



INVESTORS

CYBERSECURITY, ECONOMIC VOLATILITY AND POLITICAL UNCERTAINTY TOP LIST OF CONCERNS FOR CORPORATE BOARDS IN 2016

Released : 03 March 2016

Annual survey by NYSE Governance Services and Spencer Stuart reveals key topics for directors

NEW YORK--(BUSINESS WIRE)-- NYSE Governance Services, a leading provider of corporate governance, risk, ethics, and compliance services for public and privately held companies, along with Spencer Stuart, a global, senior executive search and leadership consulting firm, today released the results of the 13th annual *What Directors Think* survey, which reflects the opinions of nearly 400 directors.

Forty-eight percent of the respondents listed economic uncertainty as the most significant challenge facing their companies this year, followed by market risk and cybersecurity. More than a third (38%) of respondents believe that while they are doing all they can, cyber risk is really out of their hands. Directors also named long-term strategic planning and business disruption/innovation among the top challenges.

“Board members realize they have an extraordinary challenge in addressing cyber governance,” said Adam Sodowick, President, NYSE Governance Services. “It is an issue for every public company, and directors are tasked with ensuring cyber security, training and crisis preparedness. This is especially critical because our data shows that a third of all employee actions can expose the company to cyber risk.”

Regarding CEO succession and related planning, more than 70% of directors indicated that their CEO is involved in a periodic review, development of internal talent, and a determination of skill set. Respondents once again ranked industry expertise as the most important attribute of a potential director, followed by financial expertise, gender diversity, and CEO experience. Other key attributes include racial diversity and technology expertise.

“The CEO is a very important player in succession planning, both in an of-counsel role to the board or the committee responsible for the process, and in overseeing the company’s overall management succession,” said Cathy Anterasian, North American CEO Succession Services leader for Spencer Stuart. “However, as the time for a transition nears and the process turns toward the board’s selection of finalist candidates and, potentially, an external search, the CEO’s participation diminishes.”

While many directors refrain from engaging with investors, two-thirds of directors surveyed said they view direct engagement with shareholders as a way to open meaningful dialogue before critical issues arise. Most directors believe that it is primarily management’s responsibility to address governance inquiries from investors. Respondents also revealed that while half of the directors surveyed believe the recent wave of shareholder activism has created more awareness of governance, 62% believe it has reinforced and rewarded “short-termism”.

“Investor interest in corporate governance continues to grow, driving expectations that boards will embrace more rigorous practices, first in areas such as financial reporting, risk assessment, CEO compensation, and succession and, more recently, in board composition and refreshment,” said Julie Hembrock Daum, Spencer Stuart North American Board Practice leader. “While boards have taken notice, a gap still exists. Directors want to ensure that their boards contribute at the highest level, aligning with shareholder interests and expectations, and setting a positive tone at the top for the organization by holding themselves to a high standard.”

The 13th annual *What Directors Think* survey results are detailed in the current issue of *Corporate Board Member* magazine, available here: https://www.nyse.com/publicdocs/What_Directors_Think_2016.pdf

About NYSE Governance Services

NYSE Governance Services is the leading governance, compliance and education solutions provider for companies and their boards of directors. Through a complete set of technology-enabled and data-driven solutions designed to address compliance, accountability and risk management, NYSE Governance Services helps companies comprehensively build a culture of integrity from employee to board level. NYSE Governance Services is a subsidiary of the New York Stock Exchange Group, an Intercontinental Exchange company (NYSE:ICE). For more information, connect with us at nyse.com/governance, @nysegov or LinkedIn.

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Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts -- now spanning 56 offices, 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment and many other facets of organizational effectiveness. For more information on Spencer Stuart, please visit www.spencerstuart.com.

SOURCE: Intercontinental Exchange

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