AICD Governance Summit, Melbourne
1 March 2018

THE EVOLVING ROLE OF DIRECTORS SAM MOSTYN

Thank you for that generous and personal welcome to country Ian Warrend-Badj – I would also like to acknowledge that we meet on the traditional lands of the Kulin Nation, and pay my respect to elders past and present, and acknowledge any indigenous people in the audience this morning.

Thank you Elizabeth and the AICD team for inviting me to share some thoughts with you about the evolving role of directors.

As Elizabeth has just highlighted, the focus areas of this Summit come at a critical time for everyone involved in governance.

Groucho Marx once observed:

'The secret of life is honesty and fair dealing. If you can fake that, you've got it made!'

Well, what might once have been a funny line, today feels more like a reflection on our changing times.

Not just in relation to the new notion of 'fake news', but with the collapse in trust revealed in the various surveys referenced by Elizabeth Proust this morning.

Clearly, many now feel that we are faking honesty and fair dealing.

Whether it be the insights from the Edelman Global Trust Barometer, or the reflections of directors themselves in the AICD/KPMG survey released yesterday, we are living in changing times.

The KPMG survey was a fascinating insight into the contemporary director's world:

While the majority of directors believe trust is important, less than half believe that their Board currently has a pro-active approach to building trust with stakeholders, and only 23% believe that they have 'meaningful' metrics of trust.

And in thinking about the hierarchy of stakeholders, directors ranked 'the local community in which we operate' third highest, above government and investors (but closely behind customers and employees).

I'm old enough now to know, and remember, that we have been here before – examining trust and accountability.

Perhaps not with the same complexity, interconnectedness and consequence of our world today – but certainly, we've seen failures of governance that have captured the public's imagination, and led to both increased public and regulatory scrutiny, and nervousness about the role of boards and directors.

I'm thinking in particular of the collapse of the insurer, HIH, and the ensuing Royal Commission into that event which reported its findings in 2003.

It was of great interest to me at the time, as I was working at Insurance Australia Group, where our CEO Michael Hawker, together with our board chaired by the late James Strong, was deeply invested in the question of corporate culture, governance, trust and sustainability.

Almost 15 years ago, the HIH Royal Commissioner, Justice Neville Owen, took the opportunity in the opening of his report to canvass the landscape of governance. He commented that:
'it would be a mistake to dismiss the case of HIH as simply a corporate aberration which could be avoided in future by tougher legislation and corporate governance rules'.

He noted that a collapse of this kind could recur:

‘if directors, executives and professional advisers ask themselves – how far can the prescriptive dictates be stretched... rather than ‘Is this right?’

Good governance, he warned back in 2003, is not simply a set of boxes to be ticked. It requires the courage to question, and act – so that the safeguards to protect the public, actually do so.

Justice Owen noted that, while regulation is necessary, he thought that:

'all those who participate in the direction and management of public companies, as well as their professional advisers, need to identify and examine what they regard as the basic moral underpinning of their system of values'.

It is an insight which can be applied to any organisation.

What I heard in Justice Owen’s words, and no doubt what we will ultimately hear from the current Banking Royal Commission, is that some quite old-fashioned principles guide good governance – for any organisation – however structured; whatever industry; whatever size. And to my mind, they are the principles of stewardship.

As you all know, it is a privilege to serve as a director – to be invited to play a key role in the success of an organisation. I’m sure we all aim to leave any organisation we’re involved with in better shape than when we joined – to take a longer term view and create sustainable long term value; to help shape an ethical and principled tone from the top; to create legacies and inter-generational success. To have those that depend on us, and observe us – to trust us.

Our newspapers, broadcast and social media, our workplace conversations, our regulator briefings are all now grounded in the questions of stewardship – of trust, values and character – whether in politics, business, sport, the arts, media, civil society and NGOs, the bureaucracy, our police forces or defence force – in institutions like churches and universities. And in the shadow of #MeToo and other social movements, our communities have heightened, and more knowledgeable expectations, of those who sit around the top tables.

On an almost daily basis in the last month alone, we have learned of allegations of misbehaviour by someone in a senior, influential, leadership or governance role.
Simon Longstaff, founder of The St James Ethics Centre recently published a very thoughtful piece on Trust, Legitimacy and the Ethical Foundation of the Market Economy. He has written an opinion piece based on this in the most recent edition of Company Director.

I commend it to you.

Responding to the trust and stewardship question, Simon reminds us that we also need to consider 'legitimacy' and takes us to a time in the 18th and 19th centuries when markets were believed, and relied upon, to increase the stock of public good, with corporations playing fundamental roles within those markets.

He says the following:

'So, from the beginning, the purpose of the corporation per se was to advance the "prosperity and happiness of man". As a creation of society, the corporation was never intended to provide an exclusive (or dominant) benefit to shareholders. That is, a limited focus on increasing shareholder wealth is not a purpose of the corporation.'

It's an important piece of historical context.

He goes on to propose this:

'Although I have never seen it expressed in these terms, it seems that it is at least arguable that company directors have an implied fiduciary duty to shareholders, to govern the corporation in a manner that does not give rise to the risk that society might remove or mediate the privilege of limited liability on which their shareholders so heavily rely.'

In other words, there is much more to the notion of 'the social licence to operate' than we might think when we use that term now.

Simon suggests that Company directors (and I would extend this to any directors) need to start repositioning the organisations they govern as integrated parts of civil society, and to find new ways to sit “on the same side of the table” as the people.

He concludes that ‘This is not about transactions – but relationships. Privileges like limited liability are best protected by popular consent – not by the assumption that they’re mandated by history and protected by an (increasingly impotent) political class’.

Now, it has certainly been my recent experience that boards of all kinds are talking about the ‘social licence’ – and trying to work out not only what this is, but how it is earned and maintained. I think the KPMG director’s survey results give us an insight into the fact that the topic, and its inextricable link to trust, are top of mind for directors, but that we are in the early stages of understanding how to define this ‘social licence’ in today’s world, and build appropriate metrics to test whether we are doing it well.

As I’ll explain later, it is clear to me that this task is carried out more competently by diverse groups of people in inclusive organisations.

This concept of an organisation’s place within our community and society has come to dominate the discussion of whether we are in fact playing our stewardship roles well enough, and as Simon points out, goes to our capacity to build long term relationships beyond the transactional kind.

In this area, I’m a great fan of the work of Rachel Botsman, whose 2017 book ‘Who Can You Trust?’ is a must-read for directors. Her insights on the erosion of trust in systems and institutions, and the rise of the new dynamic of ‘distributed trust’, which underpins the sharing economy, are vital signposts for directors and boards grappling in this area. Her work also helps to explain the growing interest in new governance models such as B-Corps, and the rise of Shared Value and Integrated Reporting.

One of the elements of stewardship in the midst of these challenges which I think helps us navigate better, is the role of ‘purpose’. Alongside ‘values’, ‘purpose’ now gets a lot of airplay.

But, it has been my long experience with the companies and organisations whose boards I've served on, that where time is spent truly understanding the purpose of the organisation's place in the community, the building of sustainable and meaningful relationships can then flourish. Whether with customers, with employees, with suppliers, with investors, and so on.

This is not a prescription for the Enron-type of stewardship - where the posters on the walls said one thing, whilst behaviour said another. Quite the opposite.

This is the work that engages entire organisations, from where the long term strategy emerges, and guides and focuses what the organisation cares about, and how it goes about it.

It's been a delight as a director to see purposes developed by many organisations such as Transurban's 'to strengthen communities through transport' and Mirvac's 'Reimagine Urban Life', which have taken those companies to new understandings of the role they play in our society.

The purpose work is important in all types of organisations, not only companies. I have seen it's impact at sporting clubs, member associations, not-for-profit organisations and across civil society.

So, amongst all these challenges for us as stewards of our organisations, there are positives.

It was heartening to find deep in the Edelman Barometer for 2018 that there are some important green shoots where trust is growing and community expectation may be being met. Whilst we no longer trust governments, the media, and even 'people like ourselves', Edelman has seen broad gains in trust for expert voices across business, with the effect that technical experts, financial industry analysts, and successful entrepreneurs all enjoying credibility levels of 50 percent or higher today.

As Richard Edelman himself points out –

'There are new expectations of corporate leaders. Nearly 7 in 10 respondents say that building trust is the No. 1 job for CEOs, ahead of high-quality products and services. Nearly two-thirds say they want CEOs to take the lead on policy change instead of waiting for government, which now ranks significantly below business in trust in most markets.'

The growing regard for voices of authority is in accordance with the mounting expectations for today's businesses, and CEOs especially, to lead.

As Elizabeth highlighted this morning, 65% of Australian respondents in this year's Edelman Trust survey said that business leaders should take the lead on change, rather than waiting for government, and we saw an increase in trust towards company directors and CEOs as key spokespeople on societal issues.

This is important.

First, it underscores the critically vital role of boards in appointing the right CEOs for their organisations.

And second, it means that boards and their directors are now having to consider just how this step into the public sphere on social issues is navigated, and by whom.

Employees, too, give their employers credit for, and have an expectation of them leading on change. The 2018 Trust Barometer shows strong levels of employees' trust in their employers to do what is right, with a global average of 72 percent trust. In only two countries – Japan and South Korea – are trust levels below 60 percent.

It's fair to say that we saw this convergence of expectation play out through the Marriage Equality debate across Australia in the last year. And I suspect we may see a similar stepping up of these players when it comes to the resolution of a lasting and respectful acknowledgment and inclusion of Indigenous Australians, as sought in the Uluru Statement.

We see this also where organisations take strong action on issues such as mental health, domestic violence, and racism.

I believe one of the reasons we are seeing a transfer of expectation on leadership and change to business, and to organisations outside the political and policy environment, is that we are all living through some of the most complex, global, and interconnected challenges imaginable. This necessarily impacts the role of directors.

The 2018 Global Risks Report from the World Economic Forum identifies the 4 macro risks as

- environmental degradation;
- cybersecurity breaches;
- economic strains; and
- geopolitical tensions.

And their "Future Shocks" section the report cautions against complacency and highlights the need to prepare for sudden and dramatic disruptions.

The confluence of the impacts of climate change, social and economic inequality in its many forms, tens of millions of migrants and refugees on the move across the world, stress on our natural environment and food sources, the rise of small and large Artificial Intelligence, the future of work, rapid demographic shifts and new geo-political tensions as the world rebalances... all these sustainability problems, and more, have exposed governments, and our traditional ways of governing and organising, as inadequate to solve these wicked problems and navigate successful futures for our communities.

This is why in 2015, we saw for the first time, the collaborative efforts of the UN, national governments, civil society and business lead to the establishment of the Sustainable Development Goals - a development supported by many of Australia's leading businesses and investors, alongside civil society.

Amidst this changing landscape, the role of Investors has become key, and it is clear that many of them have a rising and active interest in the qualitative aspects of our stewardship of companies, and now expect directors to be engaging with sustainability issues.

In January, Larry Fink, the Chairman of BlackRock, one of the world's biggest investors, focused his Annual Letter specifically on the role of stewardship, trust and the role of business in society.

Celebrating BlackRock's 30th anniversary, Fink underscored the importance of this in appointing his Vice-Chairman, Barbara Novick to lead a dramatically increased focus on what he calls 'investment stewardship'.

It is a three page letter I recommend you read, no matter what organisation you help steward. It is a harbinger of significant change.

Amongst its many valuable insights about the need for long term strategy, reliable policies and processes, strong culture and strong governance, Larry Fink says the following:

'Your company's strategy must articulate a path to achieve financial performance. To sustain that performance, however, you must also understand the societal impact of your business as well as the ways that broad, structural trends – from slow wage growth to rising automation to climate change – affect your potential for growth... the board's engagement in developing your long-term strategy is essential because an engaged board and a long-term approach are valuable indicators of a company's ability to create long-term value for shareholders...

Directors whose knowledge is derived only from sporadic meetings are not fulfilling their duty to shareholders. Likewise, executives who view boards as a nuisance only undermine themselves and the company's prospects for long-term growth."

He also pointed out that the board is essential to helping a company articulate its purpose and engage with stakeholders on a broad range of issues.

As with many investors today integrating broader issues into the investment process, the sentiment behind the Fink letter tells us that being able to manage environmental, social, and governance matters demonstrates leadership and good governance that is so essential to sustainable growth.

It is telling that the questions that Larry Fink suggests companies ask themselves go to the heart of the Sustainability and innovation issues of our time.

These are not the sorts of questions that have traditionally been asked of directors and boardrooms.

Questions such as:
'What role do we play in the community? How are we managing our impact on the environment? Are we working to create a diverse workforce? Are we adapting to technological change? Are we providing the retraining and opportunities that our employees and our business will need to adjust to an increasingly automated world? Are we using behavioural finance and other tools to prepare workers for retirement, so that they invest in a way that that will help them achieve their goals?'

At the same time, as James Moody predicted in his book "The Sixth Wave", we are also living in a time of unprecedented opportunity characterised by innovation:

'a wave of innovation driven by resource efficiency, enabled by the pricing of waste and natural resources, and turbo charged by clean technology.'

It is this balance of accounting for our responsibilities and managing risks, and participating in the opportunities presented by our changing world, that makes our stewardship role complex, but rewarding.

So, we've had plenty of road signs for what good stewardship looks like. We see investors, amongst others, raising the bar with their expectations about how companies and organisations play their role in society, and take advantage of innovation. And regulators are now holding boards directly accountable for the culture of their organisations. It is now the norm for regulators such APRA and ASIC to sit across the table from Chairs and directors to probe us on our understanding of our organisation's culture – to ask us to demonstrate a reliable capacity to diagnose, test, and account for the behaviour and values of the organisation. You only need to read recent speeches of the Chairmen of those regulators to see the extent of the change underway, and the new expectations of boards.

So, what does all this mean for a director?

What could it mean for you, wherever your company, organisation, department, club, charity sits in our community?

The role of a director has always been evolving, and responding to our changing times – and given the world we now live in I believe that there are new skills, attributes and intentions required of the contemporary director, and an enhanced stewardship role for boards.

This is as true for a small charity, or a sporting club, or a member association, as it is for a large listed company.

Over many years, I have had the great privilege of serving on the boards of many different organisations – large and small, corporate and not-for-profit, government and non-government across diverse sectors and industries, including sport and the arts.

My observation about what is changing is twofold:

First – who sits around the board table?

Second – The character and quality of the work around that table, and the new conversations required to discharge the expectations of society.

Turning to the composition of our boards, I believe we are simply not moving fast enough in building effective diversity and inclusion in governance, and embracing qualities like humility, curiosity, the capacity to deal with complexity, a comfort with uncertainty, and a genuine interest in the culture of organisations.

Despite good intentions, and some undoubted leadership from many of our leading companies, our overall progress is frustratingly slow.

This poses both a great risk, and more importantly, leads to missed opportunities.

As Larry Fink pointed out in his shareholder letter, BlackRock will ‘continue to emphasize the importance of a diverse board. Boards with a diverse mix of genders, ethnicities, career experiences, and ways of thinking have, as a result, a more diverse and aware mindset. They are less likely to succumb to groupthink or miss new threats to a company’s business model. And they are better able to identify opportunities that promote long-term growth.’

He is not alone in articulating this challenge.

In a recent speech at Regent’s University in London reflecting on the qualities of leadership in the finance sector and more broadly, Bank of England Governor Mark Carney reflected on the duty of leaders to promote a culture of inclusion to realise the benefits of a diverse workplace. Mr Carney advised leaders: 'in a world of division, fusion will bring breakthroughs. Select your teams wisely and recognise that while diversity is a reality, inclusion is a choice. Take it'.

Mr Carney also identified humility as a key characteristic of successful leaders – commenting that leaders should be ready and open to listen to different points of view, and ready to 'engage people’s intuitions and win their trust in order to convince them'.

I could swamp you with data about the benefits of diversity on boards and in teams – most particularly around gender diversity – but also cultural diversity, thinking styles, age, lived experience, and so on.

But rather than do that, I hope you can see from the significant shift in the attitudes of Investors and regulators, that good stewardship is enabled and enlivened by a genuine mix of diverse people who can engage in meaningful discussions, test and probe assumptions, and avoid much of the bias and risk of group-think.

My experience of diverse groups engaged in governance, compared to homogenous groups, tells me that the theory certainly plays out in practice. And it’s why I’m frustrated, along with so many others, at our slow place in this regard.

And particularly in the easiest of all – gender – where we remain stuck in the mire.

The evidence on the benefits of gender diversity is well and truly in.

But we continue to debate the ambition, slugging it out on the question of merit v quota, and stalling in our commitments, even when they are achievable. It's very likely that we'll miss our current goal of women holding 30% ASX 200 director seats by the end of 2018 – with the number currently stubbornly stuck at 26%.

I'm always surprised when faced with the response that either there aren't enough qualified women, or that it's just too hard. We didn't have that response when Safety became a key priority for boards and organisations – zero tolerance for harm in the workplace has become the norm, despite its ambition, and difficulty of implementation. So too it should be for gender.

My own experience is instructive, and I'd like to share some stories with you.

In 2010 when I was first appointed to the board of Virgin Australia, I joined the 9% group of women in such roles at the time. I assumed at the time that I was part of a positive and well supported move to redress the historical imbalances around board tables.

I also joined the Transurban board that year, and again felt from the conversations I had with Chairmen taking action that the change was underway across the ASX 200.

Unfortunately, my optimism was tempered by the reality. Today, there are still eight ASX 200 companies with no women on their boards, and just as worryingly, 67 of those companies with only one woman.

I am very proud to be able to say that the companies where I serve have done strong work – at Virgin Australia, Elizabeth Bryan is our Chair, at Transurban we are almost close to parity and Chair Lindsay Maxsted has taken a strong role in this regard. And the boards I chair, whether companies or otherwise, are gender balanced.

I want to particularly call out the progress at Mirvac.

I was appointed to that board by Chair John Mulcahy in 2016, as part of a targeted appointment process to achieve gender balance. I joined Elana Rubin and Christine Bartlett, and together with our CEO and Managing Director, Susan Lloyd-Hurwitz, alongside our male colleagues, we are a gender balanced board.

I can't begin to tell you how different it feels to be part of a governing group where that balance is achieved. It is different to walk into a room where I am not in the minority, where I don't need to take into account how I can fit in, or how best to make myself heard. I believe that, collectively, our capacity to utilise our full discretionary energy and capacity underpins the great strength of diversity and inclusion.

Most recently, I was struck by the comments on this topic by tennis legend Billie Jean King while she was in Australia. She observed that it had been her experience that whilst those in the extreme minority in groups worked hard to understand the culture and preferences of the majority, the reverse was often not the case – leading to sub optimal outcomes in the quality of decision-making, and the inclusion of different voices.

This has often been my experience, with conscious and unconscious bias potentially affecting decisions in the absence of the strengthening role of debate and challenge.

And in the world of #MeToo and #NeverAgain where we should expect heightened focus on organisational and governance culture, the active promotion of diversity-gender and beyond-should be seen both as reducing risk, and opening up new, unexplored opportunities.

The story which for me best demonstrates the benefit of gender diversity comes not from the corporate world, but from sport, and the AFL. And it's an emerging story underpinning the rise of women's elite sport more generally.

In 2005, I was appointed to the AFL Commission – effectively a quota appointment, at the behest of the late Ron Evans. Responding to the profound impact of women on the game, yet with no presence in governance, the Commission and most of the AFL Club Presidents supported an appointment process only open to women.

I was the fortunate successful candidate, and within two years another woman, the now Governor of Victoria, Linda Dessau was appointed in the normal course of board renewal.

Since then, other women have been appointed, and there is a stated aim to appoint an indigenous person the Commission by 2019.

Until women started populating the seats around the AFL governance tables, who knew that women not only played Australian Rules Football, but wanted to compete in an elite competition just like the men??

Once women could take that insight into the boardroom, briefed and engaged by the women athletes themselves, the possibility of engagement with decision makers became possible.

Many club Presidents who now have women's teams have told me that the presence of the women athletes around the club is having a hugely beneficial impact on club culture. It may prove that this is one of the most effective means of building strong, respectful, and inclusive cultures in domains where risk has abounded.

And this is the great story of opportunity. I hope most of you would be aware of the spectacular debut of the AFL Women's Competition in 2017.

What you may not be aware of is the extraordinary ripple effect that competition is having on participation rates at community levels around the country.

It has opened up one of the most powerful drivers of connection to the game, and growth in support for the game, and will, in my view, underpin the future sustainability of the industry.

It is a great recent example of what the late Geraldine Ferraro said when she ran as the first woman major party Vice Presidential candidate in the US:

'When women stop making history, they can start making policy'.

It is of course as true for other forms of diversity.

I would encourage directors to engage with the groundbreaking work of the Diversity Council of Australia on the breadth of other diversity opportunities.

Whether it's the Cracking The Bamboo Ceiling, or Cracking The Glass Cultural Ceiling Report, the research of DCA is a powerful source of support for the strategic importance of cultural diversity as a key strategic component of governance. The DCA work also shows just how disconnected we are from our national aspiration to grow future prosperity through our place in the region through our failure to promote capable culturally diverse people to senior governance and management roles.

On a separate note, the National Mental Health Commission is a stellar example of the differentiating impact diverse directors can have on outcomes – a board established with a number of commissioners with a lived experience of mental health challenges ensuring the success of the Commission's work.

To my second observation, are we having the right conversations around the board table?

Increasingly, our board rooms are needing to create safe spaces for complex and difficult conversations, and a comfort with challenge and engaging with the broader world – getting insights which reduce risk of future problems.

In addition to our commitment to the success of the organisation, and demonstrated competence and expertise, directors need to be able to be independent, authentic, prepared to speak up, and prepared to learn. We must have integrity and bring hearts and minds to the role - and feel comfortable to bring our whole selves into the boardroom. As stewards, we must stand for something, and understand our legacy role. And we need to be able to engage frankly and respectfully around the board table in difficult conversations when they are required.

I'm going to turn to a regional political leader to make this point.

Last year, in his Menadue Oration for the Centre for Policy Development's 10th anniversary, former Indonesian Foreign Minister, Marty Natalegawa, lamented the retreat of democracy and diplomacy in the region. He thought this retreat was dangerous for Australia and Indonesia as our regional and domestic challenges converge.

He had a wonderful line about how leaders must be able to 'disagree, without being disagreeable.' To disagree, without being disagreeable.

Marty Natalegawa was speaking about the conduct of international relations and foreign policy, but I think the line works just as well as a motto for difficult discussions in the boardroom.

When it matters, it is important to be able to disagree with your fellow directors. In today's world, we must be much more comfortable having complex conversations and constructive disagreements around boardroom tables.

Directors have a pivotal role in raising and resolving disagreements, finding a way forward, and being frank about the conversations the board may not be having.

I'm certainly not suggesting a 'free for all' nor a retreat from all the other business of the board. But there is a great benefit to opening the space to broaden the conversation. I've seen this done very well by the Chairs of the boards I serve on, who I often observe have the skill of 'conducting' the participation of the directors, and never assume that they are the smartest people in the room, nor that their minds are closed to alternate perspectives.

When it comes to the changing world we live in, there is one conversation I believe boards weren't having enough of in recent years - the topic of climate-related risks.

Few boards have laid strong foundations for measuring and disclosing these risks.

It has generally taken intervention by regulators – Bank of England Governor Mark Carney in the UK, and more recently APRA's Deputy Chair Geoff Summerhayes, joined now by RBA Deputy Governor Guy Debelle – who have asked uncomfortable questions and opened up a new conversation about the risks and opportunities presented by climate-related financial risks.

Boards didn't need to wait for the lawyers and the regulators to open up this conversation, but many did.

I observed at close range the role of the Centre for Policy Development in the past year in bringing together a diverse group of business leaders, legal experts and regulators, to start a conversation about climate risk and director’s duties in order to be better prepared as the issues come into sharper focus.

This reinforced to me that boards should be more discerning and strategic in how they engage in the policymaking process. Boards shouldn't hesitate to take the road less travelled and break away from the 'safe' political options, where there is a clear imperative for engagement by the company, and a belief that good policy can be assisted by broader perspectives.

Marty Natalegawa’s speech last year made it clear that our region is entering unchartered waters. No country or company can shy away from these challenges. The 'safe' options won't cut it. It is a time when the best directors will have a curiosity and a capacity for complexity. They will be equally candid in admitting when they lack knowledge – or when the board has a knowledge deficit – and how they can reach out and fill that gap.

And if we have the right people around the table, having the right conversations, we can then properly acquit our roles as stewards of the ‘Tone from the Top’, as required not only by regulators, but by the community at large.

As boards we need to be vigilant against complacency, and ready to accept the responsibility of taking big strategic decisions in the long term interests of our organisations. This is hard work, and requires commitment and genuine engagement. As Larry Fink said, it is not simply about turning up for board meetings.

We must always act according to our values, and speaking up where we know things to be wrong. Our judgment will sometimes tell us that a course of action is not in the long term interest, despite significant potential short term gain. These are the moments when directors need to pause, review decisions, and resist the temptation to think that an issues management strategy later will suffice. It does sometimes take courage to do this, but it’s easier around a table of colleagues who respect the hard conversations, led by Chairs who encourage the challenge.

I want to return to where I started, and where the AICD conference is focused – trust, innovation and sustainability.

In the program over the coming days, there are exceptional speakers and panels engaging with the challenges of our time. But for all the complexity of these challenges, the answers lie within us, as directors and stewards.

My vantage point from within boardrooms gives me confidence that there is much to be optimistic about - but that as directors we’ll need to remain humble, curious and accountable. We must be prepared to listen, collaborate, and embrace diversity and inclusion as the norm.

At the end of the day though, directorship should not be a lifestyle choice. It involves a fundamental commitment to the contemporary stewardship expectations I’ve described, and undertaking that role must involve clear sightedness about those responsibilities and accountabilities. And an understanding of what it is not.

Directorship is not for everyone, and understanding that it important. If the complexity and expectations of stewardship don’t play to your strengths, or you feel better placed in different parts of the business and organisational structure, that’s a decision to be respected and admired.

But for those who embrace the governance role, we live in a time where our full commitment to stewardship for the long term, and the embracing of the opportunities to build a sustainable and prosperous future, are the best ways for us to earn and retain the trust of the communities we serve.