Responsible Leadership and Good Governance^

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Introduction

There are many different kinds of leadership, whether individual or collective or of a particular team, group, community or organisation. The extent to which they can be regarded as responsible depends on how they are exercised and the criteria used for deciding the degree to which aims, activities, behaviours or decisions are responsible. Forms of leadership that are desirable or should be avoided can vary depending on the arena, context or sector, the situation and circumstances, aspirations and priorities, and also perspective (Coulson-Thomas, 2021b & c). Community, corporate and team leadership and business, social, political, scientific, intellectual, moral, thought and other forms of leadership can also overlap and combine in different ways according to challenge, opportunity and requirements.

What is acceptable in terms of activity, conduct or outcomes in one arena or context might be viewed as irresponsible in another. The responsibilities and relative influence of different stakeholders and the sanctions at their disposal can vary by sector and organisation type. This chapter will examine what might represent 'good governance' in relation to corporate governance arrangements and how they are used. It will focus primarily on private sector companies, recognising that these can vary in type, size, activities, ownership and control, but certain comparisons will also be made with the public sector. Particular attention will be paid to the roles of directors and boards and the achievement of responsible outcomes in relation to existential challenges facing entities in all jurisdictions and the achievement of the UN Sustainable Development Goals (SDGs) (United Nations, 2015).

The roles and responsibilities of directors and boards might encompass those set out in applicable company and other legislation, regulations, rules and requirements, a company's own constitution, relevant codes of practice and a board's own decisions, or enabling legislation for public sector bodies. External expectations and requirements can vary by jurisdiction and company type (for instance, public or private). Ideally, all those in a position to influence or make changes should consider how a particular company should be governed. They should look beyond compliance with mandatory requirements or comply or explain considerations, and at what would be most appropriate in the situation and circumstances for achieving responsible conduct and outcomes.

In the context of current challenges, opportunities and requirements, and available timescales for change, transition and transformation, how entities are and should be governed is more than ensuring that board structures in terms of committees and relationships accord with relevant and applicable laws, requirements and corporate governance codes. It should also be about behaviours, individual and collective decisions, and the conduct of directors and boards. .

In endeavouring to comply with legal and other requirements and relevant codes, many boards do not regularly review their governance arrangements in light of significant developments and fast-moving situations. They remain tied to monthly meetings and annual calendars of business. They operate a cycle of strategy analysis, formulation and implementation that does not reflect the reality and uncertainty of the contemporary business environment. While the governance of a public sector body might have to comply with a standard or mandated model, corporate boards may have greater freedom to initiate the development of more bespoke business and governance models that reflect their particular situation and context and can intelligently adapt, and which they can steer to accommodate changing circumstances and address issues as they arise.

While governance arrangements may create the potential for accountability and challenge, what directors do, the purpose and priorities they establish and the decisions they take will determine the extent to which their actions and corporate activities can be regarded as appropriate and responsible. Given existential challenges such as climate change, in this chapter the acid test of corporate governance and whether or not it and the actions and decisions of a board are responsible is whether they are conducive of progress towards addressing them and supportive of the UN SDGs (United Nations, 2015).

Contemporary challenges and future requirements

Company directors and boards are confronted with multiple, inter-related challenges and opportunities. In the case of many company boards, diverse possibilities, testing developments, uncertain trends and unexpected events face a relatively small group of similar people whose experience might relate to a previous era and who may meet for a relatively short time, perhaps once a month or quarterly, to consider agenda items set out in an annual calendar of meetings, about which they may have limited knowledge. Can such a board presiding over a large enterprise cope with contemporary challenges (Coates, 2018)? Within the public sector, a body's departmental remit may only cover some aspects of a multifaceted issue. A public sector board may also be subject to Ministerial intervention, may need to refer certain matters for Ministerial decision and additionally have to ensure that what is done complies with Government policy and Manifesto commitments.

If our current approaches to corporate governance are to better meet stakeholder requirements, new models and practices may need to be adopted and better support provided. Applications of artificial intelligence (AI) and digital technologies might help some directors to better handle information. In relation to the organisational, governance and decision-making possibilities created by digital technologies, what should the role of directors and other humans be (Tenner, 2018)? Legal, regulatory and governance frameworks need to be aligned with growing diversity, changing operational requirements and new business models. They should not inhibit innovation.

Recent business practices and contemporary lifestyles have damaged the environment, reduced biodiversity and destabilised ecosystems (Dasgupta, 2021). Human activities contribute to global warming, climate change and the spread of respiratory diseases.

Environmental and sustainability concerns and growing negative impacts of climate change create an unprecedented opportunity for innovation, entrepreneurship, risk mitigation, beneficial change and value creation. In the face of multiple challenges and opportunities, and greater uncertainty, governance arrangements may need to become more capable, flexible, representative and resilient. The focus of governance might need to switch from structures to behaviour and conduct. Culture change has been identified as a route to desired changes of behaviour (FRC, 2016). Alternatively, given the diversity of cultures that can exist across different functions and within stakeholder groups, there are easier and less distracting ways of achieving changes of behaviour when required (Coulson-Thomas, 2015a & b).

Current governance arrangements are already under pressure, without the challenge of preparing for an even more complex future. The nature and reach of organisations are changing. As they become networks of relationships, board leadership and governance arrangements may increasingly have to span boundaries. They may need to move from leveraging corporate capabilities to embracing those of wider value chains, co-operating collaborators and public-private partnerships. The traditional governance arrangements of many companies are more suited to relative stability and continuity rather than modern disruptive technologies, insecurity and exclusion, and climate, pandemic and other crises. Where Ministers have powers to intervene, legislation can be quickly passed and/or delegated powers may permit some public sector bodies to move quickly in crisis situations.

Crisis situations can test governance resilience and crisis leadership presents particular challenges (James and Wooten, 2009). When under pressure, some decision makers limit their aspirations, narrow their objectives or pursue fewer aims (Allison and Zelikow, 1999). During crises directors should concentrate on their rationale for existence. Forgetting their wider ambitions, goals and objectives might leave them unprepared for future situations and requirements. A crisis may be an opportunity to progress a longer-term agenda or tackle another issue that could be overlooked or lost under the pressure of events.

At the height of a crisis, some decision makers may find themselves largely alone with a few loyal and trusted supporters. A combination of increasing reliance on a small group of decision makers and their advisers, a shortage of time and a desire to reduce inputs and simplify, can lead to the risk of significant and informed viewpoints being ignored or excluded (Allison and Zelikow, 1999). As a consequence, valid and desirable options might be missed. A lack of diversity of perspectives and viewpoints, limited challenge and/or an absence or shortage of counter-argument and contrary opinions can also increase the risk of groupthink (Janis, 1972).

Many companies opt for familiar models of governance and public sector bodies are often required to adopt a standard governance model, resulting in a lack of diversity and innovation in governance arrangements (Coulson-Thomas, 2018a). Despite possibilities for bespoke approaches that better reflect the aspirations, context, situation and stage of development of individual companies, many boards are reluctant to adopt new models of business, governance, operation and organisation.. They cling to traditional practices and often adhere to standard models derived from listed companies whose numbers have declined in some jurisdictions. Sadly, successive crises and economic downturns or recessions regularly reveal that in a changed environment some businesses have the flexibility and resilience of a beached whale (Coulson-Thomas, 2021a). Innovation in the governance arrangements of a public sector body may require Ministerial approval and/or legislative change.

Addressing arenas of growing importance

Many contemporary challenges are global in their impacts and implications (Stern, 2007; UNEP, 2019; Dasgupta, 2021). Because addressing them may require collective effort, more companies may need to coordinate and align their responses with supply chain partners and other entities and consider arrangements for collaborative governance. More Governments may need to form coalitions of countries and international organisations with similar objectives. While the likelihood of a global pandemic appeared on many risk registers, many national responses of varying effectiveness to Covid-19 have been inadequate. Even with international cooperation, Governments may not be able to deliver without the active engagement and contribution of businesses with decision-making and income generation processes different from their own.

Directors have particular duties and responsibilities but they are not alone. Burdens can be shared. Greater involvement and wider participation can speed up implementation when people are willing to adopt, advocate and promote what they have influenced or played a part in creating. Boards should think through the implications of having to negotiate, cooperate and form alliances and public-private partnerships (Coulson-Thomas, 2021d). They may need to both govern and ensure the effective management of collaborations with public bodies and companies from different countries and business sectors, with varying technologies, infrastructure and constitutions – and subject to diverse laws, regulations and other pressures. For public sector boards, certain collaborations may involve issues that have policy implications.

Traditional, single and largely standard approaches to corporate governance are struggling to cope with multiple challenges and opportunities and the diversity of possibilities offered by disruptive technologies and new businesses and organisational models. Different arrangements may be required according to the situation, context, nature and scale of an entity. More than one governance model might be required across a diverse enterprise and/or network. What form should an overall umbrella take? Sustainability against a background of environmental pressure, climate change and commitment to the UN SDGs (United Nations, 2015) might provide a unifying theme that could embrace monitoring, compliance and risk frameworks, hold a network of relationships together and help to align organisational goals and ethical practices. Would this provide the responsible leadership that might start to rebuild trust with stakeholders? More ethical, inclusive and principle-based forms of corporate governance may emerge focused on sustainable development.

Could more effective and responsible corporate governance become the cornerstone of sustainability? More boards could focus on and exercise their legal responsibilities. In several jurisdictions these reflect a concern for sustainability and may further a company's long-term interests or promote its success, rather than the frequent pre-occupation with short-term performance. Not to do so favours the interests of traders and speculators, rather than those with a longer-term perspective. The exercise of corporate governance involves board decisions (Useem, 2003). Directors may need to view more matters through a sustainability lens, for example whether wider, downstream, upstream, life-time and decommissioning costs are overlooked when decisions are taken (Rowe, 2016).

More attention may need to be devoted to collective responses, collaboration and the alignment and co-evolution of corporate and political strategies (Bleischwitz, 2004). Responsible board leadership should go beyond strategy and policy to include a review of a company's rationale, mission and purpose (Handy, 2002; Mayer, 2018; Kempster et al, 2019). Boards could give a lead in relation to sustainability by redefining corporate purpose, excellence, quality, performance, productivity and success in terms of sustainability considerations such as reducing environmental and resource footprints and addressing climate change. Responsible boards champion the adoption of more sustainable approaches, paradigms, lifestyles and business models.

The evolution of humanity and human civilisations has been shaped by our relationship with the natural world and the availability of its resources (Dartnell, 2019). Awareness and concern about biodiversity risk within many boards and the financial services sector is still at an extremely low level, despite its potentially catastrophic impacts on financial and infrastructure asset values, the economy, and the planet. Human activity is transforming natural capital into outputs that do not renew and much of which ends up as difficult to recycle and environmentally damaging waste (Dasgupta, 2021). Governance arrangements and board decisions should reflect the reality of a company's role within eco-systems, take account of impacts on them and ensure use of natural capital is sustainable

Boards should also ensure appropriate strategies for automation, robotics and the adoption of new business and operating models. Digital developments could transform some aspects of corporate governance. New forms of governance and management may be required for the digital era (Dunleavy et al, 2005). Many current organisational and governance models are expensive compared with digitally enabled alternatives. Could a community or network of relationships grow organically and be largely self-governing, with stakeholders exercising voting rights as appropriate? There are relationships between and within actors to consider (Daily et al, 2003). Governance arrangements and our understanding and regulation of them may need to take more account of interactions among the members of value networks.

Many boards appear resistant to some scientific advice, particularly if it impacts negatively on growth and profits. Fossil fuel consumption has grown fastest since scientists confirmed it is the main cause of global warming. Science and technology governance should address challenges and mega risks such as the consequences of the loss of the internet and new opportunities for collaboration and co-creation with universities and others. Technology can address sustainability issues and widen participation. Digital and other disruptive technologies such as robotics and 3D printing can have multiple impacts and create challenges and opportunities. They can enable transformation and better business models, but also open doors to new forms of hacking. Boards that are proactive and move quickly can use them to support new ways of working, learning, operating and building relationships. Those failing to react can suffer from alert competition or become victims of malevolent cyber activities.

Reviewing purpose, priorities and practices

Within contemporary boardrooms, some directors may wish to return quickly to pre-pandemic activities and plans. Others may want to take stock of what has changed and what new possibilities have emerged and question whether a reset is required to make up for lost time in tackling challenges such as climate change. Goalposts may have moved and long-established rules replaced by new imperatives. Different games may need to be invented and played. Perhaps the focus should now be on radical change, innovation and re-invention to create a different and more inclusive and sustainable future.

Directors should encourage questioning and challenge and the development of alternatives. Rather than impose standardisation which can be a requirement in the public sector, company boards could encourage parallel developments to create multiple options and widen choice. Corporate or central services could be encouraged to become more engaged with creative spirits. Previously challenging personnel might have the potential to become business partners and co-creators of new income streams. Where damaging existing activities have to cease, key stakeholders could be involved in corporate re-purposing and the prioritisation of innovation.

Boards that act responsibly and are proactive might be surprised by the support they receive. Taking the initiative can lead to first mover advantage and reputational benefit (Dasgupta, 2021). When change seems inevitable, those most likely to be directly and adversely affected might appreciate being respectfully given an honest account of realities and consequences. Rather than being surprised by events, many investors and other stakeholders prefer fair and balanced reporting of damaging activities needing to be reduced or discontinued. Uncertainty can be more debilitating than knowledge of shut down and the reasons why. Coming clean may improve reputation whereas concealment and deceit may destroy it.

While the purpose of a public sector body might be established by enabling legislation, the question has been raised of for what purpose does a company exist (Handy, 2002; Mayer, 2018). Maybe the purpose of board and corporate leadership and how business value and social outcomes can be better aligned could be reviewed (Kempster et al, 2019). Where directors have a duty and/or accept a responsibility to have regard for the longer-term and the interests of a wider range of stakeholders, responsible purpose could embrace producing beneficial practical solutions to challenges facing people and the planet when their externalities, consequences and implications are taken into account (Mayer, 2018).

The purpose of many public sector organisations is relatively specific and limited by the remit of the responsible Government department. Significant change may require legislative amendment or a restructuring of responsibilities. Policies and priorities may be set by Ministers and strategies might have to be constrained by a Government rather than a particular board's agenda. Conformity with norms and standards may also be needed (Nolan, 1995). Where a particular body has a monopoly, consumer choice may be limited and there is often a requirement for a public body to offer all citizens/areas the same service. This can limit the scope for experimentation, diversity and innovation.

Objects or purpose clauses in private sector company constitutions frequently give directors and boards more freedom to decide their focus and priorities, and greater flexibility in responding to evolving and emerging challenges and collaborations. They may also have more scope for trying alternatives and doing things differently. Diversity, innovation and progress might only be limited by regulatory and legal constraints and the ambition and imagination of directors. Where there are many players, more options can be kept open and pursued and minds can be involved in activities leading to a breakthrough.

Corporate objectives could and should be aligned with the UN SDGs and the Paris Agreement (2015) target of 'net zero' greenhouse gas emissions by 2050. Areas in which a company might contribute could be a basis for discussion with stakeholders about the prioritisation of activities making the best use of corporate capabilities. The challenge is often to ensure that each stage of the journey and the destination are responsible. Objectives could be set in areas such as recycling, recovery, repair and reuse and reinvention, rebalancing and reforestation. Teams drawn from different parts of an organisation and its network could scope new ways of addressing pressing issues. Companies could work with public bodies and cities to develop mechanisms to rebalance the supply of natural capital and demand for it.

Corporate and shared objectives could focus on particular vulnerabilities and win-win situations. For example, greater biodiversity also increases our resilience. Aspirations, visions and goals can be aligned with changing stakeholder objectives, such as those of Environmental, Social and Governance (ESG) investors seeking more emphasis within their portfolios on safeguarding natural capital. Insurers might wish to support activities reducing their exposure to climate change related risks. As well as satisfying moral criteria, environmental and social responsibility might also have a positive impact on innovation as well as reputation, legitimacy and sustainability (Asongu, 2007). It may take courage to reject Government subsidies for carbon producing activities, but to do so and lobby for their removal may be the responsible action to take. It might also avoid loss and damage claims following COP26 and a Court action in a case brought by climate activists.

Balancing contending and shared interests

As well as beneficial and profitable activities when externalities are taken into account, the overriding duty of directors to a company and its long-term success should embrace protecting its reputation and avoidance of penalties resulting from causing harm to others and the environment – not least by contributing to climate change. Too often directors have tried to balance perceived contending interests of different groups of stakeholders with their own requirement for investment in renewal, transition or transformation, when focusing on responses to challenges facing all people and organisations could increase awareness of shared interests. This could encourage engagement, involvement and collaboration.

Some checklist-type approaches to corporate governance result in so many issues to track, risks to mitigate, and factors and interests to balance that a board can lose sight of what is important. Boards should focus on what is material and avoid becoming excessively preoccupied with modest risks (Rabin, 2019). They should prioritise and ensure responsible decision making. A public sector board may have the powers to collect required information. A longstanding criticism of corporate boards is that directors lack the information and time to be more effective and to challenge executive teams (Lorsch, 1989). Many boards face a mass of data continually being refreshed in 'real time'. A growing variety of tools are available to analyse, interrogate and present it for those with questions to ask. Could intelligent scanning, AI and cognitive systems be combined and harnessed to enhance analysis, increase understanding, identify areas to probe and improve decision making?

Some public sector bodies have required mechanisms for obtaining user views of services or the general public. Relationships with certain company stakeholders are usually based on legal frameworks, including company law. However, directors and boards can go beyond activities such as Annual General Meetings (Coulson-Thomas, 2021a). Other ways could be used to engage with stakeholders and cooperate with organisations with shared interests. In relation to coping, diversity and innovation, more 'outsiders' could be brought inside the tent (Stevenson, 2017). Relationships with a wider range of stakeholders rather than legislation and/or imposed structures could be the key to innovation (Freeman and Reed, 1983). The Financial Reporting Council (FRC) (2019) has consulted on proposed revisions to the UK Stewardship Code, focused on how effective stewardship could deliver sustainable value for beneficiaries, the economy and society.

Enlightened boards assume responsibilities for a wider range of stakeholders, and more explicitly take material ESG factors into account. Political skills may be required to navigate between contending interests as balances of power, relevance, significance, costs and benefits quickly change with unfolding events (Coulson-Thomas, 2021d). Some stakeholders are more engaged than others, but directors should not favour particular interests. Activists may or may not be representative of stakeholders in general, but boards may need to better understand their opinions. Sometimes a confidential discussion can result in a more open and less defensive dialogue and build mutual understanding. Listening leadership is therefore recommended (Coulson-Thomas, 2014). Those ignored might otherwise be tempted to pursue avenues such as initiating a legal challenge.

More democratic mechanisms could be explored. Should certain board committees be opened up to stakeholder participation? A dedicated committee could be established to better engage stakeholders and enable them to express their views. Should there be votes on important issues and choices as the need arises, either in addition to or at Annual General Meetings? The emphasis may shift in governance debates from the notion of a company as a single hierarchy to network governance (Pirson and Turnbull, 2015). How could certain stakeholder groups be better involved and perhaps consulted on certain issues? The case has been put for the bottom-up participation of communities as the 'third pillar' of a democratic society in addition to markets and the state (Rajan, 2019). Certain communities are heavily dependent on particular local enterprises. How they and their city authorities, municipal bodies and others might best be engaged and involved with corporations could be explored.

Corporate governance codes may advocate certain committees (FRC, 2018). Boards should consider whether they correspond with current requirements and deal with issues such as sustainability and climate change that may impact more than one committee and require board involvement, direction and oversight. What role should board and/or joint committees play in contemporary corporate governance? Factors such as firm size and the proportion of independent directors can influence committee activity (Chen and Wu, 2016). Sometimes issues are delegated to a committee that should be addressed by the whole membership of a board. Committees can also result in unnecessary delay without adding much value. Perhaps some committees should be temporary or *ad hoc* in advance of wider board involvement.

Compliance and risk

Many public sector boards and some company boards are risk averse. Given current challenges, the emphasis in company boards may need to switch from monitoring and compliance to inspiring creativity, encouraging and enabling innovation and supporting entrepreneurship (Coulson-Thomas, 2017a &b). Some boards need to review their strategies, policies and practices for managing risk and preventing frauds, and the role of risk management and risk managers in an uncertain world (Coulson-Thomas, 2017c). This raises the question, though, of whether they are equipped to assess the risks identified by the World Economic Forum (2018) and take steps to monitor related trends, consider and mitigate their impacts, address their root causes and seize related opportunities. Better strategies may be required for managing risk and monitoring performance. Boards should recognise that the collective activities of companies can represent a major risk for directors, external parties, including stakeholders, and life on our planet (Dauvergne, 2018). Individually and collaboratively directors and boards should try to mitigate such risks. Helping others to understand and cope with them might represent a business opportunity.

Embracing uncertainty has been described as the essence of leadership (Clampitt and DeKoch, 2015). However, corporate networks may have so many connections and generate so much data for central teams, that hierarchical control of many activities becomes almost impossible unless sub-networks are given greater autonomy. In relation to cyber exposure and cyber fraud changes may be needed too (Leech, 2017). We cannot afford cyber risks evolving such that digitally enabled and Blockchain and AI based networks and their governance are taken over by hackers. Corporate internal and external arrangements, processes and systems need to be sufficiently dynamic and resilient to cope. Collaborative arrangements, law enforcement agencies, and corporate, national and international laws and regulations must also keep pace with the diversity of new applications and models.

Some corporate reporting could better represent risk and performance. The ‘International Integrated Reporting System’ and practice must keep pace with emerging sustainability and other risks. In the latter case it needs to provide the integrated global approach required by company stakeholders for performance monitoring and reporting, including dealing with climate change and other threats. Directors should also be clear about their responsibilities for financial reporting (ACCA, 2017). This could inhibit or enable new forms of corporate governance at a time when greater diversity of access to financial information is needed (Baker and Wallage, 2000), not least through individualised searches and personalised information alerts.

Accepting wider responsibilities

Certain challenges facing humankind result from the fact that, when individuals and organisations make decisions, the factors taken into account tend to include the costs and benefits directly affecting them. Indirect and external costs and benefits experienced by others and the environment are often ignored (Coulson-Thomas, 2019; Dasgupta, 2021). Many externalities, especially those which are difficult to compute, are usually ignored. Consequences include degradation of the environment, the erosion of biodiversity, the excessive over-exploitation of natural capital and global warming and climate change. A consensus on market mechanisms such as carbon pricing is yet to be achieved.

Economists, Governments, regulators and concerned citizens need to find ways of internalising externalities when individual and corporate decisions are made. Many corporate boards and Governments are currently overlooking the human, social and environmental impacts of current approaches to growth and development (Raworth, 2017, UNEP, 2019, Dasgupta, 2021). The challenge for designers and reviewers of governance arrangements is that ownership – whether by leading families, institutions or other companies and interests – is often highly concentrated. Relatively few people may benefit from irresponsible activities, while a great many people may suffer their costs, many of which might be externalities not taken into account when board and corporate decisions are made.

Various criteria could be used to assess company board performance and consider what constitutes a high-performance board. It could depend on a company's mission, vision, situation, context, opportunities, stage of development and the aspirations of its stakeholders. Particular consequences of activities, such as impacts on global warming or SDGs could be used as a litmus test. An increasing range of disclosure and reporting requirements relating to ESG factors may impact the investment and lending appetites of EU financial institutions and new rules and investor demands may constrain the ability of some companies to raise capital (KPMG, 2019).

As well as thinking and acting differently, boards need to redefine success and rethink how they measure it (Dasgupta, 2021). Environmentally damaging activities still contribute to traditional measures of output such as Gross National Product (GNP) (Coulson-Thomas, 2019 & 2021a). Striving for economic growth may increase the harm that is done. Intangibles that contribute to the quality of life are often overlooked. The natural world is largely treated as a free good. As it is increasingly plundered, the value of what remains ought to be increasing. This is especially true as resources become scarcer and the survival of species is threatened. The depletion of natural assets and depreciation of natural capital could be accounted for as deductions from estimates of wealth creation.

Governance, financial and public and private sector risk management processes and practices need to address climate, environmental, eco-system and natural asset related risks and their avoidance and mitigation. Success could be defined in relation to adequacy and sufficiency of action while it is still possible to halt and reverse particularly dangerous situations and/or trends. Urgency and speed are important. Recovery opportunities are being lost. Reports could include assessments of impacts to stabilise and improve, and when these are likely to occur in relation to available time before it is too late.

Sustainable development can be a source of competitive advantage (Pop et al, 2018). A sustainable approach to corporate governance, with a board addressing ESG expectations, might be a source of competitive advantage and a long-term success factor for more boards (Salvioni et al, 2016). More directors should ensure that strategies for longer-term sustainable value creation are developed, adopted and implemented. A wider range of interests may need to be involved in their formulation. Boards should determine and pursue the collective responses and collaborative action required to address global challenges such as climate change. Lord Stern (2019) believes the pursuit of a zero-carbon economy will generate strong and inclusive growth that might result in a more acceptable climate and assist the delivery of the UN SDGs (United Nations 2015).

Achieving required transitions

Delay in changing direction can increase the damage, erosion of reputation and crawl out costs caused by corporate activities. A governance practice such as a calendar of meetings may need to change if director time is to be front-ended (Coulson-Thomas, 2021a). Hitherto, many directors have mainly operated within the confines of boardrooms, where their discussions have been confidential, leading to collective decisions. The nature and timescale of the required transition to more sustainable lifestyles and business and operating models, and the engagement needed with stakeholders, may demand greater openness and dialogue rather than prepared comments from a spokesperson. More directors may have to explain, justify, listen and learn if they are to build trust and gain support.

Business and consumption activities are converting the world's stock of natural capital into harmful emissions that endanger health and ever larger quantities of waste. Turning precious resources needed by future generations into forms that will be less useful to them is being counted as a contribution to output, growth and GNP. Ascribing prices to elements of natural capital highlights the destruction of value for which many directors are responsible. Guidance is available on the requirements for building an effective boardroom team and what higher performing directors do differently in key areas for corporate success (Coulson-Thomas, 2007a; 2007b). Some directors might need to acquire, develop or secure access to diplomatic and scientific awareness and skills to intelligently steer through transitions and transformations while contributing to addressing shared challenges and collaborating in the pursuit of shared opportunities (Coulson-Thomas, 2021d).

Some company boards may need to become more engaged with Government-business relations. Self-serving ones may slow change and protect existing operations. Hitherto, some

Government subsidies and support, and their aspirations for higher growth, are increasing the exploitation of the natural world and compounding the threats faced. While competitor initiatives might force a company board to respond, many public sector organisations remain monopolies with boards and employees happy with the *status quo*. Weak Governments may be reluctant to adopt policies to slow damaging growth and development opposed by vocal elements among their supporters and/or electorates. More responsible boards may need to call for a change of direction.

Reviews have suggested that the transformations required to address climate change and the loss of biodiversity are possible (Stern, 2007; Stern 2015; Dasgupta, 2021). Questions to consider are who should be involved in the discussion of future corporate governance arrangements, whether the aim should be refinement or re-invention, the role company secretaries, chief officers, auditors, consultants, stakeholders and regulators could play, and who might best articulate and/or represent sustainability concerns and options. We certainly need to better understand a range of external individuals and groups who exert influence over directors and boards, their decisions and corporate governance arrangements (Hambrick et al, 2008). And if recruitment issues continue the trend towards smaller boards, who will be the powers behind the thrones? In particular, how will additional and more varied conflicts of interest be handled?

Conclusion

There are so many questions and uncertainties to address and possibilities to explore that our current and inflexible approaches to corporate governance and sustainability may need to give way to more agile, diverse and fast-moving alternatives that can evolve and mutate to benefit from innovation and accommodate changing responsibilities and new options. Might general guidance and principles governing conduct, rights, responsibilities and relationships replace detailed codes and rules? Whether or not this unleashes the creativity and innovation required in the time available to avert the worst consequences of climate change will depend on today's directors. Are they too cynical, jaded and distracted to respond, or will they be sufficiently alert, open and determined to provide inspired and responsible leadership?

Within both the private and public sectors directors may require courage to challenge a powerful and strongminded CEO. They may not be helped by a weak and/or colluding board chair. In both arenas, all bodies should be subject to applicable laws and have appropriate recourse to the legal system. Failures in either sphere may be subject to external investigation. Whether or not checks and balances work and applicable remedies are effective will depend on the integrity of political, administrative and judicial systems in the jurisdiction concerned. In various countries, corruption, favouritism and nepotism are perceived as widespread (Transparency International, 2021). Within the public sector, abuses may range from Ministers awarding appointments and contracts to cronies, family members and friends to junior officials expecting businesses and citizens to pay them bribes.

In more dictatorial, exploitative and secretive leadership regimes, open and fair competition for public appointments and contracts, with independent members on selection committees may seem a remote possibility. For change to occur and basic principles of good governance to apply, particularly within the public sector, responsible leadership at the highest level is required. Stereotypes should be avoided, recognising the differing pressures facing private and public sector organisations and their relative strengths and weaknesses in relation to the collaboration needed to address shared challenges. In the public sector, policy, direction and priorities may be set by a Minister or sponsoring department. Private sector directors may have greater freedom to explore alternatives and create the diversity needed for creativity and innovation. Companies may be essential for implementation, but a public sector collaborator may be able to ensure a national roll out.

Turning the potential of boardroom decisions into reality will depend on the extent to which people with integrity apply for, and are appointed to, directorships. Many people like to serve a cause greater than their own self-interests and to feel they are on the right side of history – benefitting future generations. In both the private and public sectors, governance arrangements should open doors for those who are intent on becoming directors for responsible reasons, such as enabling more sustainable and inclusive lifestyles. Becoming a director creates an opportunity to make a difference. Determined action to reduce the emission of pollutants, the use of fossil fuels and the production of greenhouse gasses, rewild to increase biodiversity and/or achieve broader UN SDGs could galvanise the concerned people of an organisation and give them a new sense of meaning and purpose.

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