

Corporate directors are keenly aware of the critical nature of corporate culture for a firm’s reputation, performance, and long-term value, but they acknowledge that culture is a particularly challenging area to evaluate and oversee. [The Ethics, Culture, and Compliance Network \(ECCN\)](#) brings together directors—including current or recent chief ethics and compliance officers—to explore the role of values, corporate culture, and ethical decision making in securing a long-term future for businesses.

## 2022 year in review

*“The key question is, in the heat of the moment, throughout the organization, do our stated values prevail? That’s the thing that’s the hardest to measure.”*

Boards still struggle to assess corporate culture—understanding key culture metrics, refining how information can effectively be presented, and combining disparate sources of data into a holistic overall narrative of culture.

In 2022, the ECCN convened a working group of directors and senior executives to close the gaps in assessing culture by developing a peer reviewed set of recommendations, subsequently vetted by a larger group, consisting primarily of independent directors, from more than 60 public companies.

The resulting framework, [Assessing Corporate Culture: A Practical Guide to Improving Board Oversight](#), identifies a range of approaches, tools, and practices that directors and executives can bring into the boardroom.

The report outlines five priorities that board oversight can enable:

- **Prioritize culture on the board agenda** – Ensure that executives know that board members want to know about issues and problems early. Board members should request direct information and dig deep to get it.
- **Challenge the board’s culture** – Foster a sense of community and speak up culture to ensure that senior management are seen and heard and supported – even if they have a difference of opinion from board members.
- **Measure and monitor** – Establish data protocols, expand the range of cultural data and benchmark against other companies to maximize the effectiveness of reporting, particularly as measuring and monitoring evolves over the next few years.
- **Articulate the desired culture** – Break down ethical culture into components that fosters concrete conversation in partnership with the leadership teams on aspects of culture board members aspire to achieve.
- **Establish clear communication** – Boards need to explore who in management owns culture measurement and have that individual report directly to the board.

### Continuing the conversation...

Tapestry Networks, in collaboration with LRN, continued to highlight director voices on The Principled Podcast.



**Virginia Addicott**, Non-Executive director, CDW and Element Fleet Management: [How can boards advance ESG priorities through a values-based culture?](#)



**Diana Sands**, Non-executive director, PDC Energy and SP Plus: [The evolving responsibilities of today’s boards.](#)



**Eric Baldwin, Principal and Marsha Ershaghi Hames, Partner**, Tapestry Networks: [How can boards assess corporate culture and improve oversight?](#)



Featured article in the December edition of the Society of Corporate Compliance and Ethics (SCCE) CEP Magazine: [“Boards care about culture more than you think.”](#)

## Key themes from the 2022 ECCN summit

In December, the ECCN convened a select group of directors and senior ethics & compliance executives in New York for further roundtable discussion of crucial issues in board oversight of ethics, compliance, and culture.

- ❖ **“If people feel there is a demerit to coming to the board with a problem, you are doing it all wrong.” Fear of repercussions often hinders speaking up.** This can often extend to interactions at the most senior levels of the organization; participants shared examples of CEOs who shut down dialogue and stressed that it is incumbent on board members to push back against such behavior. *“The sooner you bring me a problem, the happier I am,”* said one board member. In addition, law enforcement and regulatory bodies are increasingly looking to evidence of a speak-up culture as a key indicator of a healthy corporate culture.
- ❖ **Effective oversight depends on collaborative relationships as much as formal structures.** Enhancing the effectiveness of the ethics & compliance function may require elevating its place in the organization, but relationships characterized by openness and transparency are even more important. A director said that, regardless of reporting structures, *“I’m more concerned about my relationship with the chief compliance officer and with what frequency they talk to me than where it reports.”* Relationships are tested when organizations are under stress, including the relationship between the board and management. *“If a board is in the mode of protecting itself and hiring their own counsel, you are in a really bad place.”*
- ❖ **Taking a data-driven approach to ethics & compliance can surface issues for the board and identify problems, but data must be contextualized and benchmarked to drive insights.** One executive said, *“we don’t just look at speak up hotline numbers, we combine that with HR and ethics data. The board can’t just look at the data, they need to look around the corners.”* CECOs must make the case to boards that investments in data and analytics are worth the cost.
- ❖ **“The first thing is to look at yourself and the board before you move down the line, but self-reflection is hard.” Board self-assessment is essential to effective oversight, but boards are often reluctant to put themselves under the microscope.** Board refreshment and diversity are crucial to healthy board culture but achieving those goals can be challenging. While mandatory committee rotation and retirement policies may be necessary, such policies can arbitrarily force effective directors off the board or disrupt working relationships between board members and executives.

## Our Participants



**80+** executives and directors from **over 90** leading companies



**82** public company board seats



**\$4T+** market cap represented



operations on **6** continents

### About Tapestry Networks

Tapestry Networks brings world-class leaders together to tackle complex challenges and promote positive change through the power of connected thinking.

**Contact:** [Marsha Ershaghi Hames](#)

### About LRN

LRN is a global firm committed to fostering principled performance and inspiring, rather than requiring, people to do the right thing.

**Contact:** [Ty Francis](#)