

On the 2018 Board agenda

Board Leadership Center

Board agendas should continue to evolve in 2018 as the game-changing implications of technology/digital innovation, scrutiny of corporate culture and leadership, growing demands for companies to address environmental and social issues, and investor expectations for greater Board engagement and diversity and long-term corporate performance all drive a sharper focus on positioning the company for the future. Combined with a slow-growth economy, uncertainty around

tax, trade, and infrastructure policies, and geopolitical tensions at precarious levels, the year ahead will require a careful balance of near-term focus, agility, and long-term thinking.

Drawing on insights from KPMG International's conversations with Board members globally over the past 12 months, we have highlighted ten issues that, in our opinion, Boards should keep in mind as they approach and execute their 2018 agendas:



1. Long-term value creation and the company's role in society:

The context for corporate performance is changing, and consideration of the corporation's role in society is moving from the periphery to the centre of corporate thinking.



2. Connecting strategy and risk:

Connecting and calibrating strategy and risk is more important - and more challenging - than ever



3. Geopolitics:

Does the Board understand the company's geopolitical risk exposures?



4. Innovation:

Advances in digitisation, robotics, and Artificial Intelligence (AI) continue to threaten established business models and put pressure on Boards to stay ahead of both existing and emerging competitors.



5. Talent management and inclusion:

Recruiting and training a great workforce takes time and focus. Boards have an important role to play in ensuring senior executives stay focused on building the right talent strategy.



6. Cyber security:

Refine and widen Boardroom discussions about cyber-risk and security. Despite the intensifying focus on cybersecurity, the threat to data confidentiality, integrity and availability of systems remains high. As such, Board oversight must continue to evolve in line with the changing cyber landscape.



7. Boardroom composition:

Take a hard look at the Board's composition: Is the talent in the Boardroom aligned with the company's strategy and future needs?



8. Corporate culture:

Pay particular attention to potential risks posed by tone at the top, culture, and incentives. The adage that 'culture eats strategy for breakfast' has perhaps never been more relevant.



9. Shareholder engagement:

Shareholder engagement is rapidly becoming a priority for companies as institutional investors increasingly hold Boards accountable for both company performance and upholding governance standards, and demand greater transparency, including direct engagement with Independent Directors.



10. Regulation:

Businesses are used to the increasing burden of regulation. Whether moving quickly to innovate and capitalise on opportunities in new markets, leveraging new technologies and data, and/or engaging with more vendors and third parties across longer and increasingly complex supply chains, most companies face heightened compliance risks.

About KPMG's Board Leadership Center

KPMG's Board Leadership Center champions outstanding governance to help drive long-term corporate value and enhance investor confidence through an array of programmes and perspectives. The Center engages with Directors and business leaders to help articulate their challenges and promote corporate governance. Drawing on insights from professionals and governance experts from KPMG member firms worldwide, the Center delivers actionable thought leadership – on risk and strategy, talent and technology, globalisation and compliance, financial reporting, and audit quality, and more – all through a Board's lens.



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