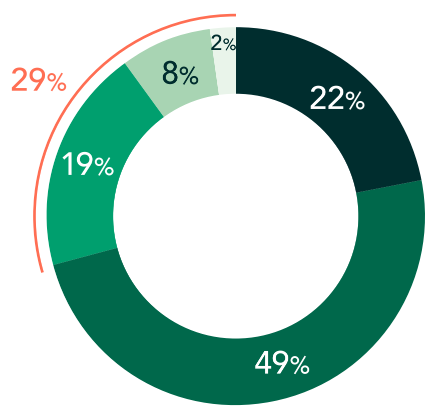
The uncertainty and pace of change confronting companies can create tension. In addition to respondents' differing views on whether the board has the responsibility to address societal issues, some 29% of directors are unsure that management, including the CEO, can navigate disruption and uncertainty while boosting long-term value. On the flip side, the share of CEOs who lack similar confidence in the board is slightly lower (26%).

Roughly one-quarter of directors do not express confidence in executives' capabilities to confront long-term challenges and vice versa

Strongly agree · Somewhat agree · Neither agree nor disagree · Somewhat disagree · Strongly disagree

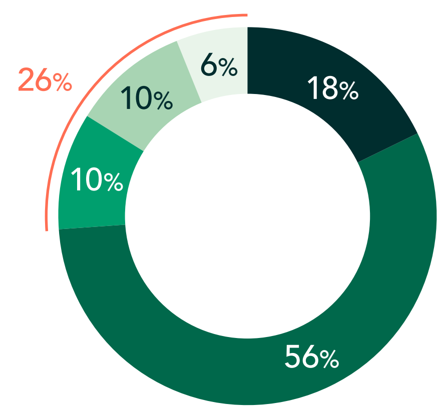
Directors

Statement: Our executive team has the capability required to navigate our company through ongoing disruptions and uncertainties, all while enhancing its long-term value.



Executives

Statement: My board has the knowledge and capability required to support and challenge me while I navigate ongoing disruptions and uncertainties and enhance the company's long-term value.



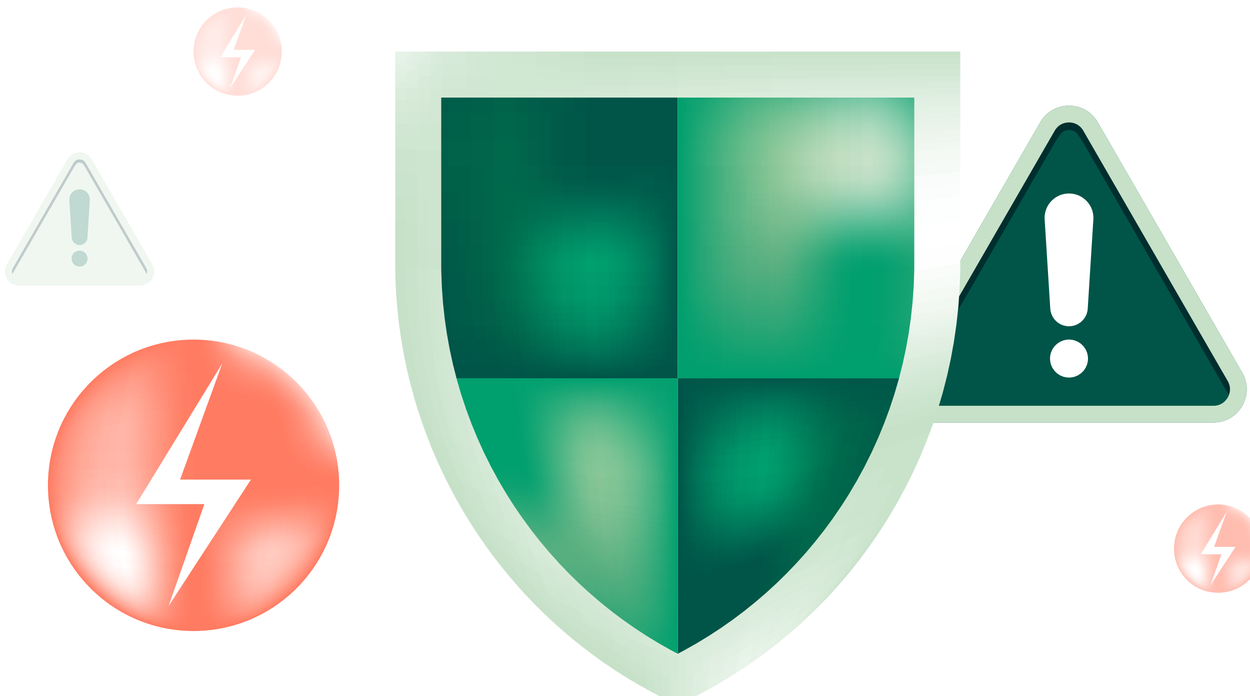
Source: BCG, INSEAD Corporate Governance Centre, and Heidrick & Struggles survey of corporate directors, 2024, n = 376 directors, n = 50 executives

This complexity is not just a theoretical challenge; it's deeply personal for many board members. As a board member at a top 20 global bank shared: "Personally, I often feel overwhelmed by how interconnected everything is in ways we can't fully predict. Every decision seems to have ripple effects we don't always anticipate, and I find myself questioning whether we're truly prepared to navigate this landscape."

Compounding the challenge is the fact that conflicting views among stakeholders can exacerbate the lack of alignment within a board and between its directors and management. Activist organizations typically want the company to move quickly to address societal issues, while customer and employee groups may have differing views that they want the board to consider. And shareholders may be more focused on total shareholder return.

Amid such dynamics, management and the board must have deep and sometimes difficult debates. "We need to build a new wisdom on our boards and be open to understanding that the world is changing," argued the CEO of a large company at a roundtable. "If we don't align as a board and with management, we will fail." Ultimately, sound business judgment and personal character become just as important as deep business expertise. After all, the right answer often varies depending on stakeholder perspectives—and boards are forced to choose from multiple potential courses of action, frequently grounded in broader considerations such as achieving long-term goals and maintaining company values.

Ensuring a resilient and adaptive board



Directors in our roundtable discussions made clear that the issues they face are interconnected, unpredictable, and filled with conflicting—often politically charged—demands. The difficulty to fully understand the nuances and consequences can leave boards uncertain and, at times, even paralyzed, potentially leading to delayed decisions and missed opportunities that undermine long-term growth. We encourage boards to take four primary steps to ensure that their governance approach can meet the challenges.

Enhance horizon scanning and risk management

Boards that embrace scenario planning and enhanced risk management processes, including through regular input from external advisors, can help their company better anticipate and respond to future risks and opportunities. In addition, boards should increase their education on emerging topics and regularly review and align on their company's risk appetite. Boards can also ensure that they have the right expertise by adjusting their capability matrices to be more nuanced and linked to strategic considerations.

Take a long-term perspective grounded in purpose

Directors in our discussions stressed the importance of the board role in defining and safeguarding the company's purpose. In doing so, the board provides a guiding framework for evaluating and making complex choices and decisions while empowering management to determine the best path to achieve that purpose.

"The board's role is to define the North Star—whether you call it the purpose or vision," explained a director at a European roundtable. "While companies have plenty of talented individuals to work out the path to get there, it's the board that sets the overall direction of travel."

Boards can also help their company thrive amid uncertainty by regularly stress testing the capital allocation process. Such an assessment can determine whether investment decisions are aligned with the long-term strategy and purpose, yet flexible enough to allow for swift changes.

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Finally, directors can approach the strategy development process as a shared responsibility with management. The need to carve out meaningful time for strategic reflection has been a consistent theme in our surveys and roundtables over the years.

Lead across the divides

A complicating factor is that the growing polarization outside the boardroom can occasionally surface within it. Directors need not only to set aside their biases or differences but also to actively engage across societal, cultural, and geopolitical boundaries. Boards that foster this sort of dialogue and are unafraid to engage in honest conversations about what is possible—and what is not—stand out. By promoting meaningful engagement with many types of stakeholders (not only shareholders and customers but also activists, competitors, and government officials), these boards bridge the divides that separate various groups.

Boards that take this approach position their organization as a responsible, forward-thinking leader in the marketplace. And by encouraging management to embrace this collaborative mindset, boards pave the way for more-informed and value-driven decisions while also strengthening alignment and conviction in their company's strategic direction. This approach ensures that the company can confidently explain its choices and enables directors to support the CEO in communicating those decisions—especially to those who may be disappointed.

Drive impact beyond business boundaries

Leading-edge boards take an even more proactive approach by empowering management to leverage stakeholder dialogues in two ways: first, to navigate the complexities of external pressures, and second, to positively and responsibly influence the broader landscape in which they operate.

These boards encourage management to engage in shaping industry standards, regulatory frameworks, and societal expectations, ensuring their company is not merely responding to change but driving it in an ethical, sustainable, and responsible way.

Conclusion

The list of fast-changing and complex issues on the board agenda is extensive—and seems to grow longer by the day. Boards must address sustainability challenges, including mitigating their company's environmental impact. At the same time, they must navigate a shifting geopolitical landscape that is redefining globalization. Meanwhile, rapid technological advancements, particularly in GenAI, are disrupting traditional business models. And all of these issues, challenging enough to manage individually, are interconnected and interdependent.

The good news is that we see clear signs that boards are rising to the challenges. Forward-looking boards are reshaping the way they govern to become more outward-looking and adaptive. That will be the key to success in an era of continued disruption.

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