Directors Quarterly

Insights from the Board Leadership Center

January 2025

On the 2025 agenda

Many boardroom conversations will be markedly different in the year ahead—broader, deeper, more introspective, and scenario-focused—as directors help their companies navigate a combination of transformational forces and global turbulence that few business leaders have seen before. Seizing near-term opportunities while managing risks and thinking long-term will be challenging.

In our **annual messages** for boards and audit, compensation, and nominating/governance committees, we highlight critical areas (and angles) for discussion—from preparing for policy changes under the Trump administration to oversight of GenAI, cybersecurity, CEO succession, and talent strategy.

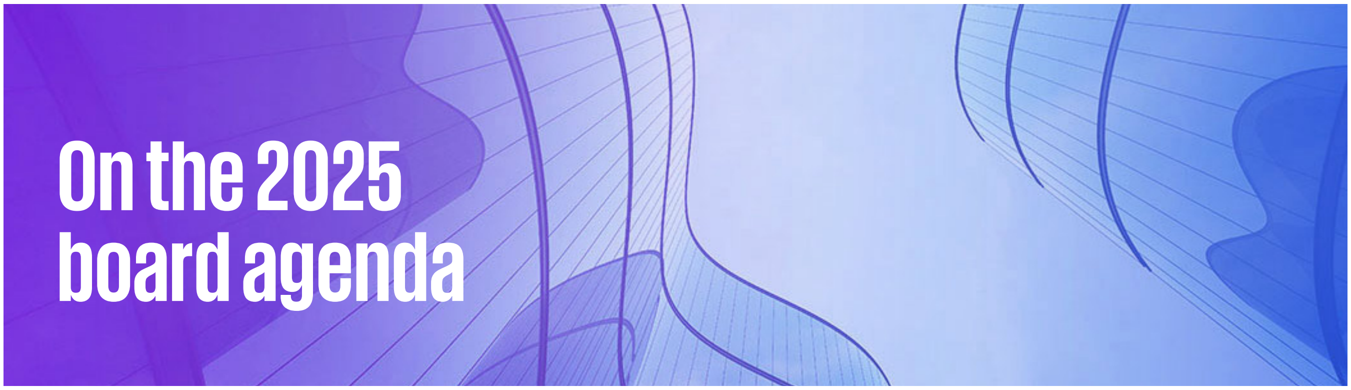
In this edition of *Directors Quarterly*, we also delve into data risks and how boards are assessing whether management's governance frameworks —around GenAI, cybersecurity, and data privacy—are keeping pace.

To provide multinational context for boardroom conversations on the implications of elections (held in roughly 80 countries in 2024), BLC leaders around the world share their observations on the issues that are likely to get significantly more attention in their countries' boardrooms in the months ahead.

For our audit committee readers, we share highlights from the annual AICPA & CIMA Conference on Current SEC and PCAOB Developments, along with updates on segment reporting, sustainability reporting, and other financial reporting and auditing developments. And timely insights on the skills and experience that retired flag and general officers can bring to the boardroom will be of interest to any board looking to bolster its composition with pressure-tested leaders.

John H. Rodi
Anne C. Zavarella
Co-Leaders
KPMG Board Leadership Center (BLC)

What's inside



On the 2025 board agenda

Boards can expect their oversight and corporate governance processes to be put to the test in 2025 as companies face unprecedented disruption and uncertainty.

The new administration's policy positions—on tax, trade, immigration, and regulation more generally—may have a significant impact on the economic, geopolitical, business, and risk landscape. In addition, the ongoing wars in Ukraine and the Middle East, elevated trade and geopolitical tensions, recession and inflation risks, and domestic polarization will add to the complexity. Risks related to cybersecurity, climate change, and artificial intelligence (AI) will pose significant challenges.

In this volatile operating environment, expect continuing scrutiny of board oversight of risks to the company's operations and strategy. The pressure on management, boards, and governance will continue to be significant.

Drawing on insights from our conversations with directors and business leaders, we highlight nine issues to keep in mind as boards consider and carry out their 2025 agendas.

Maintain focus on how management is preparing to address risks and opportunities related to geopolitical and economic shifts and global disruption.

Model and assess what the new administration's policy initiatives might mean for the company's strategy in 2025 and beyond.

Understand the company's generative AI (GenAI) strategy and related risks, and closely monitor the governance structure around the company's deployment and use of the technology.

Probe whether the company's data governance and cybersecurity governance frameworks and processes are keeping pace with the growth and sophistication of data-related risks.

Keep environmental and social issues, including climate risk, embedded in risk and strategy discussions, and monitor management's preparations for new US, state, and global sustainability reporting requirements.

Maintain the focus on CEO succession and talent development.

Help set the tone, monitor the culture, and keep abreast of management's efforts to build stakeholder trust and protect the company's reputation.

Revisit board and committee risk oversight responsibilities and the allocation of issues among committees, including whether the existing committee structure is still fit for purpose.

Think strategically about the company's future needs and reconsider whether and how the board's composition and succession planning process address them.

Find the full *On the 2025 board agenda* and more at **kpmg.com/us/blc**.

On the 2025 audit committee agenda

Audit committees can expect their company’s financial reporting, compliance, risk, and internal control environment to be challenged in 2025.

In addition to existing challenges—from global economic volatility, the wars in Ukraine and the Middle East to cyberattacks, preparations for US and global climate and sustainability reporting requirements, and advances in AI—the change in administration could have a significant impact on the business and risk environment that companies must navigate. Audit committees should take a hard look at their skill sets and agendas. Does the committee have the leadership, composition, and agenda time to carry out its core oversight responsibilities—financial reporting and internal controls—along with the growing range and complexity of other risks?

Drawing on insights from our survey work and interactions with audit committees and business leaders, we highlight nine issues to keep in mind as audit committees consider and carry out their 2025 agendas.

Stay focused on financial reporting and related internal control risks—job number one.

Clarify the role of the audit committee in the oversight of GenAI, cybersecurity, and data governance.

Understand how technology is affecting the finance organization’s talent, efficiency, and value-add.

Reinforce audit quality and stay abreast of changes to PCAOB auditing standards.

Monitor management’s preparations for new climate reporting frameworks/standards.

Make sure internal audit is focused on the company’s critical risks—beyond financial reporting and compliance—and is a valuable resource for the audit committee.

Probe whether management has reassessed the company’s compliance and whistle-blower programs in light of the DOJ’s September Evaluation of Corporate Compliance Programs guidance.

Stay apprised of tax legislative developments in Washington and the potential impact on the company and its operations.

Take a fresh look at the audit committee’s composition and skill sets.

Find the full *On the 2025 audit committee agenda* and more at **kpmg.com/us/blc**.

On the 2025 compensation committee agenda

In 2025, the business environment will continue to be challenging, with increasing uncertainty and disruptions impacting companies and their employees.

Emerging technologies are rapidly retooling, if not revolutionizing, business and how work gets done; changes to the regulatory environment and economic policies under the second Trump administration may fundamentally impact corporate strategies; the impact of geopolitical tensions (including trade and tariffs) may ripple across industries and workforces; and addressing the evolving expectations of investors, regulators, and employees may call for difficult decisions and trade-offs. Taken together, these and other factors are likely to make the focus on human capital and compensation strategy all the more important in the year ahead.

Drawing on insights from our interactions with directors and business leaders, we highlight five issues to keep in mind as compensation committees consider and carry out their 2025 agendas.

Ensure the compensation strategy is optimally designed to retain and motivate talent.

Remain focused on evolving human capital management (HCM) issues when reviewing the committee's scope and composition.

Review any environmental and social metrics in incentive plans and ensure they still support the company's strategic goals and messaging.

Monitor proposed and new regulations and their potential impact on compensation strategy, incentive plan design, and disclosure practices.

Stay abreast of shareholder expectations and concerns.

Find the full *On the 2025 compensation committee agenda* and more at **kpmg.com/us/blc**.

On the 2025 nom/gov committee agenda

Every year the expectations for the board are raised, and 2025 will be a year of challenge and change.

Boards must have the skills and experience to oversee the company's strategy amid post-inauguration policy shifts, geopolitical conflicts, economic fluctuations, developments in technology, climate risk, cybersecurity, AI, and numerous implications of a changing workforce, all amid heavy scrutiny by investors and other stakeholders.

The board will need the talent, structure, and processes to stay on top of it all. Nominating and governance (nom/gov) committees have their work cut out for them, recalibrating to ensure that the board has the right skills and that oversight is efficient yet comprehensive. Working with other board leaders, nom/gov committee chairs should strive to establish a board mindset that embraces change, continuous learning, and a firm commitment to board service.

Drawing on insights from our latest research and interactions with directors and business leaders, we highlight six issues to keep in mind as nom/gov committees consider and carry out their 2025 agendas.

Ensure board composition and skill sets are keeping pace as the business environment changes.

Reconsider board processes to improve efficiency.

Set the stage for a board culture that embraces change, continuous education, constructive skepticism, and service above self.

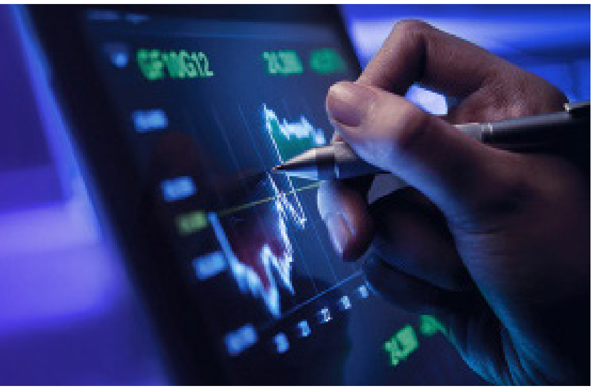
Determine the appropriate board committee structure for overseeing emerging issues based on the company's unique circumstances.

Ensure the board and management are aligned on the company's sustainability strategies and risks.

Communicate with—and understand the views of—the company's key investors.

Find the full *On the 2025 nom/gov committee agenda* and more at **kpmg.com/us/blc**.

Financial reporting and auditing update



2024 AICPA and CIMA Conference highlights

The AICPA and CIMA (Chartered Institute of Management Accountants) hosted their annual Conference on Current SEC and PCAOB Developments, featuring speakers from the SEC, PCAOB, and FASB, and others in the financial reporting infrastructure.

Top takeaways from the conference included:

- **What the future might hold.** SEC Commissioner Mark Uyeda laid out his three priorities for a future SEC focused on facilitating capital formation:
  - Don't use enforcement and staff action to set standards—e.g., withdraw the SAB 121 guidance on digital asset safeguarding obligations.
  - Reduce regulatory friction—e.g., place emphasis on cost/benefit analyses in rulemaking.
  - Carry out a retrospective review of the PCAOB.
- **Disclosure controls and procedures (DCP).** Reminders about DCP were pervasive—and timely in the face of emerging issues such as AI and cybersecurity. Companies were advised to carefully consider the use of aspirational statements, involve those with the most knowledge of a topic, and notify senior leaders in a timely manner.
- **Segment reporting standard goes live.** Corp Fin had some final reminders on ASU 2023-07. For details, see **SEC Issues and Trends**.
- **How to analyze a complex accounting issue.** The Office of the Chief Accountant reminded companies that high-quality application of the accounting standards requires grounding the analysis in the standards themselves. Reasonable judgment should be applied based on the company's specific facts and circumstances, including the economic substance of the transaction.
- **Work to be done on cybersecurity.** Early observations on initial compliance with the SEC's cybersecurity disclosure rules highlight the need for the right oversight structure—including timely information, thorough documentation, and ensuring that disclosures remain accurate and reflect the overall health of the company.

Also see the **Executive Summary** and **conference blogs**.

Segment reporting in the spotlight

The FASB's new segment reporting standard, **ASU 2023-07**, remains a focal point in the financial reporting community. The ASU is first effective for calendar year–end public companies in 2024 for annual periods only, and for interim periods beginning in 2025. Broadly, ASU 2023-07 expands the breadth and frequency of segment disclosures under Topic 280. The ASU includes a number of key changes and disclosure requirements for public companies.

It is crucial for companies to engage with their auditors, if they haven't already, and consider discussing:

- Conclusions around which expense information is regularly provided to the chief operating decision maker (CODM) and deemed significant
- Draft segment disclosures
- Use of non-GAAP measures
- Updates to processes and controls.

For additional information please see the **KPMG Handbook: Segment reporting (post ASU 2023-07)**, as well as our related **Webcast** and **Podcast**.

Sustainability reporting: The move to mandatory reporting

While the SEC's Climate Rule is not expected to progress, plenty of other sustainability-related developments loom ahead for US companies. We highlight here select Q4 2024 developments.

California climate laws

For companies in the scope of California's climate laws, initial reporting is now set for 2026: greenhouse gas (GHG) emissions from a date to be determined in 2026, and climate risks on or before January 1, 2026. Although the California Air Resources Board (CARB) has until July 1, 2025, to adopt the underlying regulations, there is no time to delay implementation efforts.

The California Legislature commenced a special session on December 2 aimed at progressing its state-level climate laws, among others. Since then, CARB issued an **enforcement notice** indicating that in the first year of reporting GHG emissions, companies may submit Scope 1 and 2 emissions based on information they already possess or are already collecting—and announced a **public consultation** with comments due to be submitted by February 14. Read our **Hot Topic**.

EU developments

The Corporate Sustainability Reporting Directive (CSRD) entered into force on January 5, 2023, and Member States had a deadline of July 6, 2024, to transpose it into national law. As of early January, many Member States have a draft available and several have finalized their transposition, including Denmark, Finland, France, and Sweden. However, many Member States—such as Germany, the Netherlands, and Spain—did not meet the deadline.

In September 2024, the European Commission (EC) sent formal infringement notices to Member States delinquent in transposing the CSRD, giving them two months to respond and complete their transposition. Companies that have subsidiaries in Member States where the CSRD is not yet transposed should monitor forthcoming developments closely.

The European Financial Reporting Advisory Group (EFRAG) is finalizing proposals for the non-EU parent company standards and an exposure draft for public comment is expected early in 2025.

For a round-up of the latest developments, listen to our **podcast**.

International developments

According to a new **report** by the International Sustainability Standards Board (ISSB), over 1,000 companies have referenced the ISSB in their reports and 30 jurisdictions are making progress toward introducing ISSB™ Standards in their legal or regulatory frameworks. As the move toward ISSB Standards gathers momentum, US companies currently preparing for the adoption of ESRS should also be monitoring potentially different requirements in other jurisdictions where they have subsidiaries or a value chain presence.

Assurance developments

In November 2024, the International Auditing and Assurance Standards Board (IAASB) issued International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements. ISSA 5000 addresses both limited and reasonable assurance.

In an EU context, the CSRD does not currently mandate which assurance standards should be used. The CSRD requires the EC to adopt limited assurance standards by October 2026. The EC may endorse ISSA 5000 as the assurance standard to be applied or may release its own assurance standard, which may be based on ISSA 5000.

In a US context, ISSA 5000 does not have an immediate impact. We expect the AICPA's Auditing Standards Board to update its standards to converge with ISSA 5000, which will include (1) revisions to the baseline attestation standards to include some of the requirements from ISSA 5000 and (2) a new subject-matter-specific AT-C section for sustainability assurance engagements that will include additional sustainability-specific requirements. We expect an AICPA exposure draft in 2025.

Why 2025 will be "the year of tax"

In 2025, several major developments will affect corporate income taxes, including potential US tax legislation, changes in Pillar Two, and a new ASU on income tax disclosures that becomes effective for public companies. For more details on these developments, see our **Q4 2024 Quarterly Outlook**.

PCAOB adopts new reporting requirements and updates its standard-setting agenda

On November 21, the PCAOB **adopted** amendments to its rules and reporting forms to require the reporting of specified firm-level metrics on new Form FM, Firm Metrics, and specified engagement-level metrics on an amended and renamed Form AP, Audit Participants and Metrics. Additionally, the PCAOB adopted amendments to firm reporting requirements, mandating further information submission on Form 2, Annual Report Form, and Form 3, Special Reporting Form. The amendments are subject to approval by the SEC and, if approved, will become effective in stages thereafter.

Separately, the PCAOB updated its standard-setting agenda to, among other things, defer further decisions on the NOCLAR [Non-compliance with Laws and Regulations] project until 2025.

FASB requires new disaggregated income statement expense disclosures

ASU 2024-03 addresses investor requests for more granular information about an entity's expenses, allowing investors to better understand performance, prospects for future cash flows and comparability over time. The primary goal is to improve the decision-usefulness of expense information on public companies' income statements through disaggregation of relevant expense captions in the notes to the financial statements.

ASU 2024-03 is effective for annual periods in fiscal years beginning after December 15, 2026, and for interim periods in fiscal years beginning after December 15, 2027.

While adoption may seem distant, companies should use this time to educate themselves and prepare for the upcoming changes. Once adopted, most public companies will need to disclose more detailed information about their income statement expenses than they do currently, which may necessitate systems, controls, and process changes.

For more detail, see our **Defining Issues** and **companion podcast**.

Adoption of GenAI puts a spotlight on oversight of data-related risks

by John Rodi

Data-related risks have been on board agendas for some time, particularly around cybersecurity, data privacy, and the strategic importance of data to a company. Recently, the explosive growth in the use of AI and GenAI—and the impact of those technologies across an organization—has prompted many companies and their boards to take a step back and reassess their data risks and related governance.

Does the board understand the magnitude of the risks, and who's managing them? Is the board briefed on risks associated with the company's use of data? How are those risks proactively or retrospectively addressed from people, process, and technology perspectives? And how often is management's risk assessment updated?

The critical importance of data to the enterprise and the increasing focus on data-related risks by customers, investors, and regulators have made data governance a recurring item on board agendas.

Data risks

Data quality and security are among the highest priority data-related risks. Data quality is key to strategy development, decision-making, and scenario analysis, while data security protects customer and employee relationships and mitigates reputational risk and potential litigation from a data breach. Compliance with data privacy laws and regulations has also become a greater challenge as multiple jurisdictions have introduced varying rules governing the use and storage of data, particularly personal data.

Beyond technical compliance, new technologies have put a spotlight on data ethics, including how companies manage the balance between how they use customer data in a legally permissible way with customer expectations. This tension poses significant reputational and trust risks for companies and represents a critical challenge for leadership. Lastly, data access includes monitoring and compliance for vendors and third parties with access to company data, as well as how internal access is controlled and overseen.

Data governance

For the company, managing these risks requires a robust data governance framework that takes a holistic view of data quality, data stewardship, data protection and compliance, and data management. Across these four pillars, an effective framework also looks at how these data-related risks are addressed from people, process, and technology perspectives.

In the last two years, the emergence of GenAI has challenged companies and boards to update their governance frameworks and policies. Not only should companies reevaluate data governance, but they should also be putting in place policies for the development, deployment, and use of GenAI. They should also understand how GenAI and other emerging technologies are impacting cybersecurity risk (and whether cyber governance programs need to be updated).

While every company's data governance framework will be different depending on its industry, geography, and customer base, mitigating data risks requires the board to probe on how data governance aligns with the strategy and how the program is structured.

- **Alignment with strategy**: Is the company's data governance framework aligned with current strategic goals? Which of the company's strategic goals are most data-dependent? Is the C-suite aligned on the company's data governance priorities?
- **Structure of the data governance program**: How is the data governance program structured from an operational point of view? Clarify which leaders are responsible for data governance. What is the role of the chief data officer, chief information officer, chief information security officer, and chief compliance officer? Does management have the people, skills, training, technology and other resources (including internal funding) to effectively manage data?

The role of the board

For many companies, much of the board's oversight responsibility for cybersecurity and data governance has resided with the audit committee. According to our **2023 Audit committee survey**, 72% of respondents reported that their audit committee had significant oversight responsibilities for cybersecurity, and 53% for data governance. In addition, 67% of respondents reported that their audit committee had significant oversight responsibilities for legal/regulatory compliance, which includes compliance with evolving data privacy and AI-specific laws and regulations globally.

Given the audit committee's heavy agenda, it may be helpful to consider whether another board committee should monitor and do some of the heavy lifting related to cybersecurity, data governance, and other tech issues. Does another board committee(s) have the time, composition, and skill set to oversee these issues? Is there a need for an additional committee, such as a technology or risk committee?

Regardless of where specific data-risk oversight responsibilities are allocated, understanding the company's overall approach to data governance—people, processes, technologies—should be a full-board conversation and agenda priority.

John Rodi is Co-Leader of the KPMG BLC.

Read more in *Oversight of data-related risks* at **kpmg.com/us/blc**.

From military service to board service

The generals and admirals on S&P 500 boards

As the risk landscape intensifies, the skills and experience of former top ranking US military officers may be a valuable addition to corporate boards.

Although retired general and flag officers (GFOs) have not traditionally been a part of the talent pool for director candidates, their experience overseeing vast budgets, expensive military resources and equipment, and thousands of personnel in regions around the globe draws many parallels to the experience of a seasoned corporate executive.

What is a general and flag officer?

General and flag officers—known as GFOs—are the most senior military officers in the US Armed Forces. In the Army, Air Force, Marine Corps, and Space Force, they are known as "general officers"; in the Navy and Coast Guard, they are known as "flag officers." These officers span the paygrades of O-7 (one star) to O-10 (four stars).

Who are the retired GFOs serving on S&P 500 boards?

56% are four-star generals or admirals.

28% are retired three-stars.

40% served in the US Navy.

26% served in the US Air Force.

21% served in the US Army.

33% are women.

67% are men.

77% are in their 60s.

The median age is **68.**

58% serve on more than one public company board.

73% have been on their boards for less than five years.

Source: KPMG BLC analysis of BoardEx data, August 2024.

Our recent paper **From military service to board service** explores trends around retired GFOs serving on boards. Drawn from our review of S&P 500 proxy statements and interviews with directors, investors, and other stakeholders, on the following page we highlight the top skill sets and values senior military officers offer to the boards they serve.

Currently GFOs hold 1% of S&P 500 board seats, and 8.8% of all S&P 500 companies have at least one GFO on the board, based on KPMG BLC analysis of BoardEx data. This is up only slightly from 2019 when 0.8% of S&P 500 board seats were held by a GFO and 7.2% of S&P 500 companies had a GFO as a director.

Leadership

Among military leaders, leadership skills are honed through extensive and repeated trainings, combat experience, large amounts of responsibility (held even among more junior ranks), and a commitment to self-sacrifice and service. Unlike in the corporate world, military leaders must motivate their teams to willingly enter a life-threatening combat situation.

Ethics

The military spends a lot of time reinforcing its expectations for ethical behavior, and the stakes for noncompliance are high. Military officers continue to rank among the top five professions that Americans consider to be most ethical and honest, according to Gallup's annual rating.[1]

Risk and crisis management

All military personnel have either participated in combat or prepared to be in combat, and GFOs have spent their careers making quick decisions in a high-pressure environment. It's no surprise that nearly one-fifth of S&P 500 GFOs serve on boards in the insurance or banking sectors, which are often required to have a risk committee. And nearly 40 percent sit on a board committee related to risk, cybersecurity, and/or technology—skills acquired in their military occupational specialties.

Cybersecurity expertise

Proxy statement disclosures of S&P 500 companies studied for this analysis frequently note GFOs as adding cybersecurity expertise to the board. For example, a retired US Navy vice admiral who also served as director of the Defense Information Systems Agency (DISA) now sits on the board of a transportation company and serves as chair of the board's committee for cyber and technology oversight.

Global experience

GFOs, particularly at the highest ranks and positions, often have a deep, firsthand understanding of geopolitics, international relations, and diplomacy, said KPMG BLC Senior Advisor Stephen Brown. "That is deeply valued in the boardroom because not everyone understands it." For example, a retired US Army lieutenant general is noted in his company's proxy statement as bringing valuable knowledge of a specific country in which he served to the board of an oil and gas company that has operations there.

Knowledge of government affairs

As senior military officers advance in their careers, they have increasing exposure to regulation, legislation, and the inner workings of the US government. While this experience may be especially valuable to companies with clear links to the US Department of Defense, such as aerospace and defense and government contractors, GFOs do not sit exclusively on boards in these sectors. A retired US Navy admiral serving on the board of a beverage company is shown in the board's skills matrix as bringing experience in regulatory affairs and procurement and logistics to the board, among other skills.

For more about the skills and experience GFOs offer, how GFOs can best approach the transition to board service, considerations for nom/gov committees, and investor perspectives, read the full article at **kpmg.com/us/blc**.

[1] Lydia Saad, Military Brass, Judges Among Professions at New Image Lows, Gallup, January 12, 2022.

Post-election observations from around the world

Globally, roughly 80 countries held elections in 2024, reflecting nearly half of the world's population.[1] As the business implications of the elections unfold, KPMG BLCs around the world shared their views on which issues are likely to get significantly more attention in their countries' boardrooms as a result of the elections.

For companies operating globally—and corporate directors serving on boards in different countries and unique markets—these initial observations can provide helpful multinational context for boardroom conversations in the months ahead.

Read additional observations from BLC leaders around the globe **here.**

US

Heading into the US elections, we were already seeing a sharp focus on tariffs, tax cuts, and fiscal policy—including their potential impact on inflation and interest rates. Tariffs and trade agreements will likely trigger supply chain reconfiguration and increased costs. Curbs on immigration would have implications for talent pools and labor costs and may mean slower growth. And the easing of regulatory burdens and related costs, and the potential for increased M&A opportunities and activity will also be front and center in many boardroom conversations.

John Rodi
Co-Leader, KPMG BLC, US

Canada

Given just how highly integrated the Canadian economy is with the US—about 75 percent of all Canadian exports go to the US—upcoming trade negotiations, potential tariffs, tax competitiveness, and energy security will dominate the discussions in Canadian boardrooms. Canadian CEOs are already revisiting their business strategy, looking for ways to mitigate potential risks and seize opportunities from the expected policy changes in the US. While implementing ESG and decarbonization strategies are high on their agenda, stalled productivity growth in Canada is prompting them to invest in technology and labour. A windfall for exporters, a weakening Canadian dollar, however, has other implications, including on M&A plans. All this also implies a holding pattern for directors in the short term to fully incorporate the implications of the moving parts into their decision-making process for organizational investments and strategic direction.

Janet Rieksts Alderman
Chair, KPMG Board Leadership Centre, Canada

[1] Diana Roy, "A Year of Elections and Democratic Challenges," Council on Foreign Relations, December 20, 2024.

Mexico

The first female president in history has marked a milestone in the history of the country. Her triumph has also represented that she will be the most powerful president in the last 30 years as she has won vast majority of Congress, which will allow the government to drive constitutional changes. Attention will be placed on how these powers will be used by the ruling power, where recent studies indicates that top management have expressed that the main challenge of the country remains in ensuring the state of law, enhancing security and providing economic certainty. The pace of nearshoring, a phenomenon that has been underway for quite a while, has been slow as several investment decisions have been delayed pending the outcome of the US and Mexico elections and new government policies. Focus will also be placed on the US-Mexico bilateral relationship with the new Trump administration and the renegotiation of the trade agreement between Mexico, Canada, and the US.

Ricardo Delfin
Leader, Board Leadership Center, Mexico

UK

A change of governing party in the UK—our first in 14 years—is already resulting in a changing policy landscape. The fiscal outlook remains constrained, with UK businesses facing tax rises—from employer National Insurance to Capital Gains Tax—as well as a rising national minimum wage. Proposals to strengthen workers' rights may also be seen as further headwinds for business leaders. A new Modern Industrial Strategy and National Wealth Fund, along with a growth focus for regulators, will be high on the minds of CEOs, as will a continued push by government to meet its net zero commitments.

Timothy Copnell
Leader, KPMG Board Leadership Center, UK

India

Taking cues from India's national elections held earlier [in 2024] we anticipate an increased focus on regulatory reforms, economic growth, and the evolving dynamics of global trade partnerships. Emphasis on infrastructure development, digital innovation, and sustainability is likely to continue driving boardroom conversations, as companies look to align with government priorities for economic resurgence. A push for self-reliance and localization may continue under the country's "Aatmanirbhar (self-reliant) and Viksit (Developed) Bharat" agenda. The global context, including the outcome of the US elections and evolving trade agreements with the EU, Australia, and the Indo-Pacific economies, will likely shape strategic discussions around trade, supply chains, and market diversification. Domestically, regulatory reforms such as those targeting corporate governance, tax reforms, and labor laws will continue to demand board attention. Moreover, talent management will remain a critical area, particularly as boards navigate the interplay of global immigration policies, domestic skilling initiatives, and the rising demand for innovation-driven workforces. With geopolitical shifts reshaping global supply chains, Indian boards must also evaluate their role in the emerging multipolar trade landscape, ensuring resilience and competitiveness in the face of changing global alliances.

Ritesh Tiwari
Leader, KPMG Board Leadership Center, India

Mark your calendar

KPMG BLC Quarterly Webcast

January 23, 11:00 a.m. ET

Join the KPMG Board Leadership team for a discussion on the critical challenges and priorities driving board and committee agendas in the year ahead.

To register, visit **watch.kpmg.us/BLCwebcast**.

KPMG Board Insights Podcast

On demand

Conversations with directors, business leaders, and governance luminaries to explore the emerging issues and pressing challenges facing boards today.

Listen or download now at **listen.kpmg.us/BLCpodcast**.

NACD Battlefield to Boardroom

February 27–28, Arlington, VA

Battlefield to Boardroom, sponsored by KPMG, is an exclusive board development program designed to prepare retired and soon-to-retire military general and flag officers to serve in the boardroom. Programming will cover topics ranging from boardroom basics to more complex issues such as strategy and shareholder engagement.

To register, visit **NACDonline.org**.

Selected reading

African American representation on Fortune 1000 boards
KPMG BLC

2024 Audit committee transparency barometer
The Center for Audit Quality

Post-election regulatory insights by industry
KPMG Regulatory Insights

Director survey findings on CEO succession
Spencer Stuart

Cyber-related enforcement actions put emphasis on disclosure controls and procedures
Skadden

To receive articles like these from Board Leadership Weekly, register at **kpmg.com/blcregister**.

About the KPMG Board Leadership Center

The KPMG BLC champions outstanding corporate governance to drive long term value and enhance stakeholder confidence. Through an array of insights, perspectives, and programs, the BLC promotes continuous education and improvement of public and private company governance. BLC engages with directors and business leaders on the critical issues driving board agendas—from strategy, risk, talent, and sustainability to data governance, artificial intelligence, audit quality, proxy trends, and more. Learn more at **kpmg.com/us/blc**.

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