Tapestry Networks

November 2020

VIEWPOINTS

Board oversight of enterprise risk management

Enterprise risk management (ERM) has been through a decade of change since the financial crisis. Management teams—overseen by attentive boards—set out to create processes to help better prepare for future events. The COVID-19 pandemic placed risk management under a bright spotlight both by putting new risks on the radar and by emphasizing the importance of a dynamic process to respond as risks emerge. In addition, boards and audit committee oversight of enterprise risk took on even greater significance as the multipronged crisis affected their companies.

From October 14 to November 11, 2020, Tapestry Networks convened six virtual meetings with the audit committee chairs of more than 100 large US public companies to discuss how the COVID-19 pandemic has tested their approach to ERM and the changes companies are considering as a result. Network members were joined for these conversations by EY senior leaders and subject matter experts, along with the following guests: Kristina Kepner of UNFI, Kate Kraycirik of MD Anderson, Michael McGarry of Walgreens Boots Alliance, and Rita Thakkar of Bristol Myers Squibb. *For a full list of meetings and participants, please see the appendix on page 11.*

This *ViewPoints* synthesizes discussions about three themes that emerged in the meetings:[1]

- **The shifting risk landscape**
- **The importance of a dynamic approach to ERM**
- **The enhanced role of board oversight**

The shifting risk landscape

The events of 2020 have helped companies reprioritize their risks. Audit committee chairs repeatedly noted that as the crisis enters a new, prolonged phase, they remain concerned with what is coming around the next corner. One said, *"There has been a dramatic change in the customer base. It makes our risk profile very different. As a director, I want to know what is changing that I can't see yet."*

The pandemic has emphasized certain emerging risks

Audit committee network members and guests shared perspectives on how companies are assessing the shifting risk landscape. An EY expert laid out some of the key risks that companies are paying closer attention to in light of recent events: *"The risks I am seeing that would be valuable to watch in the coming 12 to 18 months would be (1) the workforce—so many employees* *going remote, many will remain remote moving forward; (2) customer engagement—how to change in response to the pandemic; (3) digital technology risk—which new platforms are you using and is there infrastructure to support it? (4) social consciousness—how are we positioning ourselves on the message of race and diversity? and (5) regulatory—it used to be about volume, but now the risk is the speed of onset."*

Members agreed with the need to monitor that list and discussed specific risks, outlined below, that are beginning to receive greater attention in their boardrooms.

Human capital and talent

Even when the pandemic subsides, work will not look the same as it did before. Companies are evaluating how to apply the lessons of this unique year. MD Anderson's Ms. Kraycirik suggested, *"I think people tend to focus on material risk, but it's important to think about the cultural implications of what is happening. What has the shift to remote work done to our workforce, our culture, and the way we are serving our customers?"* Audit chairs raised specific concerns about the mental well-being of their employees. Many see this as a top risk to monitor as we head into the new year. One shared an example from outside the corporate world: *"I serve on the board of a college, and the mental health of students and faculty has been a huge focus area. Students are isolating and quarantining at a time in life when social engagement is at its peak. We have our student-life team working in partnership with healthcare providers to stay on top of it."* An EY leader added, *"We have an employee-assistance line to help our people think through big life events—marriage, death, mental health—and have seen a higher call volume in the last four months than at any point in the past 40 years. It has really concerned us. Check in with your people!"*

Layered on top of these acute risks is a broader concern among board members that company culture and employees' ability to produce quality work are being compromised by an increasingly digital world. One member said, *"I think people are starting to feel comfortable that work-from-home is going well, but I worry that so much of the audit process is looking someone in the eye, body posture, and actual pieces of paper. I'm worried our employees don't have the right skills or tools to produce the same quality of work the longer this goes on."* Another shared concerns about a company's ability to maintain its culture in a remote environment: *"We have been effective working from home, but I worry so much about how to drive culture in this environment. I don't care what business you are in—culture is mission critical to delivering results, and we are losing important personal interactions that help shape and maintain the culture of an organization."*

Some additional risks members mentioned are listed below:

- **Succession planning.** The pandemic has caused some boards to pause, slow, or rethink their succession plans. In some cases, the lessons of the pandemic—specifically those associated with remote leadership—have altered directors' views on the skills necessary to lead the company in the future. One EY expert explained how this challenge is creating a new risk for companies: *"We are seeing a level of unhealthy retention due to the pandemic and, societally, companies can't really do layoffs."* One member shared a live example from a company undergoing a leadership reorganization: *"We have had to consider stopping our plans and figuring out the best course forward. Should we keep everyone in place? That's not healthy for those anticipating moving forward. It's created a lot of very senior issues."*

- **Third parties.** Most large companies do business with thousands of third parties, many of whom are small or unsophisticated. Those relationships can lead to outsized risk, especially if the third parties struggle to deal with the fallout from the pandemic. One member reminded others that a check-in on third-party risk management could be in order: *"One of my boards recently had a cyberattack that came in from one of our third-party vendors accessing our systems. We got experts to successfully stop them from piercing the gate, but it raised many questions at the board as to whether we could have done something additional to prevent it or be more responsive to it."*
- **Supply chains.** Global economic shutdowns have led to severe impacts on supply chains in many industries, forcing companies to rethink their sourcing plans. One member shared a particular struggle one company faced when the pandemic hit: *"We are in the service industry and haven't focused so much on supply chain. Then we went remote and needed thousands of laptops shipped and set up fast, and we just didn't have the right sourcing in place to do that. It was a bit of a nightmare."*

The correlation between different risks comes into focus

Another challenge highlighted by the pandemic relates to multiple risks stacking on top of one another or, relatedly, to the inability to adequately link a risk event—like a pandemic—with its underlying effects—like supply chain shutdowns, unexpected declines in demand, or severe restrictions on employee mobility. Members and guests agreed that companies and boards could do more to understand how risks can amplify and interact with one other. One member stressed that companies could learn from the risk management approach that financial institutions take: *"They are very good at looking at risk correlation and saying, 'This is our main risk, but here are four other things that could stem from that risk occurring that create greater financial loss.' I hope, going forward, all companies learn a lesson to take a closer look at these knock-on effects."*

Ms. Kraycirik shared a bit on how MD Anderson was able to get a clear picture of risk correlation: *"We found communication to be key in the early months of the pandemic. We got together with the ERM team and developed 72 scenarios to see what the various impacts would be. This was so valuable to see where our blind spots may be. We concluded that the pandemic correlated to every risk in our profile."*

Companies must build business resiliency on top of risk management

Directors said that their management teams responded very well to the crisis despite few, if any, having spent much time specifically preparing for a pandemic of this size or scope. Several members pointed out that had the pandemic struck even five years earlier, rapidly scaling to remote work would not have been possible. This led many to note that building resiliency in their organizations can be even more important than preparing for specific risks. One said, *"I think we need to go back to the purpose of ERM. It is about helping the company see potential risks and manage through them so they come out the other side a successful and viable company. That is what ERM is trying to achieve; resilience is the end goal, not a heat map of risks."* Another agreed, adding, *"It is not about predicting the cause but being ready for the consequence."*

While it is helpful to identify the top risks an organization is facing, it may be more helpful to focus on themes or categories, such as business disruption. One member said, *"Does it really matter which individual risks are on the list or does it matter more that you have the nature of the risk and therefore what you would do? I have seen perfect risks manifest, but what is important is the ability to nimbly work through the aftermath. I think business resiliency plans are a better mechanism to anticipate and react more quickly to unknown circumstances."* Another member said, *"It can be helpful to manage broader categories of risk—not 'Are we ready for a pandemic?' but 'Are we ready if people can't come into work?'"*

An EY expert noted, *"The most effective business continuity planning is event neutral."* Another EY expert shared an example: *"The specific event is irrelevant; it's the impact that matters. One client is a global food and beverage company, and their greatest risk is the inability to access water to make product. What then matters are the underlying scenarios, and they mapped out a best, expected, and worst case and made detailed business continuity plans for each. The risk materialized through the ERM program and helped them to realize that the most catastrophic disruptions involve the ability to operate."*

One member said that even with a perfect ERM process, there is no substitute for an actual crisis: *"The best practice after a crisis occurs is to pool the team together, say, 'What did we learn, what did we do well, what did we do poorly?' and challenge the team on how to improve from there."* A member shared an important lesson learned about scenario planning in the pandemic: *"The pandemic proved that the worst-case scenarios weren't always bad enough. The plan was more like 'If Mumbai goes down, move to Bangalore.' We weren't prepared for all the world to get hit at once.'"*

The importance of a dynamic approach to ERM

Recent EY research revealed that approximately 20% of S&P 500 organizations included pandemic risk or pandemic-related risk exposures in their SEC Form 10-K Risk Factors Disclosures.[2] Furthermore, during a recent EY Center for Board Matters webcast, close to 40% of the over 1,100 participating board members answered yes to the polling question, "Pre-COVID-19, did your board consider a pandemic or potential health crisis as part of its scenario planning?"[3]

However, having a pandemic listed on the risk register did not seem to make much of a difference; the scope and scale of the crisis came as a shock to nearly all companies. As one EY expert put it, *"The companies whose ERM has added value during the pandemic had dynamic processes with the nimbleness to reassess their existing risk profile and evaluate how the pandemic may affect correlated risks. Whether or not they had pandemic on their risk register did not seem to matter."*

Effective risk management requires a diligent, ongoing process

While members were generally satisfied with their ERM programs, some noted that the pandemic provided a good reminder to take a fresh look at the entire process. An EY expert advised that the most effective processes are comprehensive: *"Risk assessment should be a small part of the ERM effort—10% maximum. Another 80% should be spent on managing and monitoring the risks, with the final 10% reserved for reporting."* One member raised an interesting point: *"We have seen many management processes put in on the fly to handle the business impacts due to COVID that have really turned out to be good practices. We need to be sure some of these survival-mode tactics continue postpandemic."* Members and guests identified a number of good ERM practices, outlined below.

Ensure the program includes an ongoing approach to assessing risks

While, as one EY expert emphasized, *"ERM is about much more than just the enterprise risk assessment,"* it is critical that the ERM process is built upon a progressive approach to risk identification. The goal is not to identify a limitless list of risks but rather to focus on a list that is manageable for the company. A good process includes input from both the management team and the board. Members noted that the move to a virtual environment has tested prior processes. One said, *"Our board used to discuss risks in a deep dive over dinner. We'd bring in outside experts to come in and give a perspective on the world."* This approach is hard to replicate in today's world, but members stressed the importance of an iterative process—ideally, one that is regularly updated in real time. An EY expert suggested that boards assess *"the top six outside drivers: political, economic, social, technological, legal, and environmental risk."*

Create multiple scenarios for mitigation plans

Once the risk assessment is performed, risks need to be classified so management can take the appropriate action. Our guests emphasized the importance of management-level risk ownership, in which a specific individual is responsible for executing the mitigation plan and delivering the results to the board or appropriate committee. Members stressed the importance of updating these scenarios on a regular basis to keep them fresh; an annual process is no longer sufficient. These regular updates give board members a better handle on management's efforts and allows boards to ensure that its limited ERM resources are allocated wisely.

Increase the focus on emerging risks

A member cautioned, *"My stay-awake item as an audit chair is the new issues that haven't been identified yet. I'm not worried about known issues; I'm concerned with the ones we overlook and get surprised by someday."* Others agreed, with some noting that it seems like each year their companies seem to be hit by yet another risk that was deemed a low probability. An EY expert suggested that emerging risks be monitored against established criteria so the company can address the risk when it rises to the level of an issue. Technology can help with this process, the expert said: *"Machine learning and AI can help sort data and create scenarios for companies to consider in their industries. Smart leaders can think of different scenarios, but this helps them answer the question, 'What are we missing?'"*

Present a mix of qualitative and quantitative data

While qualitative assessments are an important component of any risk assessment, it is susceptible to inherent bias. A study of polling data from quarterly surveys conducted by Duke University over a six-year period asking 2,000–3,000 CFOs for predictions of their company's future S&P 500 returns found that the actual returns matched the CFOs' predictions, within an 80% confidence interval, only 38% of the time.[4] This underscores the importance of looking beyond management's individual views of a company's risk portfolio.

UNFI's Ms. Kepner said, *"A quantitative approach helps us decide where to allocate capital."* Another expert asserted, *"You need to supplement a qualitative process with quantitative information. What is my risk exposure? Put a price tag on it. You have to turn data into actionable key risk indicators."* One member said, *"We have some quantification on high-priority risks. The key is to link it to our strategic plan."*

Another member noted the importance of quantification but said it remains more of an aspiration: *"Quantitative reporting and key metrics that align with the strategy are very helpful with risk management, but in the majority of my companies, we haven't gotten to that level yet. I'm interested to understand the steps to take to get there."* An EY expert suggested that creating a risk quantification process takes time: *"It's important to be sure you have the right skill sets on your team to begin—not everyone understands the benefits of quantifying risks. I've seen most companies start with foundational data that the company already has and using that to create meaningful metrics and key risk indicators for the top-tier risks in the company."*

Mr. McGarry shared the comprehensive approach his team at Walgreens-Boots Alliance (WBA) takes every six months to assess, mitigate, and report on risks, which incorporates many of the above practices: *"Our process begins with managers of our businesses identifying the risks that are most impactful to their organization. The WBA ERM team both engage with each business and meet with our executives to gather insights on their view of the top risks globally. This process yields two lists of 10–12 risks: our official risk register, and 'other important risks' tracked by ERM. Both documents are shared with the audit committee, along with our risk radar—emerging risks within our landscape or trends we are seeing that could have significant impact on the organization going forward."*

ERM's success depends on strong, empowered leadership

Members and guests debated the merits of embedding ERM ownership with different leaders within the organization. Most members said that their companies do not have a chief risk officer or freestanding risk function. Instead, ERM is often assigned somewhere within an existing organization. In some cases, the ERM process is owned by the internal audit function; others assign the responsibility to the legal department or compliance. Several members said that the emerging practice at many of their companies is to place ERM within the finance organization. An EY expert concurred: *"We are seeing this shift of pulling ERM out of internal audit and bringing it to finance. Moving it to the first line of defense helps enable risk management to be built into existing business processes."*

Audit chairs expressed the strong belief that successful ERM depends more on the skills and stature of the person overseeing it than on where he or she sits in the organization. One said, *"I'm not sure the reporting line is that important; what matters is that the ERM leader understands your strategy, can mobilize mitigation plans as conditions change, has good working relationships with senior leaders, and has a finger on the pulse of the organization."* Another member agreed: *"Leadership in the function matters a lot. In our case, the ERM team handled coordination in the pandemic. The head of the program reports to the general counsel, who makes sure ERM gets a lot of attention from the board."*

One approach that members and guests alike found valuable was the concept of a management-level risk committee. Ms. Thakkar shared the approach at Bristol Myers Squibb: *"We established a quarterly meeting among senior leaders—mostly comprised of executives that make up leadership roles in the second-line functions—to discuss enterprise and emerging risks. For each risk, you need good leadership at the table. Executive engagement and ownership of each risk is essential."* A member shared a new, similar approach that one company started after the onset of the pandemic: *"We created a risk steering committee at the management level where risk owners present their ongoing assessments and mitigation plans, which will eventually turn into presentations to the board. We've just started but are already seeing the value."*

The enhanced role of board oversight

As companies adjust their ERM functions in response to the crisis, boards are discussing how to adjust their own structures and processes to provide better oversight. Members and guests discussed how boards can both work with management to get better information and design their own processes to take better advantage of the time they spend on risk oversight.

Refining the information presented to the board

The board plays an important role in ensuring that risk management is comprehensive, and directors today want and need more from risk reporting. One member stressed the importance of increasing the cadence: *"Once a year is not enough. It's critical that these conversations happen* *at least quarterly and that it's more meaningful than a 10-/15-minute update."* Members and guests addressed the following two key questions.

What information is most useful for boards to review?

Members mentioned some examples of helpful information they are receiving from their management teams. They said that they feel most comfortable with management's approach to risk management when they are presented information in a range of formats, such as easy-to-understand dashboards, written briefings on key risks, and oral presentations on mitigation efforts. One said, *"The ERM process I find most helpful at my companies is one where management and the board do an annual deep-dive risk assessment and then the board receives a quarterly update; one or two of the key risk owners will share a deep dive of risk mitigation plans with the board. So we see the landscape of key risks and do a deep dive of mitigation plans every quarter."* Another added that the best managers clearly demonstrate *"accountability, responsibility, and reporting"* for the most important risks.

EY experts noted that boards should be skeptical of managers who rely too heavily on a traditional heat map or risk register. One said, *"As a director, I would want a tool to provide me with line of sight into categorizing risk and what management will do about it. I would want to see improvement opportunities toward threats, leveraging opportunities for competitive advantage, a tie between ERM and the audit plan, and the strategy for monitoring emerging risks."* Another suggested, *"Think of your 401(k) plan—I expect a portfolio manager to manage the underlying stocks [risks] to keep my portfolio at my accepted level of risk tolerance. Ask management to give you a view of the exposure given the portfolio of risks, not just individual risks in silos. This will help you better understand the risk exposure to the company and enable you to fulfill your risk oversight responsibilities."*

How can the board dig deeper into risk tolerances?

Experts also explained the importance of understanding and quantifying risk exposure under best-, expected-, and worst-case scenarios for each risk and coming together as a board to understand what tolerance level is acceptable. This should be complemented by a menu of options for lowering exposure if it is beyond the company's acceptable tolerance level.

Several members noted that their companies have not yet developed such a mature approach to assessing risk tolerance. One said, *"While there is definitely not unconditional spend against the risks, I'm not sure we have a clearly identified level of risk tolerance."* Another said, *"Some of the risks don't get addressed in our budget process because the likelihood is low even if the cost of impact may be high. So it's hard to address those areas and know how much to mitigate and how much to spend because it's almost impossible to have the redundancy to address every risk; it's just too expensive. I think awareness and how far you go in mitigation is what's important."*

A third member shared some frustration: *"I have struggled with the risk appetite conversation for 20 years and I still have no good answer. Developing risk appetite means estimating what the* *impact will be, and I've found as bad things happen, management teams tend to drastically underestimate the impact."*

Delegation of risk oversight at the board level

On many boards, the audit committee is the primary home for risk oversight, responsible for communicating its risk analysis to the full board. One member shared a process that is working well: *"We do a quarterly discussion of ERM at the audit committee with all senior executives present and we theorize and speculate what could be coming next. And then twice a year we take that and summarize it to the full board. It helps with accountability of management because they work the plan with the audit committee but also have to report out to the full board."*

In some cases, members said, a committee other than audit leads the risk oversight responsibilities on their boards. One member said, *"One of my companies has a separate finance and risk committee that takes ownership. That board spends more meaningful time assessing risk with quarterly updates to that committee and mitigation plans to address each risk. I've suggested the model elsewhere but have gotten reasonable pushback—but I will use the pandemic to advance that conversation."*

Another member shared a different approach in which the full board owns the entire ERM process: *"We have had ERM reside at the board level for the entire time the program has existed. Cybersecurity followed to the board level two years ago. For both of those items, the message to the greater constituency is that these are not just audit issues—it's company wide. If it's in the audit committee, there is a tendency to think, 'Well, it's over there; it's their problem.' So it's important to say, 'No, it's everyone's problem.'"* Another member challenged this approach: *"I think there was a trend to do more ERM oversight at the board level, but I am seeing most of my companies moving this back to the audit committee because we are better equipped to dig into the details, which is important."*

The importance of linking risk to corporate strategy

Many members agreed with one who said that the pandemic has *"awakened the strategic lens of ERM."* Another noted the importance of remembering that the flip side of risk is opportunity and, therefore, *"you can't pull strategy and risk apart."*

EY experts suggest incorporating risk assessment into the strategic-planning process. One proposed, *"ERM strategy can no longer be a bolt-on strategy. Ask, 'Is the ERM program anchored in your strategy? What risks will derail our strategic imperatives?'"* Members shared practices they have used to hold management more accountable on this front. One said, *"The pandemic really caused our company to take a hard look at the ERM process and say, 'We need to do this differently.' We are making an effort to align it with the strategic-planning process, something that was clearly missing from our previous process."* One expert talked about a CEO who was so passionate about getting ERM right that he incorporated ERM goals into his own personal strategic goals for the year. An expert suggested using a litmus test: *"Does ERM help leaders run* *the business? Does it help them figure out where to allocate time and resources? You should be able to quantify the impact to the profit and loss of a risk."*

Conclusion

ERM is not a new concept, but the swift onset of the COVID-19 pandemic has put a renewed focus on the process. Companies have been pushed to work in new ways with employees, customers, and suppliers, and emerging risks have materialized as a result. As the pace of change accelerates, it is critical to have an enterprise risk assessment approach that is data driven and goes well beyond the subjective opinions of company leaders. Boards are seeking more robust reporting from management and more engagement with the managers who are assigned ownership of specific risks. Questions remain about how much of a board's risk oversight should be delegated to the audit committee, but directors agree that given its strategic importance, risk is a topic that should be addressed regularly.

Appendix: meeting participants

Central Audit Committee Network—November 11, 2020

The following network members participated in the meeting:

- Kapila Anand, Elanco Animal Health
- Bruce Besanko, Diebold Nixdorf
- John Bryant, Macy's
- Pat Condon, Entergy
- Marla Gottschalk, Big Lots
- Harry Harczak, Tech Data
- Cara Heiden, Casey's General Stores
- Sandra Helton, Principal Financial Group
- Jay Henderson, J.M. Smucker
- Frank Jaehnert, Nordson
- Tracey Joubert, Cooper Tire
- Laurette Koellner, Celestica, Nucor, and Papa John's International
- Rick Navarre, Covia Holdings
- Rick Neu, Huntington Bancshares *(Southeast member)*
- Neil Novich, Hillenbrand
- Lisa Payne, Masco
- Ingrid Stafford, Wintrust Financial Corporation
- Pam Strobel, Illinois Tool Works
- Phoebe Wood, Invesco

EY was represented by the following:

- Julie Boland, Vice Chair and Central Region Managing Partner
- Rich Bonahoom, Partner
- Lisa Hartkopf, Americas Consulting Risk Markets Leader
- Cigdem Oktem, Central Region Leader, Center for Board Matters

Northeast Audit Committee Network—October 21, 2020

The following network members participated in the meeting:

- Bert Alfonso, Eastman Chemical Company
- Carl Berquist, Beacon Roofing Supply
- Mary Choksi, Omnicom Group
- Bill Creekmuir, Party City
- Art Garcia, ABM Industries
- Lou Grabowsky, Griffon Corporation
- Jan Hauser, Vonage
- Christie Kelly, Park Hotels & Resorts
- Barbara Loughran, Jacobs Engineering
- Craig Owens, The J.C. Penney Company
- Bill Plummer, Global Payments and Waste Management
- JoAnn Reed, American Tower, Mallinckrodt PLC, and Waters Corporation
- Tim Yates, CommScope

EY was represented by the following:

- Dante D'Egidio, Assurance Managing Partner
- Rozina Daruwalla, Managing Director, Consulting Practice

Southeast Audit Committee Network—October 20, 2020

The following network members participated in the meeting:

- Maureen Breakiron-Evans, Cognizant
- Dallas Clement, Truist
- John Davidson, Allergan and Legg Mason Inc.
- Denise Dickins, Watsco
- Cheryl Francis, Morningstar *(Central member)*
- Karole Lloyd, Aflac
- Richard Macchia, FLEETCOR Technologies
- Connie McDaniel, TSYS
- Maureen Morrison, Asbury Automotive Group, ePlus, and Safeguard Scientifics Inc.
- Sherry Smith, Deere & Company *(Central member)*

EY was represented by the following:

- Phil Maxwell, Central Region ERM Leader
- Cigdem Oktem, Central Region Leader, Center for Board Matters
- Dave Sewell, US-Central Audit Leader
- Bryan Yokley, Assurance Partner

Southwest Audit Committee Network—October 22, 2020

The following network members participated in the meeting:

- Curt Anastasio, Par Pacific Holdings
- Nick Chirekos, Peabody Energy
- Marcela Donadio, Marathon Oil
- Barbara Duganier, MRC Global
- Rodney Eads, NOW Inc.
- Paulett Eberhart, LPL Financial Holdings
- John Gallagher, Kraton Corporation
- Sue Gove, Tailored Brands
- Bruce Hanks, CenturyLink
- Mercedes Johnson, Synopsys
- Don Kendall, SolarCity
- Jennifer Kirk, Republic Services
- Teresa Madden, Enbridge
- Guillermo Marmol, Foot Locker
- Royce Mitchell, Pioneer Natural Resources
- Don Robillard, Helmerich & Payne
- Dunia Shive, Trinity Industries

EY was represented by the following:

- Robyn Bew, Director, Markets and West Region Leader, Center for Board Matters
- Scott Hefner, Senior Global Client Service Partner
- Frank Mahoney, Vice Chair and Regional Managing Partner – US West
- Sandra Oliver, US-West Audit Leader
- John Rogula, Americas ERM Practice Leader

West Audit Committee Network-North—October 14, 2020

The following network members participated in the meeting:

- Skip Battle, Expedia
- Susan Cain, Lithia Motors
- Raman Chitkara, Xilinx
- Robyn Denholm, Tesla
- Earl Fry, Hawaiian Holdings
- Alan Henricks, Roku
- Bala Iyer, Power Integrations and Skyworks Solutions
- Lou Lavigne, Zynga
- Jack Lazar, Resideo Technologies
- Cathy Lego, Guidewire Software
- Mary Pat McCarthy, Palo Alto Networks
- Chuck Robel, GoDaddy and Model N
- Jeannine Sargent, Fortive
- Janice Sears, Essex Property Trust and Invitation Homes
- Hilliard Terry, Umpqua Bank
- Nina Tran, Aimco
- Malia Wasson, Columbia Sportswear

EY was represented by the following:

- Robyn Bew, Director, Markets and West Region Leader, Center for Board Matters
- Scott Hefner, Senior Global Client Service Partner
- Frank Mahoney, Vice Chair and Regional Managing Partner – US West
- John Rogula, Americas ERM Practice Leader
- Mike Verbeck, West Region Assurance Managing Partner

West Audit Committee Network-South—October 15, 2020

The following network members participated in the meeting:

- Judy Bruner, Seagate Technology and Varian Medical Systems
- Traci Dolan, Steel Dynamics
- David Engelman, PrivateBancorp
- Leslie Heisz, Edwards Lifesciences
- Diana Laing, Spirit Realty
- Ed Lamb, Real Industry
- Sara Grootwassink Lewis, Sun Life Financial and Weyerhaeuser
- Tim Leyden, Itron
- Steve Orlando, Molina Healthcare
- Steve Page, AeroVironment
- Dick Poladian, Occidental Petroleum and Public Storage
- Jim Scilacci, Hawaiian Electric Industries
- Stephanie Streeter, Kohl's
- Peter Taylor, Edison International
- Joe Tesoriero, Smart & Final Stores
- Wendy Webb, Wynn Resorts

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- Robyn Bew, Director, Markets and West Region Leader, Center for Board Matters
- Scott Hefner, Senior Global Client Service Partner
- Frank Mahoney, Vice Chair and Regional Managing Partner – US West
- John Rogula, Americas ERM Practice Leader
- Mike Verbeck, West Region Assurance Managing Partner

Endnotes

[1] *ViewPoints* reflects the use of a modified version of the Chatham House Rule whereby names of participants and their company affiliations are a matter of public record, but comments are not attributed to individuals or corporations. Quotations in italics are drawn directly from these virtual meetings.

[2] John Rogula, "How to Transform ERM into a Value-Added Decision-Making Capability," EY, August 3, 2020.

[3] Rogula, "How to Transform ERM into a Value-Added Decision-Making Capability."

[4] Itzhak Ben-David et al., *Managerial Overconfidence and Corporate Policies* (Cambridge, MA: National Bureau of Economic Research, 2007).