

2019 BDO BOARD SURVEY

# TOP 5 TAKEAWAYS







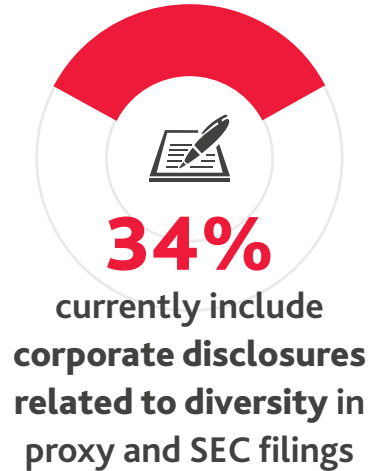
Faced with a deluge of competing priorities, public company board directors' oversight responsibilities have reached new heights. Sustaining long-term value today means responding diligently to geopolitical tensions, unrelenting technology disruption, changing regulation, pressures to embrace diversity in the boardroom, and more.

According to our 2019 BDO Board Survey, boards are busy navigating these issues while enhancing the way they communicate key decisions, actions and company performance to meet evolving stakeholders' demands.

# 1 Progress, not parity, in boardroom diversity

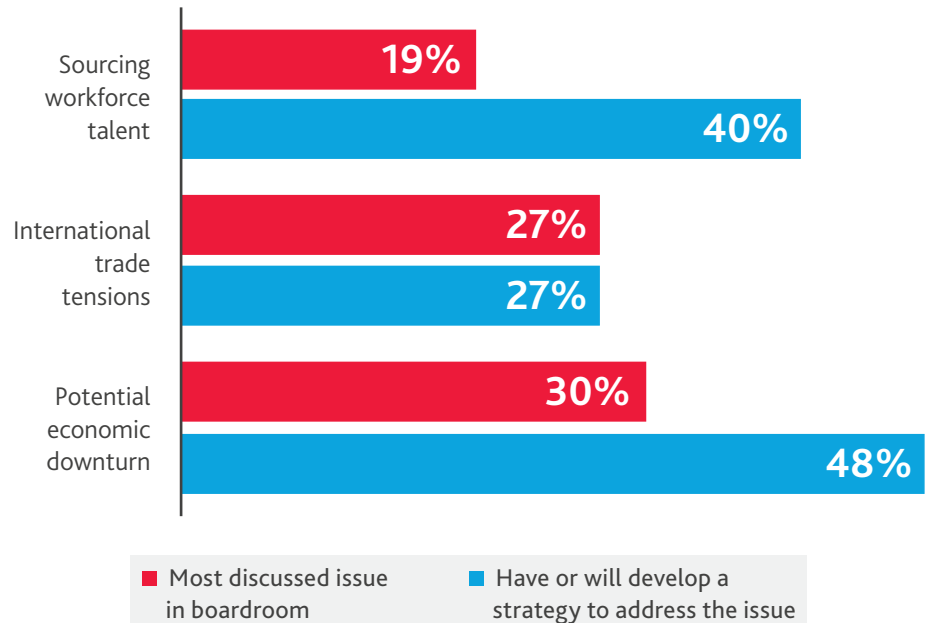
This summer, gender parity in the boardroom reached a new milestone. For the first time, all companies in the S&P 500 now include at least one female board member. The news was a significant step forward in leadership diversity at the largest U.S. companies, but with the S&P 500 representing only a small fraction of U.S. publicly-traded companies, there's still work to be done.

46% of large or mid-cap boards (above \$2B in market cap) report high levels of diversity compared to 21% of small cap (\$200M-\$2B in market cap) and 13% of micro-cap company boards (under \$200M in market cap)



# 2 Board directors are split on concern and action around geopolitical issues

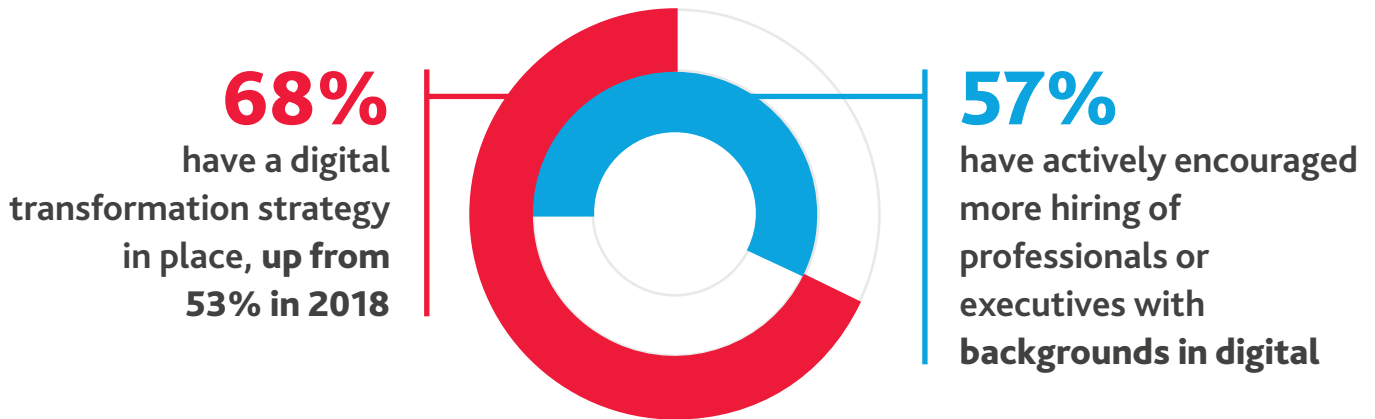
## TOP ISSUES DISCUSSED IN THE BOARDROOM & ACTION TAKEN IN RESPONSE



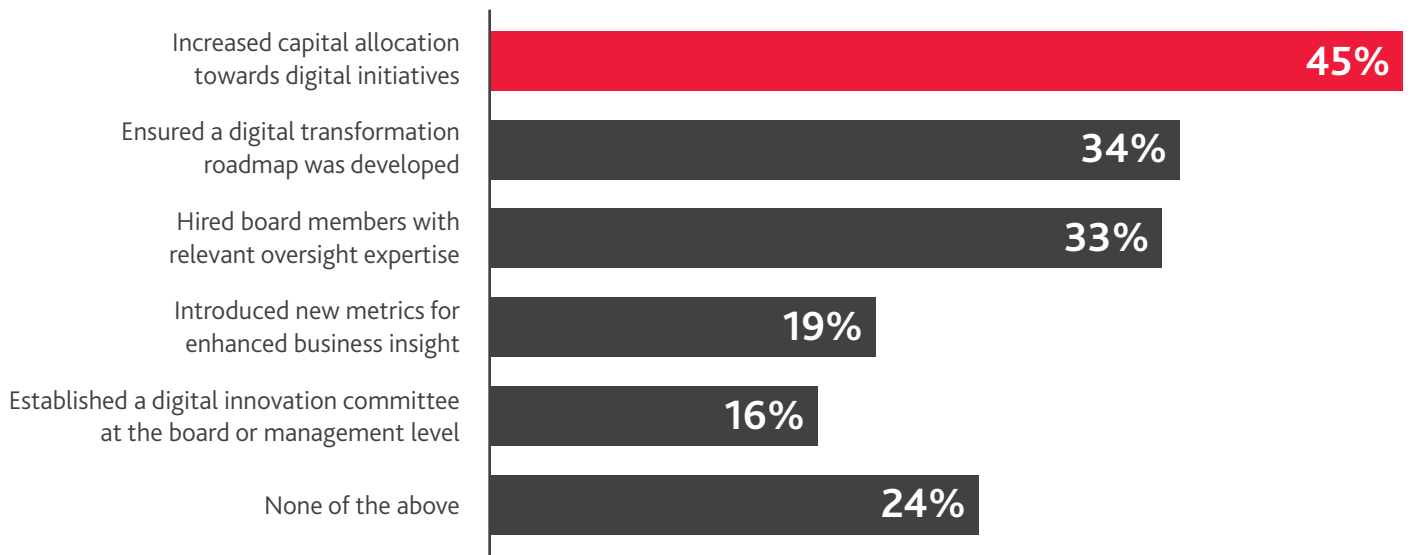
Just **48%** say escalating trade tensions have at least a moderate impact on their business.

# 3

## Companies lay digital transformation foundation and manage digital risk



### STEPS TAKEN BY THE BOARD TO ADDRESS TECHNOLOGY DISRUPTION



While boards may be fatigued by years of cybersecurity and data privacy alarm, related risks are only growing in complexity and continue to bring increasing scrutiny from regulators. It's critical that management and the board be well-versed in their company's digital risk profile and mitigation efforts.

Just **24%** of board members are highly familiar with their organization's data breach response plan

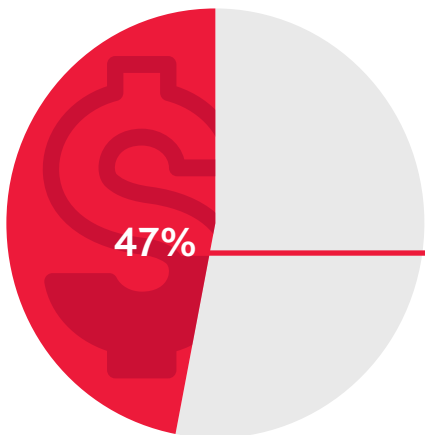


Corporate actions being taken to address emerging privacy regulations:

- 47%** implemented or updated internal privacy policies
- 42%** updated breach notification policies and procedures
- 43%** increased data privacy resources and budgets

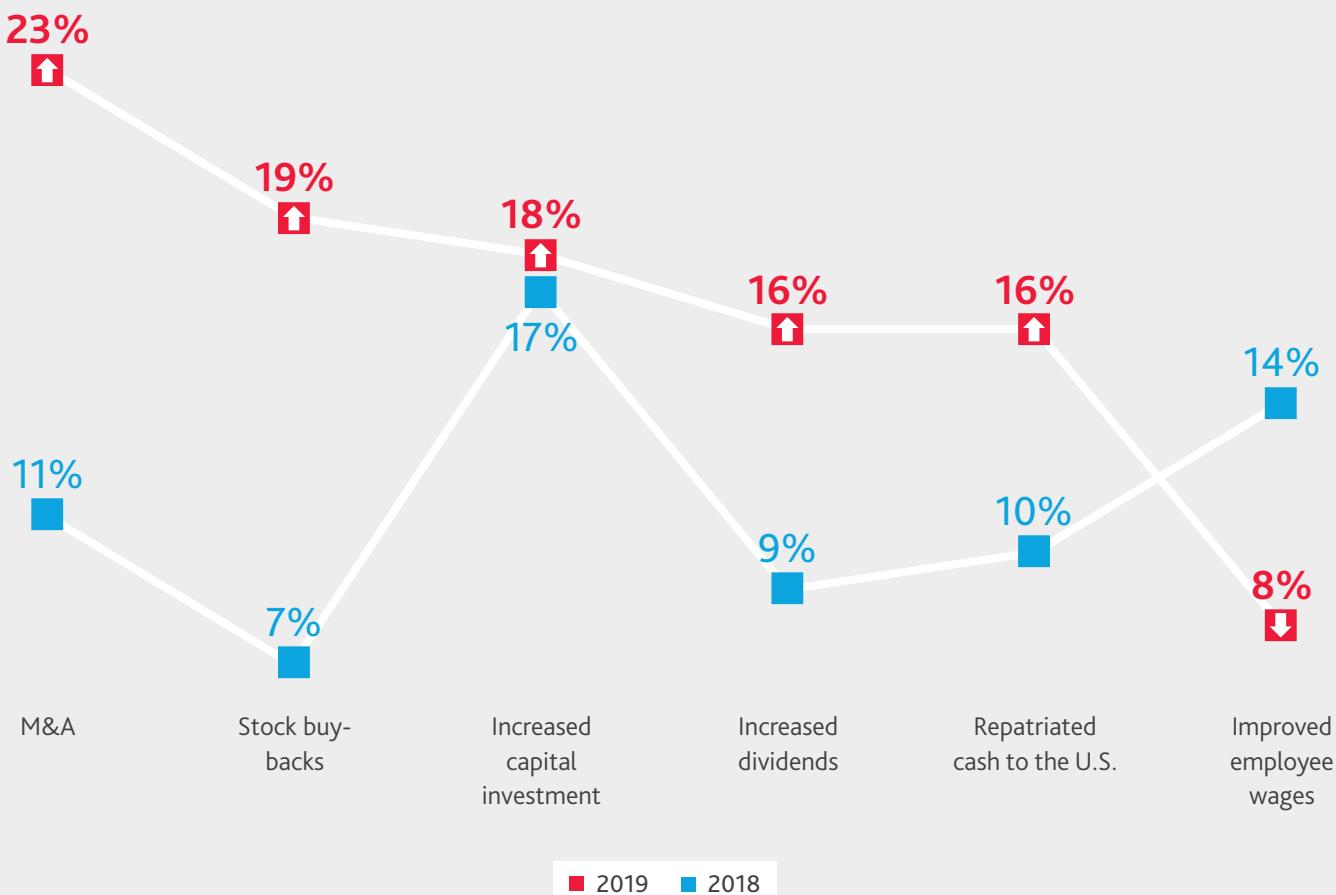
# 4

## Increased cashflow from tax reform fuels M&A



More than one year after the Tax Cuts and Jobs Act of 2017 hit, corporate board members say their companies felt the greatest impact from **the reduced corporate tax rate.**

AS A RESULT OF TAX REFORM, DIRECTORS INDICATE THEIR ORGANIZATIONS HAVE OR ARE LIKELY PURSUING THE FOLLOWING ACTIVITIES IN THE NEXT 12 TO 18 MONTHS :

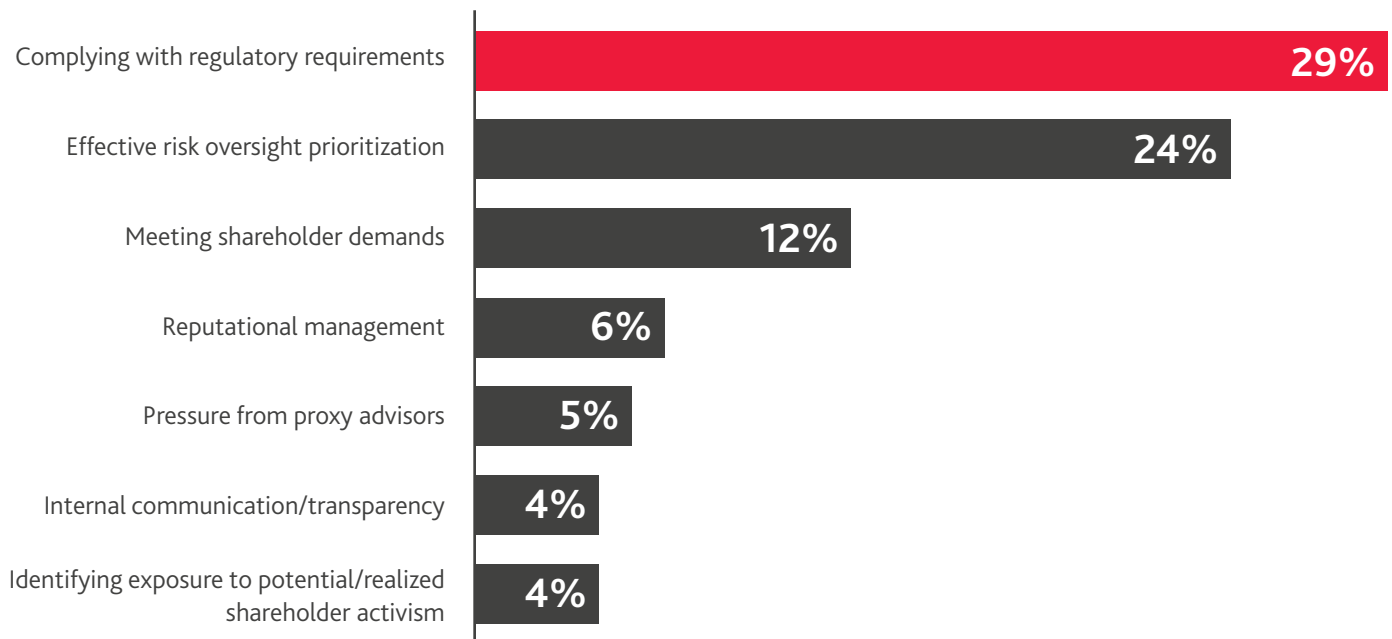


## 5

## Boards focused on regulation, risk

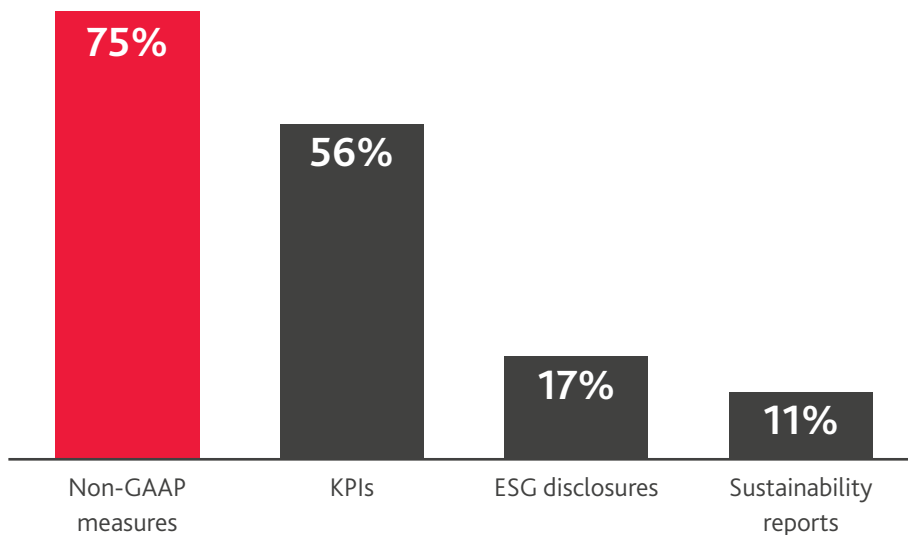
The Business Roundtable, which represents CEOs of leading U.S. companies, recently posited that the purpose of a company is to serve the needs of its customers, employees and communities, in addition to maximizing profit for shareholders. While today's boards remain focused on regulation and risk, companies of all sizes will need to give more weight to how they are perceived broadly as the definition of corporate governance continues to shift.

### BOARDS' TOP-CITED GOVERNANCE CHALLENGES

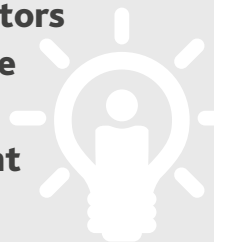



Although internal communication doesn't appear to be a top challenge for board directors, their external communication is evolving beyond traditional financial reporting metrics to portray company performance.

When communicating to the public, they use:



However, only **27%** of board directors believe **sustainability and ESG disclosures help investors make more informed investment decisions.**





For more information, stay tuned for the posting of our in-depth report on the 2019 BDO Board Survey findings. For questions, contact **Amy Rojik**, leader of BDO's Center for Corporate Governance and Financial Reporting at [arojik@bdo.com](mailto:arojik@bdo.com).

The 2019 BDO Board Survey, conducted annually through the [BDO Center for Corporate Governance](#) and Financial Reporting, measures the opinion of public company board directors on key governance issues. This year's survey, conducted in July and August 2019, examines the opinions of 180 corporate directors of public company boards.

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