

EACLN SUMMARY OF THEMES

Influencing for change, risk management oversight, cybersecurity and data privacy, and planning amid uncertainty

April 2025



On April 3-4, 2025, members of the European Audit Committee Leadership Network (EACLN) met in Amsterdam to discuss:

- **Planning in the face of uncertainty: the new US administration** with Steve Weber, Professor, Graduate School, University of California, Berkeley, and Partner, Breakwater Strategy; and Ambrose Murray, Director, EMEIA Public Policy, EY
- **Cybersecurity, AI, and data privacy: a dialogue with CISOs** with Mary Haigh, CISO, BAE Systems, and Lars Falch, CISO, and Kim Bundegaard, Chief Compliance Officer, Novo Nordisk
- **Board and audit committee oversight of risk management** (members-only discussion)
- **Influencing for change to increase shareholder value** with Dan Neale, Responsible Investment Social Themes Lead, and Sofia Bartholdy, Responsible Investment Integration Director, The Church Commissioners for England

This *Summary of Themes*¹ provides an overview of the following discussions:

[Planning in the face of uncertainty: the new US administration](#)

[Cybersecurity, AI, and data privacy: a dialogue with CISOs](#)

[Board and audit committee oversight of risk management](#)

[Influencing for change to increase shareholder value](#)

For a list of meeting participants, see Appendix 1 (page 8).

Planning in the face of uncertainty: the new US administration

Corporate planning nowadays is more about adaptability and agility than predictability. Members were joined by Steve Weber and Ambrose Murray to examine the challenges of strategic decision-making in a new environment for international relations.

Mr. Weber provided perspectives on the current US administration's strategies, and Mr. Murray shared views on Europe's responses. Insights included:

- **Electoral democracy over constitutional governance.** *"The administration believes in a particular interpretation of the primacy of electoral democracy,"* said Mr. Weber. He explained: *"The White House has put forward a 'unitary executive' theory: the president, as the embodiment of the people's democratic will, can push the legislature aside and essentially ignore court rulings, including those of the Supreme Court."* A member responded, *"It's a very scary scenario. You'd hope there are still three forces that act as a check: the markets, when it's about money; the people, when it starts to affect their pockets; and the military."*
- **Creating uncertainty is a deliberate tactic.** Mr. Weber described the US administration's approach as *"engineered uncertainty"*—a strategic choice to destabilize opponents. *"The whole point is to create radical uncertainty. It keeps everyone else off balance and reactive and undermines efforts to control the narrative or anticipate next moves,"* he explained.
- **Boards should stay aware, not absorbed.** This uncertainty is affecting how organizations manage risk and formulate plans. *"It takes away stable anchoring points and clear expectations,"* Mr. Weber noted. Boards and leadership teams must monitor these dynamics closely without becoming overwhelmed. He advised, *"You need systems to track all this—but if you absorb too much at once, you risk letting the 'flood the zone' strategy win."*
- **Coercive bargaining creates strategic pressure.** *"'America First' really means imposing American power without restraint in bargaining,"* said Mr. Weber. *"If you need us more than we need you, you'll pay for the privilege."* This goes far beyond bargains with other nations, he noted, describing recent actions against US law firms: *"Paul Weiss settled with the administration at \$40 million in pro bono work. The next law firm to cut a deal, Milbank, agreed to \$100 million. The price went up. The US administration sees weakness as a reason for more pressure. Strategically, it creates incentives to want to be first to make a deal, not last."*
- **Europe is adapting with tougher, more coordinated negotiation.** European political leaders are adjusting how they deal with the US administration. *"They are all seasoned negotiators, but they haven't quite seen this style before. The one thing*

they know is to step away from the mic—they won't react immediately," said Mr. Murray. "It's not really visible from the outside but President Von Der Leyen has been streamlining her Commission and centralizing decision making. The heads of the Member States and President Costa seem to be content following her lead." The strategy emphasizes strength and coordination. He noted, "You have to go back as a tough negotiator. If you negotiate from a position of weakness, you'll lose." Mr. Weber added, "It reminds me of the old Kissinger line—'When I call Europe, who answers the phone?' Now, you're starting to see an answer to that question in a way that hasn't been true before in Brussels."

A forthcoming ViewPoints will provide additional detail on the themes of this session.

Cybersecurity, AI, and data privacy: a dialogue with CISOs

Digital innovation is fueling a rise in the scale and complexity of cyber threats. Tools that promise efficiency and insight, such as generative AI, also introduce new vulnerabilities, often faster than oversight frameworks can adapt. Members were joined by security executives Mary Haigh and Lars Falch to explore the threat landscape, cybersecurity oversight, and how audit committees can build trust with security leadership.

Key themes emerged:

- **AI is scaling cyberattacks but not yet making them smarter.** A member described a recent attack: *"The attacker found names from conference attendee lists and LinkedIn posts welcoming new hires, then triggered account blocks by repeatedly failing login attempts. The goal was to disrupt operations."* Mr. Falch said that this reflects a broader trend: *"Forget the myth of AI-versus-AI battles—for now. What we're seeing is AI being used to scale attacks, not make them more sophisticated. Everything in that example could be done manually, it just would have taken longer."* He added, *"However, broad phishing is being replaced by highly targeted, precise spear phishing attacks at scale."* He noted that companies are using AI defensively, to triage incidents so that teams can focus on bigger threats.
- **Boards need to manage data sovereignty.** *"There's growing tension between the desire for data sovereignty—because we no longer know who we can trust—and the need to leverage large cloud providers, some of which deliver support from countries like China,"* said Dr. Haigh. She noted ways to manage the risk: *"You can have conversations with providers about where your support comes from, who can access your data, and negotiate contractual limits accordingly."*
- **The real value of cyber insurance is governance and expertise.** Members agreed that insurance does not provide a safety net in a cyberattack. *"In many high-risk areas, insurance generally doesn't offer much economic value,"* said one. *"The*

real value is governance—it signals responsibility and connects you to people who can help you recover.” One audit chair described creating a mutual insurance group with other companies: “It helps foster strong relationships with insurers, improves pricing, and creates a trusted network where members share experiences and support one another against cyber threats.”

- **Trust and transparency underpin audit committee relationships with security leaders.** *“The only way this works is through trust,” said Mr. Falch. “The audit committee needs to trust that the CISO won’t sugar-coat or sweep things under the rug.”* Collaboration between audit committees and CCOs is key in overseeing data security, Mr. Bundegaard noted: *“Our audit committee invites me regularly to meetings. We have quarterly updates and deeper discussions every six months. A while back, we spent a full day together. That helped us discover new perspectives.”*

China leads in scale, stealth, and long-term cyber positioning.

“China has always been a threat, but that’s changed. It’s no longer opportunistic—it’s strategic, professional, and fast,” said Dr. Haigh. *“Palo Alto Networks recently had a major firewall vulnerability which allowed attackers to gain control of devices without logging in—effectively bypassing security. Chinese actors were targeting these exposed firewalls within 41 minutes of the flaw being made public. When your team sees a zero-day alert, you need to be locating systems and patching within minutes, not days.”* She also highlighted China’s use of pre-positioning: *“They’re quietly planting digital booby traps in critical national infrastructure—not to trigger now, but to activate in future geopolitical scenarios.”*

Board and audit committee oversight of risk management

“Risk comes from not knowing what you’re doing,” Warren Buffett once remarked. EACLN members generally agree that risk oversight is among an audit committee’s most essential duties. Members set aside discussion of individual risks to examine the machinery of oversight: how boards and audit committees maintain visibility into current risks, track emerging threats, and ensure that mitigation efforts are working.

Key observations included:

- **Effective risk oversight requires a view in all directions: forward, top-down, and bottom-up.** *“In many companies, risk reporting looks backwards,”* said a member. *“There’s a lot of analysis of how risks developed in the past, but I’m more interested in how they could develop going forward.”* Another described how their audit committee overhauled its risk management system after a serious incident: *“We brought in Big Four firms and IT experts to redesign our approach. Now we have a combination of bottom-up and top-down reporting, with a clear reporting line*

to the appropriate executive board member.” Such an approach helps ensure risks are identified early, whether by employees on the ground or leaders connected to the wider business environment.

- **Agility and response speed define risk resilience.** How a company reacts when risks materialize is as important as identifying them early. *“You can’t control the uncontrollable. The key is how you respond when a risk crystallizes,”* noted a member. Another commented, *“You need the ability to recognize when everything has changed, and you have to be nimble and able to react. That’s what separates a good company from an excellent one.”*
- **External perspectives can help prevent gaps.** *“If you don’t have an open eye for risks, you have to be careful not to let bias take over,”* said a member. *“Sometimes you see only what you expect to see and miss what’s actually there because of that bias.”* Another pointed out that external parties can help avoid biased questioning too: *“It’s very important to have external perspectives. They can ask the questions you might not consider relevant to your company—but actually are.”* One audit chair added, *“I’ve found having someone from an insurance company giving their view on the company’s risk situation to be valuable.”*
- **Focus scenario planning on outcomes, not triggers.** Members emphasized that in the current environment, it is more useful to analyze the potential consequences of events than to plan for their causes. *“It’s not the inherent risk, it’s the residual risk. It’s the impact, not what caused it,”* said one. Another added, *“You don’t always know what will cause something, but there are ten to twenty outcomes you may need to respond to. That’s the new version of scenario planning.”*
- **A no-blame culture fosters honest conversations.** Effective risk management relies on an environment where issues can be raised openly, both within the management team and in the boardroom. One member said, *“Having the right CEO creates the right culture—issues are recognized, surfaced, and discussed, not hidden.”* The board’s approach to problem solving can encourage these frank discussions with leadership. *“In the past, the board would say, ‘bring us solutions.’ Now, it’s ‘bring us your problems.’ That’s what the board is for: to be an advisor, a supporter, and a challenger to executives,”* observed a member. As one audit chair put it, *“It’s not ‘them and us,’ it’s ‘we’re all in this together.’”*
- **Risk appetite and pace matter in seizing opportunity.** Understanding risk appetite is important, not just to avoid threats, but to recognize opportunities. *“How you deal with risk shows whether you’re risk-averse or a risk taker,”* noted a member. *“The opportunities are there and missing them matters. One person’s risk is another’s opportunity.”* He noted using the risk framework effectively and updating it regularly is key. EY’s Mr. Sidhu emphasized the value of maintaining a clear call to

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— EACLN member

action even when risks emerge slowly: *“Crisis generates magic. The challenge is having that same speed and clarity when risks are slow-burning and less visible.”*

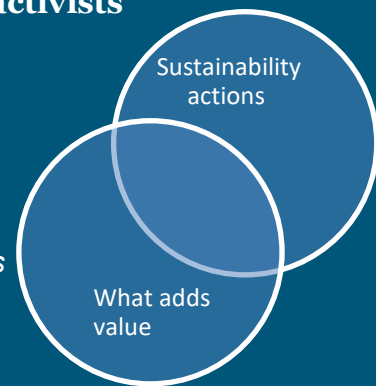
Influencing for change to increase shareholder value

Society expects investors, particularly those with long-term or values-based mandates, to influence both financial returns and corporate behavior. The Church Commissioners for England, managing the Church of England’s endowment, aims to deliver long-term value while upholding ethical, social, and environmental principles. Members met with Dan Neale and Sofia Bartholdy to discuss the Commissioners’ approach and considerations for boards navigating investor expectations, ethics, and long-term value.

How the Church Commissioners differ from activists

The Church Commissioners is a perpetuity endowment fund. Members were eager to understand how their approach compares to that of activists.

Ms. Bartholdy offered a helpful distinction: *“Imagine a Venn diagram with two circles—sustainability actions and what adds value. We look for the overlap. Activists often go beyond what adds value to the company. Our focus is always on the aspects of sustainability which align with our return targets.”*



Mr. Neale and Ms. Bartholdy shared their perspectives:

- **Focus on real-world impact, not portfolio optics.** While pressure to meet net zero targets is rising, members advocate putting emissions reductions ahead of cleaner-looking portfolios. One explained: *“Take steel production in Europe: emissions could be cut by 70% with modern technology, but reaching net zero would require switching to hydrogen—an expensive option that isn’t feasible for every plant. The result? Production may move to China or India, who may produce more emissions.”* Mr. Neale added: *“Net zero world vs. net zero portfolio—we’re trying to focus on how we can contribute to real-world decarbonization, instead of looking at aggregate emissions in isolation.”*
- **Adopt clear, meaningful commitments to human rights using established frameworks.** *“Some European legal requirements in supply chains have become unmanageable. How would you assess whether a company has a good or bad human rights policy?”* asked a member. Mr. Neale pointed to established standards such as the UN Guiding Principles on Business and Human Rights (UNGPs) as a core standard, and methodologies such as the Corporate Human Rights Benchmark as a starting point to guide assessment of companies: *“Article 16 of the UNGPs*

expects companies to have made a meaningful, senior-level commitment to respect human rights. But many haven't."

Assessing human rights performance

Mr. Neale noted that the Church Commissioners use three core indicators:

- **Policy commitment.** Has the company made a clear, formal commitment to respecting human rights?
 - **Public disclosure.** Is the policy publicly available, signed off by senior leadership, and backed by a clear due diligence process?
 - **Grievance and remedy mechanisms.** Are there effective processes in place to address and remedy harm when it occurs?
- **Balance environmental goals with social realities.** Members discussed the trade-offs between environmental and social priorities. For example, applying strict environmental criteria could overlook vulnerable communities, creating what a member described as, "a social bomb". Ms. Bartholdy responded, "We don't have many binary rules for this reason. We have to make assessments on a case-by-case basis on what the best approach is, but it would not be possible to completely avoid trade-offs."
 - **Qualitative and quantitative data in sustainability reporting enable informed decision-making.** "It takes a great deal of resources to include qualitative data in Corporate Sustainability Reporting Directive reports, and they are never read by a person," said a member. "Focusing on quantitative data would reduce the number of pages and make them more comparable." Mr. Neale responded, "Yes, most reports are going to be reviewed by AI. But we still look at the quantitative and qualitative content for specific companies and issues."
 - **Engagement drives change.** "Where companies refuse to engage on an important issue, we may disinvest. We've also experienced situations where investor relations shielded the board or key staff, making it harder to have a meaningful engagement," said Mr. Neale. A member recounted how their company actively reached out to invite a socially responsible investor to support a new venture and found the engagement to be valuable in burnishing the venture's credibility and reputation.

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Appendix 1: Participants

The following members participated in all or part of the meeting:

Philip Broadley, AstraZeneca
Laurence Debroux, Novo Nordisk, Exor, and Randstad
Renato Fassbind, Nestlé
Byron Grote, AkzoNobel
Monika Kircher, RWE
Pamela Knapp, Saint-Gobain
Dagmar Kollmann, Deutsche Telekom
Benoît Maes, Bouygues
John Maltby, Nordea
Alexandra Schaapveld, Société Générale
Carla Smits-Nusteling, Nokia
Robert Jan van de Kraats, Ahold Delhaize
(prospective member)
Maria van der Hoeven, TotalEnergies

The following members participated virtually in part of the meeting:

Ana de Pro Gonzalo, STMicroelectronics
Liz Doherty, Novartis and Philips
Eric Elzvik, Ericsson and Volvo
Carole Ferrand, Sanofi *(prospective member)*
Margarete Haase, ING
Anne-Françoise Nesmes, Compass Group
Stephen Pearce, BAE Systems
Frank Witter, Deutsche Bank

EY was represented by the following in all or part of the meeting:

Hermann Sidhu, EMEIA Assurance Leader

The following Tapestry Networks representatives participated in all or part of the meeting:

Beverley Bahlmann, Executive Director
Jonathan Day, Chief Executive
Laura Koski, Project and Event Manager
Todd Schwartz, Executive Director
Hannah Skilton, Associate

Endnotes

¹ *Summary of Themes* reflects the network's use of a modified version of the Chatham House Rule whereby names of members 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 members and guests in connection with the meeting but may be edited for clarity.