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Enabling ethical leadership

When considering an organization's culture, it is clear that all corporate actors play a role in its development. The Board of Directors is clearly not excluded from consideration. Gone are the days—if they



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ever indeed existed—where the Board's obligations towards an ethical culture started with selecting the CEO and little more. These advancements were most recently reflected in the "Commonsense Principles of Corporate Governance," issued in July of 2016 and sponsored by

a number of high profile chief executives, significant institutional investors, and others who spend a lot of time speaking and talking about corporate governance.¹

So how can Boards be a meaningful part of supporting, assessing, and progressing an ethical corporate culture? In this era of increased transparency, we have seen several changes that provide the Board with greater insight into the business and employees with increased access to the Board. Companies increasingly vary the location of their Board meetings, even as often as twice a year, to provide directors with increased exposure to remote parts of the business. Where travel is difficult, companies might bring the key members of that remote business to directors instead (virtually or otherwise). Directors meet with various stakeholders both inside and outside the business (key clients, key suppliers, high potential employees, key institutional

investors, and others) to hear directly about the issues that concern them.

These kind of activities must of course be balanced with a strict adherence to the oversight role of a director. But there is an increased awareness amongst directors that succession planning must go beyond just the CEO role, and in order to identify good internal candidates, directors must spend time with promising employees from a variety of key control functions.

Due to ever increasing pressure on employees' time and corporate resources, there has been increased interest in metrics that reflect a successful ethics and compliance program. Benchmarking programs provides invaluable insights, as properly conducted benchmarking processes provide opportunities to compare your organization's program and practices to other leading companies or peers and identify gaps and areas for improvement. Benchmarking also provides an opportunity for compliance and ethics personnel to provide executives and Board members data and analysis that supports program recommendations. As part of a benchmarking process, more and more companies are evaluating Board oversight responsibilities and looking to identify places in which their directors can be more engaged with supporting their culture. *

1. <http://bit.ly/gov-principles>

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