

# ECCN 2023 Year in Review

January 2024



**Corporate directors are keenly aware of the critical nature of ethics and corporate culture for a firm’s reputation, performance, and long-term value, but they acknowledge that these are particularly challenging areas to evaluate and oversee. The Ethics, Culture, and Compliance Network (ECCN) brings together directors and senior ethics & compliance executives to explore the role of values, corporate culture, and ethical decision making in securing a long-term future for businesses.**

As 2024 begins, effective oversight of corporate ethics, compliance, and culture remains a priority for boards. A range of stakeholders—including regulators, law enforcement, and investors—have signaled the importance of culture in driving ethics and integrity and their intentions to hold directors and officers accountable for corporate misconduct. A difficult economy and volatile markets are creating pressures that increase culture risk, and an increasingly politicized and polarized environment only heightens the reputational risks arising from ethical failings.

More than 80 board directors and executives from over 90 leading companies have participated in the ECCN, including the following:

- Aegon
- Archer Daniels Midland
- AIG
- Booking Holdings
- Bristol-Myers Squibb
- Capital One
- CDW
- Cigna
- Cognizant Technology Solutions
- Costco Wholesale
- Deere and Co.
- Entergy
- Exelon
- FedEx
- Foot Locker
- Goodyear Tire & Rubber Company
- Hillenbrand
- Kaiser Permanente
- KBR
- KKR and Co.
- Lam Research
- Lockheed Martin
- McKesson
- Micron Technology
- Palo Alto Networks
- Sony
- The Coca-Cola Company
- United Airlines

# Topics and key themes

ECCN member discussions in 2023 addressed the following topics and themes:



## [The role of advanced data and analytics in enhancing oversight of ethics and compliance](#)

Integrating more advanced data analytics into a company’s compliance program can significantly enhance the ability to identify, predict, and monitor for noncompliance at scale, generating better insights into ethical culture, monitor day-to-day business activities for noncompliance or potential fraud, and assess risk more precisely. Enforcement authorities such as the DOJ are increasingly scrutinizing how companies use data in compliance. But sophisticated use of data analytics remains relatively rare in this space, and organizations face a range of challenges in developing more mature approaches.



## [Enhancing Risk Assessment](#)

To meet the challenge of an expanding risk landscape that encompasses issues like geopolitics, political polarization, talent, and culture risks, boards and management teams are seeking new approaches to assessing and mitigating risks in fast-changing environment. One director said, “I’m seeing a more future-looking direction at risk across the board. We’re asking, What do we see on the horizon, and what are we doing about it?” The range and complexity of emerging risks demands new risk management approaches, and participants stressed the importance of practices like prioritizing and categorizing risks, assigning clear risk ownership and accountability, and using a clear risk appetite framework to guide oversight.



## [The opportunities and risks of Artificial Intelligence](#)

The rapid advancement and implementation of AI technologies has generated a range of governance challenges for companies, especially as technological development outpaces policy and regulation. As organizations look to use AI to promote innovation and create competitive advantage, boards are also attentive to risks like cybersecurity, fraud, misinformation, and bias, as well as legal implications around intellectual property, transparency, and disclosure. With many companies in the early stages of developing their AI policies, members supported developing a peer vetted oversight maturity model and framework for AI policy development.



## [Challenges and opportunities for effective oversight of culture, ethics, and compliance](#)

As 2023 opened, the ongoing impact of pandemic disruptions combined with a difficult economic climate continued to challenge corporate culture. “The pandemic really did reinforce for me the fragility of corporate cultures,” one director said, while hybrid work models are making it harder for employees to make the right decisions in part by undermining some of the traditional supports for ethical behavior. Participants noted that investments in ethics and compliance can drive innovation by creating a psychologically safe culture where employees feel comfortable raising concerns about misconduct, which can generate spillover effects by emboldening employees to speak up about efficiencies, innovations, and improvements.

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