



Corporate Culture and Governance:

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NACD Philadelphia Chapter



Moderator:

Howard Brownstein

President, The Brownstein Corporation,

Panelists:

Robyn Bew

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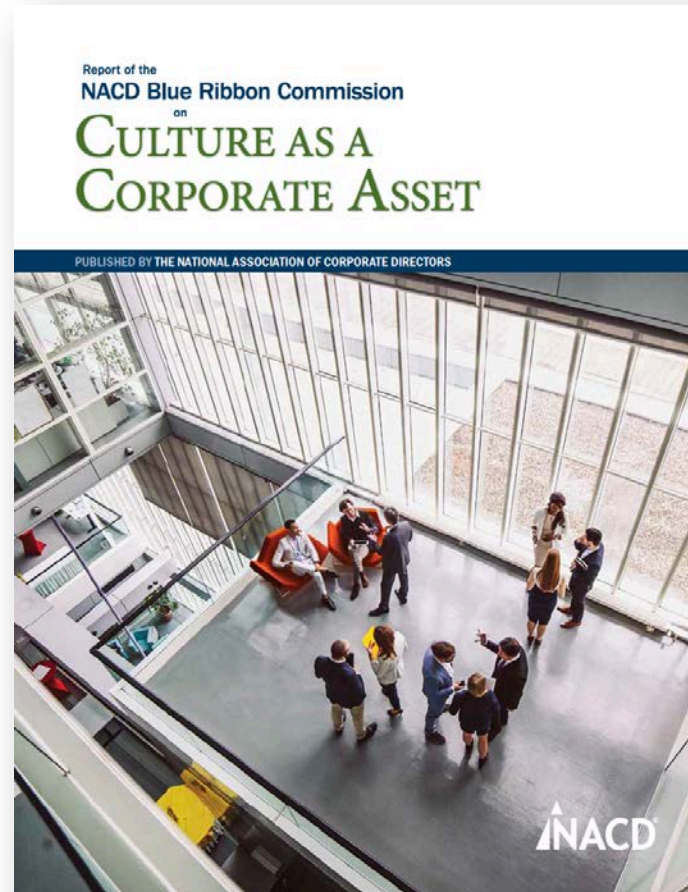
Holly Gregory

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Veta Richardson

President and CEO, Association of Corporate Counsel (ACC)

2017 Blue Ribbon Commission Report



www.NACDonline.org/culture

NACD 2017 BRC Recommendations



- 1. Establish clarity on the foundational elements of values and culture—where consistent behavior is expected across the entire organization regardless of geography or operating unit—and develop concrete incentives, policies, and controls to support the desired culture.**
- 2. Take a forward-looking, proactive approach to culture oversight in order to achieve a level of discipline that is comparable to leading practices in the management and oversight of risk.**
- 3. Because of its significant interdependencies with strategy and risk, treat active monitoring of the organization’s culture as a full-board responsibility, with specific oversight activities housed in committees as appropriate.**
- 4. Regularly review the culture of the whole board and its key committees, both formally (via the evaluation process) and informally (by making time for reflective conversation in executive sessions).**
- 5. Assess whether the chief legal officer/general counsel and other officers in key risk-management, compliance, and internal-control roles are well positioned within management and in relationship to the board to support an appropriate culture.**



- 6. Integrate culture into the board's ongoing discussions with management about strategy, risk, and performance, emphasizing that the way in which results are achieved is as important as whether or not a given goal is met.**
- 7. Set the expectation with management that regular assessments of culture will include both qualitative and quantitative information and incorporate data from sources outside the organization.**
- 8. Make culture an explicit criterion in the selection and evaluation of the CEO, and set the expectation that the CEO and senior leaders do the same in their own leadership development and succession-planning activities.**
- 9. Review the company's recognition and reward systems (including incentive compensation as well as promotion decisions and other nonfinancial rewards) to ensure that they reinforce the desired culture and avoid unintended outcomes that could undermine culture.**
- 10. Describe in shareholder communications how the board carries out its responsibility for overseeing and actively monitoring the company's culture.**



The GC as Culture Influencer



Recent ACC Report by Veta Richardson & Mary Blatch, *Leveraging Legal Leadership: The General Counsel as a Corporate Culture Influencer* (2017) (available at www.acc.com)

Advocates that the board view the GC as a “key ally and partner in establishing a corporate culture that supports corporate performance without compromising ethical behavior, and legal and regulatory compliance.”

Identifies 5 indicators of whether the GC is well-positioned for this role:

1. The GC reports directly to the CEO and is considered part of the executive management team
2. The GC has regular contact with the board
3. The GC is viewed as independent from the management team
4. The GC advises on issues outside the traditional legal realm, including ethics, reputation management, and public policy
5. Business units regularly include the legal department in decision-making

