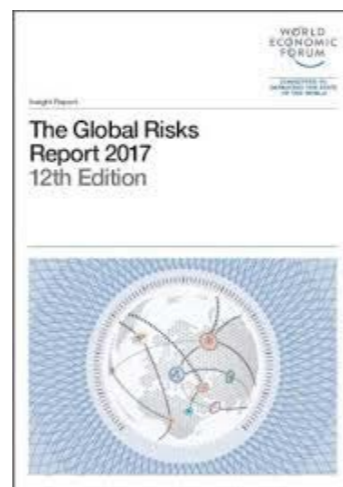
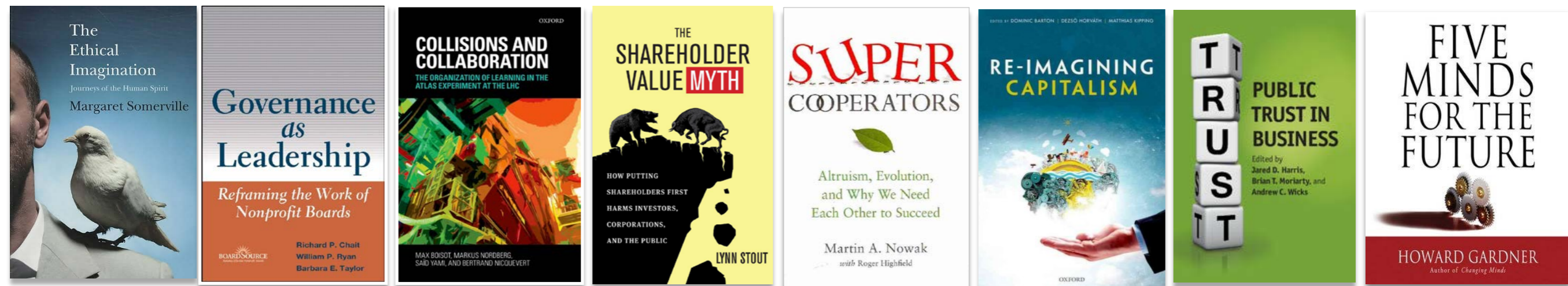


DIRECTORS' DILEMMAS

The Challenges to Trust Reshaping Governance

John Dalla Costa | Founding Director | Centre for Ethical Orientation





RESEARCH & RESOURCES,

HOW DO BOARDS AND
EXECUTIVES DEVELOP THE
MORAL BANDWIDTH TO EXERCISE
THE MULTIFACETED
RESPONSIBILITY DEMANDED BY
TODAY'S COMPLEXITY?



QUESTIONS & PERSPECTIVE

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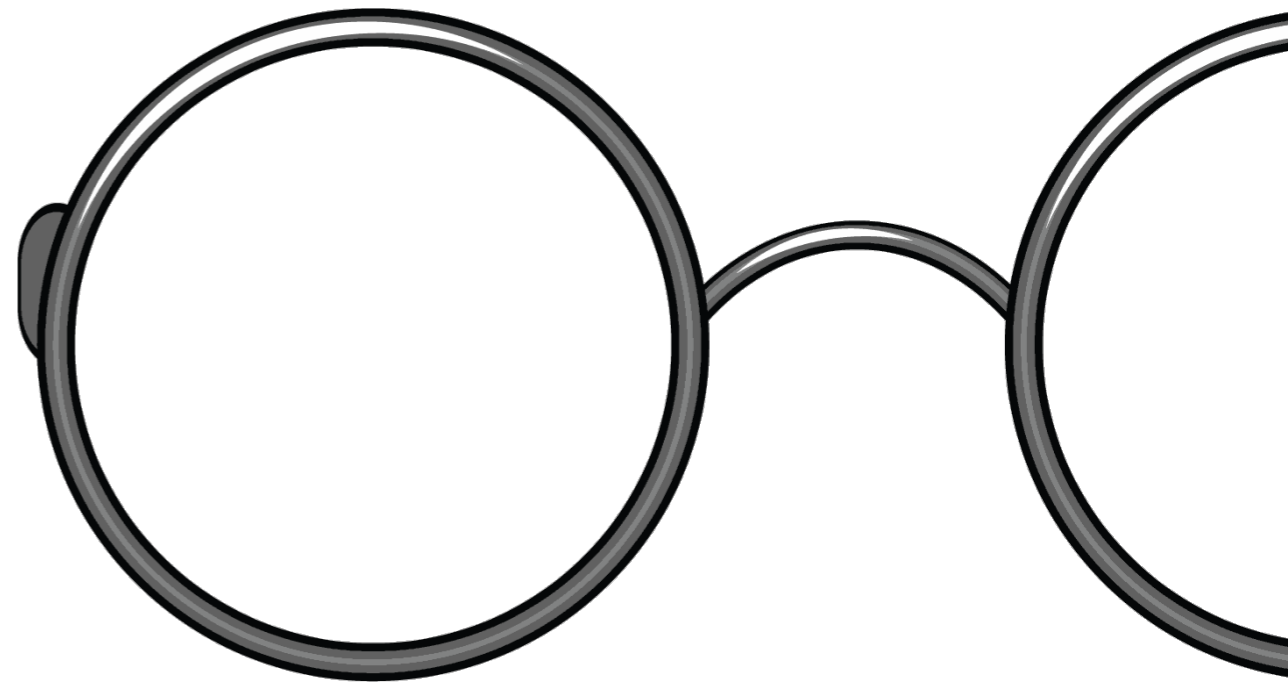
OUR MOST TROUBLING AND DIVISIVE SOCIAL PROBLEMS CANNOT BE SOLVED WITHOUT THE INGENUITY, CONTRIBUTIONS AND CONSCIENCE OF BOARDS & LEADERS IN ALL SECTORS.



QUESTIONS & PERSPECTIVE

DEFINITION

- Dilemma: “a choice between two unfavourable alternatives; one choice *conjunctive*, the other *disjunctive*.”



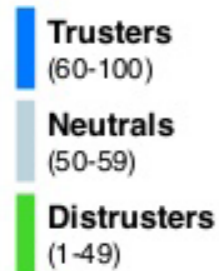


World Economic Forum
Global Economic Risks
2017

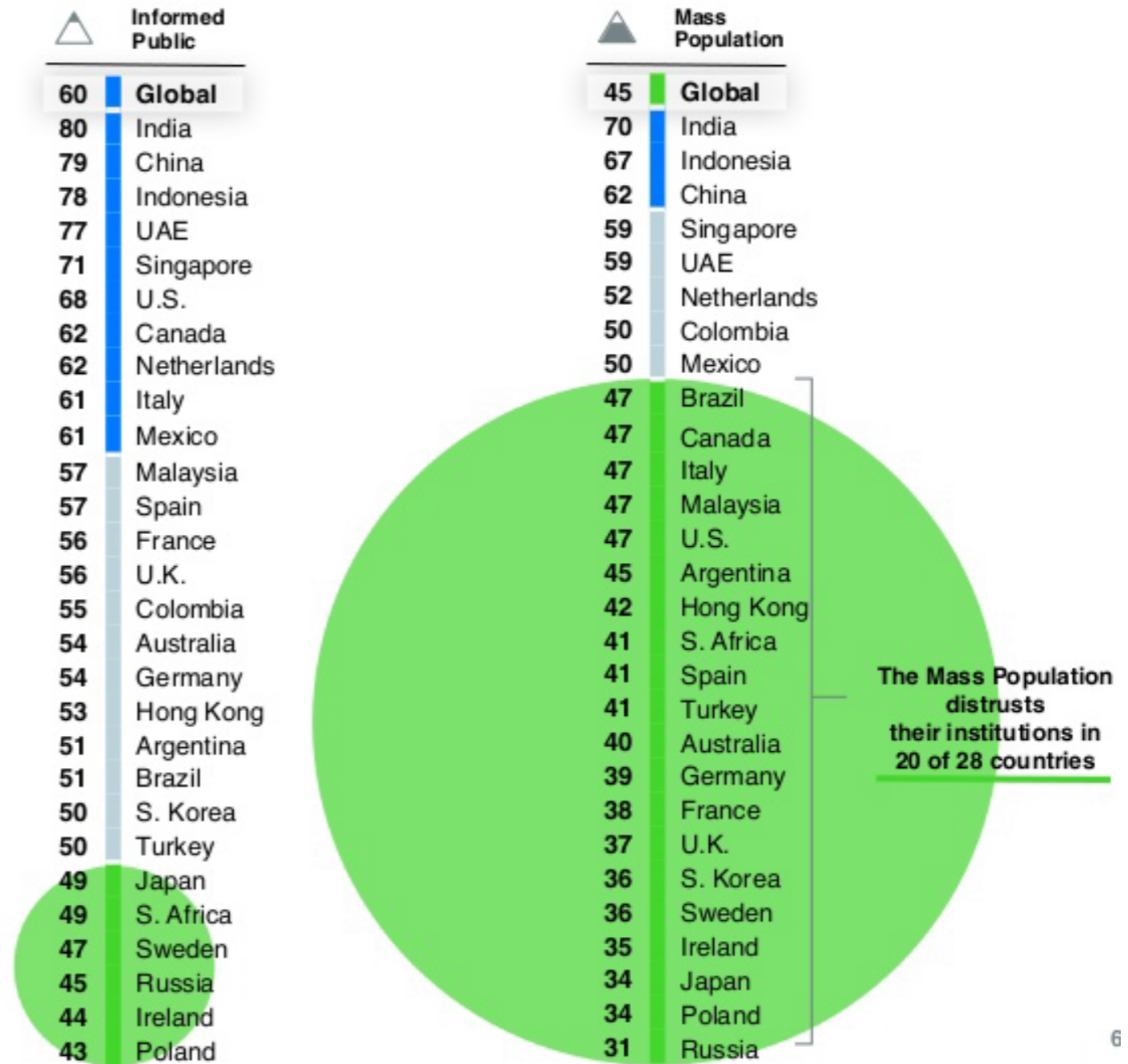
DISJUNCTIVE FORCES

Trust Index Mass Population Left Behind

Average trust in institutions,
Informed Public vs. Mass Population



Source: 2017 Edelman Trust Barometer.
The Trust Index is an average of a country's trust in the institutions of government, business, media and NGOs. Informed Public and Mass Population, 28-country global total.



Edelman
Global Trust Barometer
2017

DISJUNCTIVE OUTCOMES

Ethics is the Measurable Differentiator

Performance of 2016 Honorees as Compared to the S&P 500 Over the 2015 Calendar Year



Ethisphere Global Survey
2017

CONJUNCTIVE POSSIBILITIES

(ANXIOUS) SIGNS OF THE TIMES

- Boards & organizations have superbly maximized performance - to the exclusion of trickle-down social benefits;



(ANXIOUS) SIGNS OF THE TIMES

- Boards & organizations have superbly maximized performance - to the exclusion of trickle-down social benefits;
- Sports at its best activates the very principles society needs most for its resilience, - without the comparable intentionality to balance the focus on performance.





WHAT DO YOU SEE?

Questions or Insights?

IMPLICATIONS

- All boards are facing enormous transformational pressures - and risks - in an operating reality of depleted social capital;
- Current governance principles were developed from the 1970s, and are now widely recognized as inadequate for 21st century complexities;
- The problem is not that boards have performed poorly, but rather that fiduciary duty has been defined too narrowly;
- Incremental changes in policies and processes are not enough. Indeed many best practices now consume board resources that by nature of the role need to be invested in forging purpose, strengthening resilience, and creating conscience.
- Like other public and nonprofit sectors, sports governance has been “professionalized” for performance to the loss of “public purpose.”

LESSONS FROM FUTURE-MAKING BOARDS

- Go beyond vision & strategy to define higher purpose;
- Engage complexity with conscience and collaboration to extract the clarity needed to guide executives;
- Become radically available to stakeholders, critics, and situations to deepen empathy and understanding;
- As integrity is the only antidote to volatility, heighten the focus on principles, and revitalize values;
- Do diligence by rehearsing for the worst imaginable crisis, and best imaginable possibility;
- Escape the ethical numbing of numbers by exercising more robust emotional intelligence.



LESSONS FROM FUTURE-MAKING BOARDS

- Eight-out-of-ten board of “World’s Most Ethical Companies” schedule meetings in different locations to increase directors’ access to on-the-ground issues;
- Three-quarters create opportunities for direct engagement between directors and stakeholders to bring differing interests to the forefront;
- Nine-in-ten provide direct access for directors to learn and gain understanding about employee concerns;
- Nine-in-ten formally review quarterly metrics on ethics and trust;
- Six-in-ten use ethical criteria to formulate executive compensation;
- Four-in-ten have formal training for directors on codes and values.



Unilever

3M



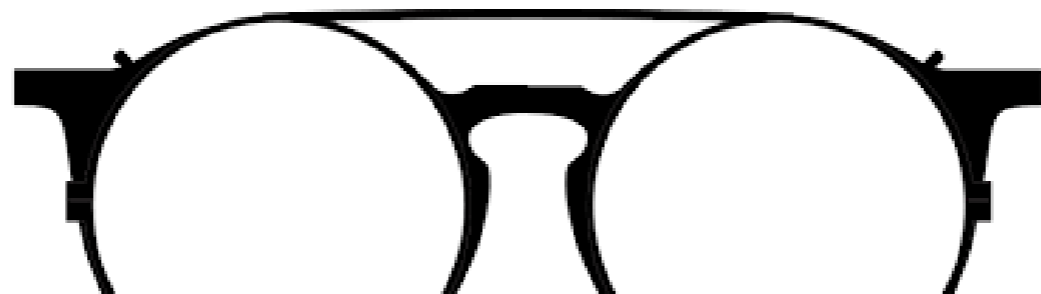
CISCO



Covenant
Health

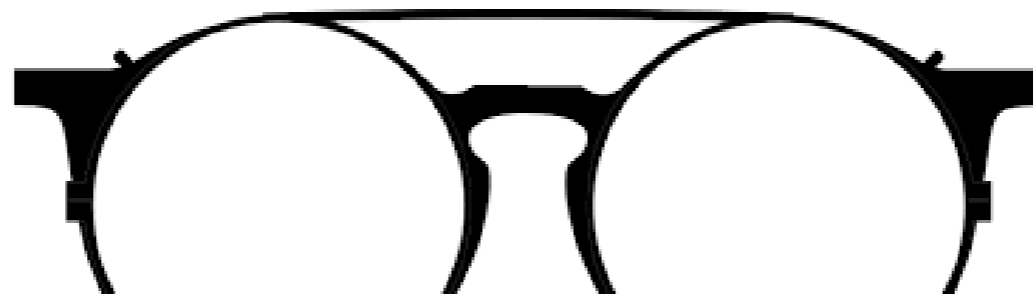
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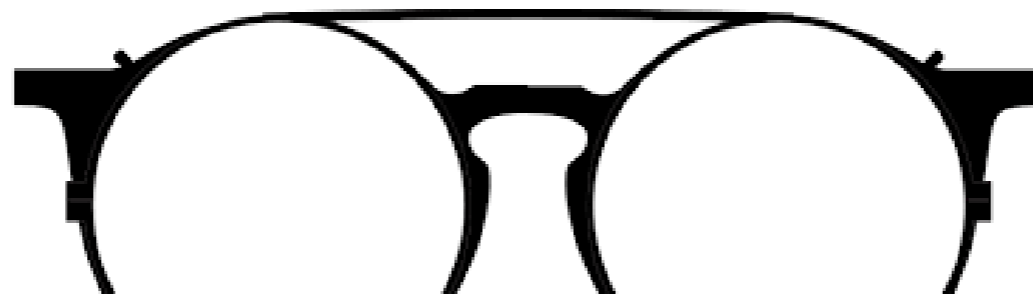
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2. The Trust Paradox	<ul style="list-style-type: none">• Ever stronger compliance has only accelerated suspicion.	<ul style="list-style-type: none">• Fulfill technical fiduciary duty while recovering its moral & ethical scope.	<ul style="list-style-type: none">• As fiduciaries, write an Ethics Charter for delivering assurance in today's volatile reality.



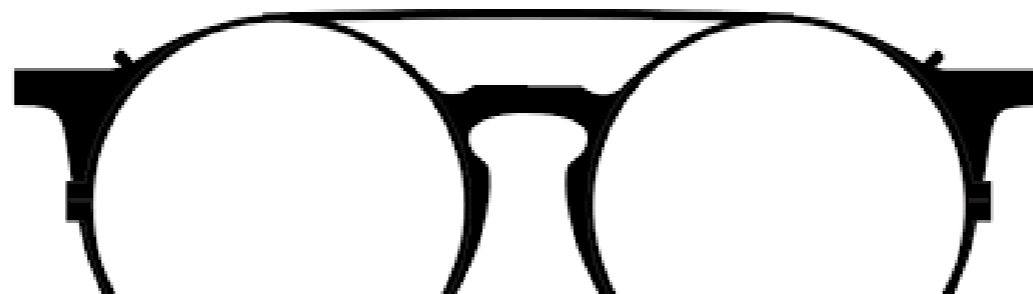
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5. Silenced Stakeholders	<ul style="list-style-type: none"> • The needs of future generations are neglected for short-term priorities. 	<ul style="list-style-type: none"> • Uphold inherited assets while bequeathing new potential to the next generation. 	<ul style="list-style-type: none"> • Engage today's fears, divisiveness & despair to courageously imagine new possibilities from our values

EMBRACING DILEMMAS



FORESIGHT

- Setting the Purpose to which Vision and plans aim:
- Auditing the future more than the past;
- Creating clarity and context to resolve ambiguities for leaders and executives;
- Experiment (Trust R&D) to anticipate changing expectations for governance.

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- Create “communities of conscience;”
- Remember founding mission and reflect hard-won wisdom from previous success or adversity;
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OVERSIGHT

- Accountable for all the accountabilities which impact trust:
- Trusted relationships;
- Trusted plans, processes & practices;
- Trusted Risks & Resilience Measures;
- Trusted Results.

WHAT DO YOU SEE?

Questions or Insights?



RESOURCES FOR WHAT'S NEXT

- Half-day/Full-day Board Workshops on 21st Century Governance;
- Purpose & Promise Board Exercises (to recover the ethical urgencies from principles, and the moral core of fiduciary duty);
- “Governance In Transition” Manual & Workbook (Forthcoming).





RESOURCES

- [SIRC](#)
- [SIRCUit](#)
- [CCES](#)
- [Center for Ethical Orientation](#)
- [Volunteer Canada](#)
- [Chartered Professional Accountant Canada](#)



GETTING IN TOUCH

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COMING UP

- **Generative Governance** by John Dalla Costa as part of the CPC's Summit 20|22 in Ottawa on April 8, 2017.
<http://paralympic.ca/summit>
- **2nd Webinar** with John Dalla Costa
 - Friday, May 19, 2017, 12:00 pm – 1:00 pm,
Register at <http://sirc.ca/events/webinars>

Thank You



THANK YOU