

CEP Magazine – November 2020 Evolving oversight: Trends with boards of directors

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Like all aspects of compliance and ethics programs, boards of directors—and how they exercise program oversight—are constantly changing and evolving to match the companies and constituencies they serve. As crazy as this past year has been, this has still held true. In fact, some of the trends below may be accelerating.

Across industries and geographies, here are a few of the leading trends in boards of directors we've noticed so far in 2020.

- **Greater emphasis on diversity.** Just as organizations are pushing for their senior leadership teams to reflect the diversity of their employees and communities, they have also turned a critical eye to the groups represented on their boards. Many companies are now setting goals for including a certain number of female directors or directors of diverse ethnicities. Jurisdictions are starting to put pressure on companies in this regard as well. There's a recognition that this diversity brings fresh perspective and insight.
- **Rotating committee chairs.** We've also seen many leading organizations institute policies that emphasize rotation of the chairperson responsibilities for key committees on a periodic basis. This keeps committee chairs fresh and allows for new viewpoints, and it also facilitates director succession planning. As more tenured directors retire, other directors are better prepared to take on their responsibilities.
- **More attention on metrics.** Metrics around culture surveys, reporting numbers, and investigations are becoming an integral part of most chief compliance and ethics officers' board reports. In light of recent updates to the Department of Justice's guidance about evaluating compliance and ethics programs,^[1] there has been an expanded appetite for even more metrics and data analysis. In particular, we see boards interested in data about how frequently employees access policies, communications, and similar materials. Armed with this information, directors can more clearly see trends and trouble spots that may be emerging.
- **An increasingly coordinated narrative around environmental, social, and governance (ESG) factors.** The ESG market is gaining greater attention, as companies are figuring out how to more effectively pull the disparate themes of work on the E, the S, and the G together to tell a coherent story around the ways in which they support their stakeholders and the communities in which they work.

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