

**Govern  
With**

**Effective  
Capable  
Contributing  
Governance**

# 2023 Contemporary Governance Risks Whitepaper

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# Welcome to our GovernWith, 2023 Contemporary Governance Risks Whitepaper.

## At GovernWith we have been producing our Governance Data Insights White Paper for five years.

In the beginning of 2022, we noticed that the same top governance risks were coming up every year. We became very curious, and in asking our GovernWith community “Why?” we identified new areas of risk such as Workforce Engagement and Retention, Environmental, Social and Governance, Cyber Security and Strategic Governance. Conversations echoed the collective belief that governing leaders were reflecting poor behavioural and leadership attributes for guiding a genuine, humane, curious, courageous, community minded and time committed approach, rather than a compliance approach.

It turns out that our previous year’s top Governance risks were symptoms of deeper, more complex universal governance capability issues. These issues were causing exponential consequences to organisations, whether in the Health, Community Health, Aged Care, Human Services, Government, Education and For-Profit Sectors. We realised our traditional Governance Models were not comprehensive enough and didn’t speak to, nor support, governing bodies to be prepared and capable for leading successfully in this new environment. So, by March 2022 we designed a more inclusive and modern Governance Model that encapsulates the capabilities required to govern in our modern times more effectively and successfully. We called it the GovernWith Contemporary Governance Model and it sets the values and principles for all that we do, for all of our governing leaders, not just the Board.

In March 2022 we used this to inform a complete rebuild and rewrite of our Governance Review and Skills Matrix Development Programs. We added Contemporary Governance and Behavioural, Leadership Styles & Attributes to our Corporate/Professional and Sector/Industry Specific questionnaires. These programs are now focusing on the harmonising of all governing teams, Board, Executive, Sub Committees and Advisory Committees. We also developed the ability within these programs to support and achieve Director and Executive Transition.

Twenty months later in December 2023, with over 2000 Director contributions, we have created our first Contemporary Governance Data Insights Report highlighting Board Governance & Director Capability Opportunities for 2024, and onwards. For the 2023 6 Top Governance Risks we have highlighted the data insights from the Board Governance Review, the Board’s view of their collective governance risk, verses the Director Skills Matrix, the individual Directors capability results for that same risk. This comparison gives amazing insights into the real underlying issues, and more importantly some practical “where to from here” suggestions that we have witnessed within our GovernWith community of effective, capable, contributing and contemporary Boards.

Please enjoy and we hope these insights support your journey for continuing being a successful Governing Body.



**Fi Mercer**  
CEO & Founder  
GovernWith



# GovernWith Contemporary Governance Model

GovernWith has fostered a more inclusive and modern Governance Model that encapsulates the capabilities required to govern in our modern times more successfully.

We have also expanded the model to include the Executive Group as a key component for successful contemporary governance. We call it the GovernWith Contemporary Governance Model and it sets the values and principles for all that we do.

# The Top 6 Contemporary Governance Risks



Environmental,  
Social & Governance

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Cyber  
Security

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Stakeholder &  
Community Engagement

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Workforce  
& Culture

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Strategic  
Insight

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Director &  
Executive Transition

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Risk 1

## Environmental, Social and Governance (ESG)

**40.9%**

—  
Board Governance  
Average Rating

Boards overall level of assurance that environmental, social and governance issues are being addressed.

**37.3%**

—  
Director Skills  
Average Rating

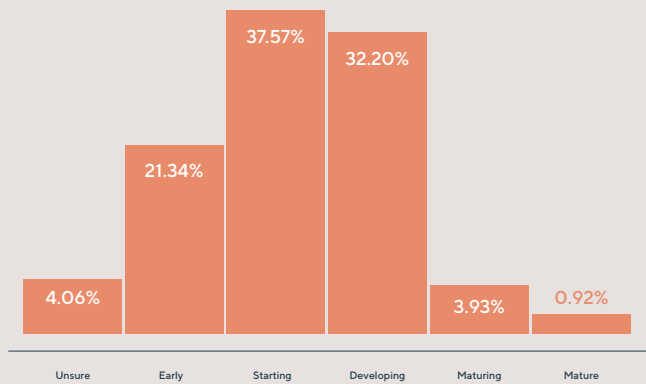
Individual Director level of understanding, qualifications and experience in being able to contribute to Board conversations about environmental, social, and governance.



Risk 1

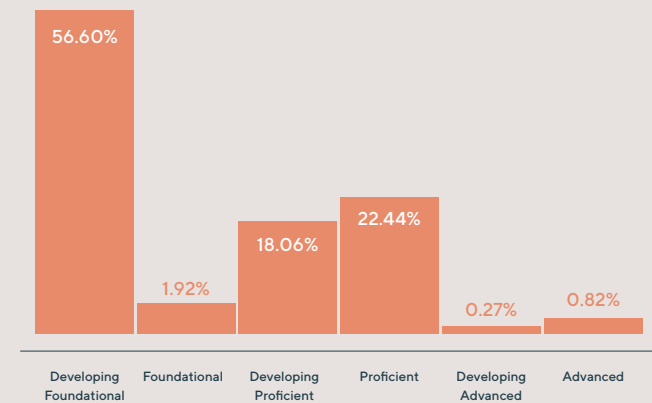
## Environmental, Social and Governance (ESG)

### What's the underlying data showing us.



#### The Board View

Our data indicates that most Boards are not sure if they have the right policies, procedures, and behaviours to address Environmental, Social and Governance requirements within their organisation. Many also note, that they do not receive adequate reporting about the top ESG risks to be appropriately informed and assured.



#### The Director View

Our data indicates that over half of the Directors have foundational capabilities in their awareness and understanding of the Environmental, Social and Governance requirements. This is leading to a lack of contribution, the ability to ask the right questions and often a reliance on other Directors or Executives for their oversight and leadership responsibilities within Boardroom conversations.



Risk 1

## Environmental, Social and Governance (ESG)

### How can this be addressed?

#### Board & Executive

*“ESG is simply what you do to ensure your key stakeholders being workforce, clients, environment, community and funders are treated by you in an inclusive, caring, ethical and dignified way.”*

*Ref: What on Earth is ESG, GovernWith Webinar Nov 2023, guest speaker Jo Plummer, Seasoned Board Chair and Director*

Together, Chairs, Directors, and Executives lead a genuine, humane, curious, courageous, brave, caring and time committed approach, rather than a compliance approach, through:

#### **Learn about what’s already happening in your Organisation:**

- Executive presentations about Environmental (Footprint), Social Inclusion (Handprint) and Governance status in the Organisation

#### **Cornerstone of future strategic planning feedback, design, and implementation:**

- Create a Strategic Pillar
- Nominate Board Sub Committee with responsibility for identifying top risks, trends and issues reporting to the Board
- Multi Focussed Reporting: combine workforce engagement values with retention factors for ESG Risk oversight  
i.e. sick leave to include mental health, paid paternity and maternity leave equally encouraged and supported
- Create Community Advisory Committee





Risk 1

## Environmental, Social and Governance (ESG)

### How can this be addressed?

#### Board & Executive

##### **Communicate commitment to all Stakeholders:**

- An ESG Commitment and Values Communication Strategy for all Key Stakeholders (Workforce, Funders, Community, Partnerships & Collaborations)

##### **Leadership for a Contemporary Culture**

- Full alignment with Organisations Mission, Vision and Values
- Role model in all that is done - all governing leaders embodying this in everything that they do and say
- Permanent item on the Board Meeting Agenda as part of Strategic Insight Sessions
- Build group capabilities for understanding top risks, trends and issues  
For example the correlation between poor ESG policies, procedures, behaviours and outcomes and their impact on workforce: churn and retention and stakeholder engagement: reputation and funding



Risk 1

## Environmental, Social and Governance (ESG)

### How can this be addressed? Individual Directors & Executives

#### **Prioritise ESG in Director and Executive Transition Process:**

- Ensure skills and capabilities are priority in the succession, recruitment, induction, development, engagement & retention programs for Directors and Executives:

*“Workforce, Clients and Communities should look to the Board and recognise the diversity that sits around the table”.*

Ref: Nicole Bartholomeusz, CEO cohealth

#### **Address the “Bystander Effect”, where Directors expect the expert Director/Executive in the room to have this covered:**

- Develop all Directors and Executives to a proficient level of capability, as a minimum, through awareness and understanding of the top trends and risks, providing context and building confidence to engage in conversation, ask the right questions and make well informed, proactive governance decisions to mitigate potential future risks.



Risk 2  
Cyber Security

**76.9%**

Board Governance  
Average Rating

Boards overall level of assurance that  
cyber security issues are being addressed.

**26.2%**

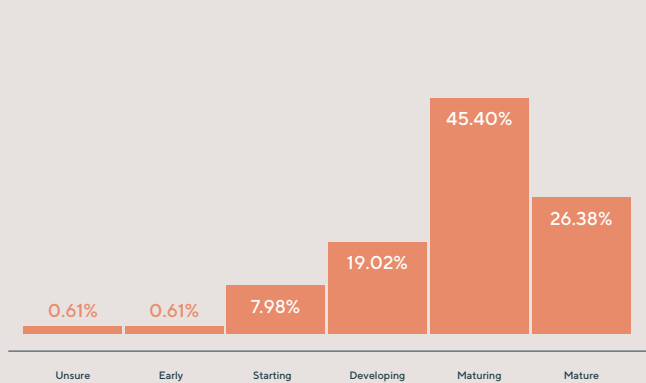
Director Skills  
Average Rating

Individual Director level of understanding,  
qualifications and experience in being  
able to contribute to Board conversations  
about Cyber Security.



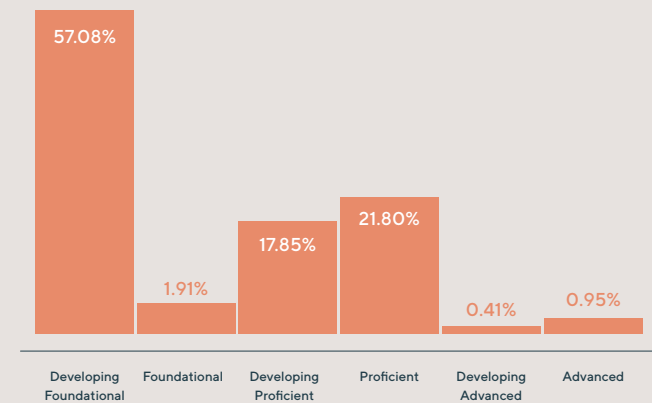
## Risk 2 Cyber Security

### What's the underlying data showing us.



#### The Board View

Our data indicates that the Board as a collective feel that Cyber Security is being reasonably well monitored and under control.



#### The Director View

Our data indicates that over 75% of Directors only have a Foundation or Developing Proficient capabilities and understanding of Cyber Security. This is leading to a lack of ability to ask the right questions, and often an overreliance on the Executive team responsible for technical solutions within the organisation. Often Directors do not understand the strategic risk that Cyber Security presents and don't believe it is their responsibility.



## Risk 2 Cyber Security

# How can this be addressed?

## Board & Executive

Board and Executive role model and lead a responsible Cyber Security culture, through:

### **Do not abdicate understanding and leadership to the Executive or IT Department:**

- Understand that Cyber Security is a Human issue and whole Organisation responsibility, not an IT responsibility
- Learn the right questions to ask in establishing educational processes for an ongoing awareness culture of Cyber Security within the organisation

### **It is a foreseen top risk and therefore Directors are liable if:**

- It is not properly understood
- Mitigation plans are not in place
- It's not officially overseen
- Reviews and strategies aren't regularly discussed with all stakeholders



Risk 2  
Cyber Security

## How can this be addressed?

### Board & Executive

**Build group capabilities for understanding, oversight and strategic leadership of top risks and issues:**

- Regular agenda item at Board Meeting
- Agenda as a presentation in Strategic Insight Sessions
- Nominate Board Sub Committee for responsibility or create a designated Sub Committee



## Risk 2 Cyber Security

# How can this be addressed?

## Individual Directors & Executives

### **Prioritise Cyber Security in Director and Executive Transition Process:**

- Ensure skills and capabilities are priority in the succession, recruitment, induction, development, engagement & retention programs for Directors and Executives

### **Address abdication of responsibility to Executive where Directors expect the expert Executive in the room to have this covered:**

- Develop all Directors and Executives to a proficient level of capability, as a minimum, through awareness and understanding of the top Cyber Security risks, providing context and building confidence to engage in conversation, ask the right questions and make well informed, proactive governance decisions to mitigate potential future risks.



Risk 3

## Stakeholder & Community Engagement

**58.0%**

Board Governance  
Average Rating

Boards overall level of assurance that Stakeholder & Community Engagement communication, influence, planning and reporting are being addressed.

**49.9%**

Director Skills  
Average Rating

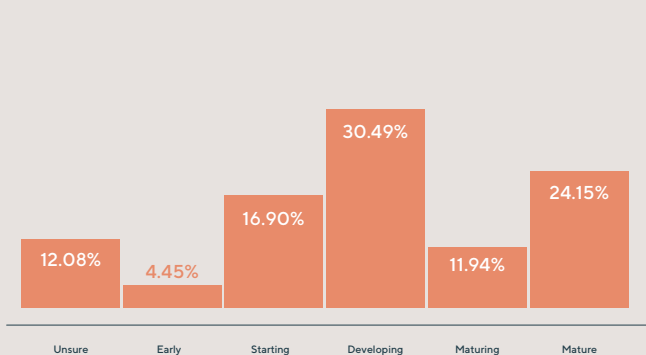
Individual Director level of understanding, qualifications and experience in being able to contribute to Board conversations about Stakeholder & Community Engagement.





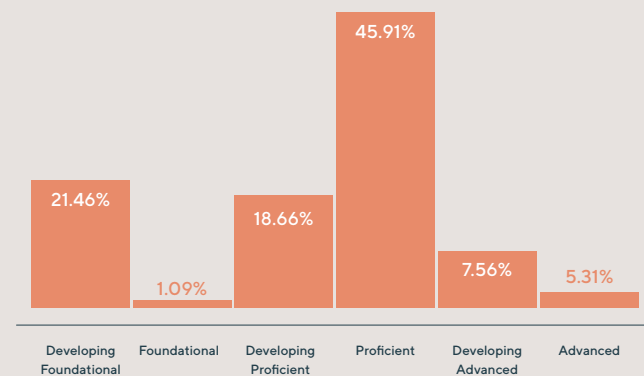
## Risk 3 Stakeholder & Community Engagement

### What's the underlying data showing us.



#### The Board View

Our data indicates above 50% of the Board does not feel assured that stakeholder communication, influence, planning, reporting and overall engagement occurs. Nearly 20% do not know if this occurs at all.



#### The Director View

Our data indicates 45% Directors only have Foundation or Developing Proficient capabilities and understanding of stakeholder and community engagement. This creates leadership and oversight problems by the Board as they have an unclear understanding of who the organisations key stakeholders are and what strategies and reporting are required.



Risk 3

## Stakeholder & Community Engagement

### How can this be addressed?

#### Board & Executive

Board and Executive enhance their understanding of contemporary strategic trends, issues and risks for stronger leadership and influence in Stakeholder & Community Engagement Strategies, through:

##### **Deliberately seek stakeholders to support formulation and delivery of strategies for ESG**

- For example: Environmental Safety and Sustainability, Social Inclusion, First Nations People, Gender Equity and organisation wide governance policy, procedures and behaviours

##### **Ensure Workforce is a Number 1 Stakeholder:**

- Regulated KPI's around the feedback funnel between Staff and the Board
- Regular Workplace Culture Reviews
- Accessibility to support services that nurture and encourage staff to speak up  
For example: Domestic Violence, Mental Health



Risk 3

## Stakeholder & Community Engagement

### How can this be addressed?

#### Board & Executive

**Ensure Community is a Number 1 Key stakeholder:**

- Implement a Community Advisory Structure

**Build group capabilities for understanding contemporary Stakeholder and Community Engagement:**

- Regulated KPI's around the feedback funnel between Staff and the Board
- Regular Workplace Culture Reviews
- Accessibility to support services that nurture and encourage staff to speak up  
For example: Domestic Violence, Mental Health



Risk 3

## Stakeholder & Community Engagement

### How can this be addressed?

#### Individual Directors & Executives

**Prioritise Stakeholder and Community Engagement in Director and Executive Transition Process:**

- Ensure skills and capabilities are priority in the succession, recruitment, induction, development, engagement & retention programs for Directors and Executives:

**Address abdication of responsibility to Executive where Directors expect the expert Executive in the room to have this covered:**

- Develop all Directors and Executives to a proficient level of capability, as a minimum, through understanding who contemporary stakeholders are, engagement strategies and what real outcome measures are used in building confidence to engage in conversation, ask the right questions and make well informed, proactive governance decisions to mitigate potential future risks.



Risk 4  
Workforce & Culture

76.9%

Board Governance  
Average Rating

Boards overall level of assurance that Workforce are engaged in a positive culture and issues are being addressed.

38.6%

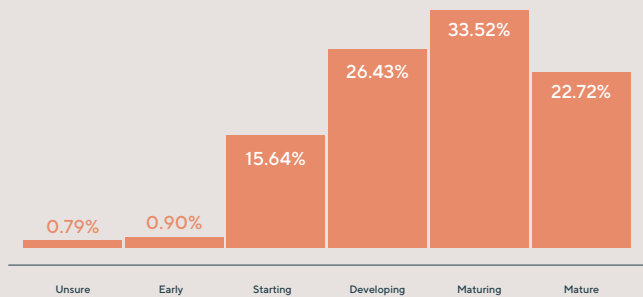
Director Skills  
Average Rating

Individual Director level of understanding, qualifications and experience in being able to contribute to Board conversations about Workforce and Culture.



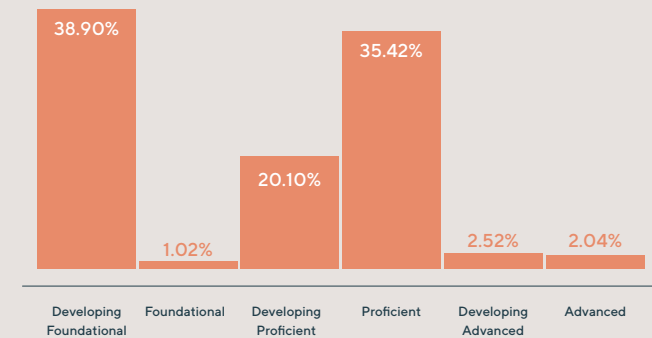
## Risk 4 Workforce & Culture

### What's the underlying data showing us.



#### The Board View

Our data indicates that over 80% of the Board feel assured that Workforce and Org Wide Culture is being well monitored and reported effectively, with below 18% not as assured.



#### The Director View

Our data indicates that 60% plus Directors only have Foundation or Developing Proficient capabilities and understanding Workforce and Culture. Directors not having a proficient or above level of understanding creates risk as they don't ask the right questions, ask for the right reports or understand what trends and issues are impacting on their workforce culture and retention.



Risk 4

## Workforce & Culture

### How can this be addressed?

#### Board & Executive

Board and Executive enhance their understanding of contemporary strategic trends, issues, and risks demonstrating leadership in, and encouraging, employees to embody a positive organisation wide culture, through:

**Be curious to understand why there are workforce retention issues:**

**Values Hypocrisy**

- Staff are attracted to purpose and values but leave as they don't experience them.
- This starts at Board and Executive level. If inclusion and diversity of voice and experience are not represented or prioritised as Director and Executive prerequisites, how can an organisation truly have a safe, positive workplace culture for their workforce who are made up of diversity of voice and experience

**Token ESG Policies and Behaviours**

- Staff don't feel included, cared for or respected and choose to leave or become uninspired by organisation wide attention to lack of responsible management i.e., environmental footprint and social handprint



Risk 4

## Workforce & Culture

### How can this be addressed?

#### Board & Executive

##### **Numerous Cultures for Workforce Engagement**

- Some cultures are measured and others not for real workforce engagement
- For example, in Health/Community Health Sectors there are two cultures to be engaged in and we measure number one well but miss number two:

##### **Quality, Safety Clinical Care Culture**

- “Do no harm” to any patients. Fully compliant as pass accreditation with flying colours  
BUT treat other staff poorly as tired, stressed, and criticised by superiors.

##### **Purpose and Values led Culture**

- Staff are engaged in the organisation values and purpose in all that they do. Give and receive the values themselves as they are inclusive, caring, kind and respectful. This culture when practiced correctly and led, and role modelled by the Board, Executive and management, has a profoundly positive impact on workforce retention, satisfaction and sustainability. This culture is often not well measured or discussed, and is missed as to why workforce leave.





Risk 4  
**Workforce & Culture**

## How can this be addressed?

### Board & Executive

**Build group capabilities in understanding the nexus between contemporary workforce engagement in culture and how it impacts retention and satisfaction trends, issues and risks:**

- Regular agenda item at Board Meeting
- Agenda as presentation in Strategic Insight Sessions from others in industry who do this well
- Nominate Board Sub Committee for responsibility



Risk 4

## Workforce & Culture

### How can this be addressed?

#### Individual Directors & Executives

**Prioritise Workforce, Human Resources and Culture Skills in Director and Executive Transition Process:**

- Ensure skills and capabilities are priority in the succession, recruitment, induction, development, engagement & retention programs for Directors and Executives

**Address abdication of responsibility to Executive where Directors expect the expert Executive, such as the HR Manger, in the room to have this covered:**

- Develop all Directors and Executives to a proficient level of capability, as a minimum, through understanding what the real reasons are behind workforce retention, (such as poor attention to ESG), and the contemporary workforce engagement toward their organisations culture in building confidence to engage in conversation, ask the right questions, make well informed governance decisions and lead and role model desired culture.



Risk 5  
Strategic Insight

**76.1%**

Board Governance  
Average Rating

Boards overall level of assurance that they participate in strategic insight sessions and understand the latest trends and issues.

**46.2%**

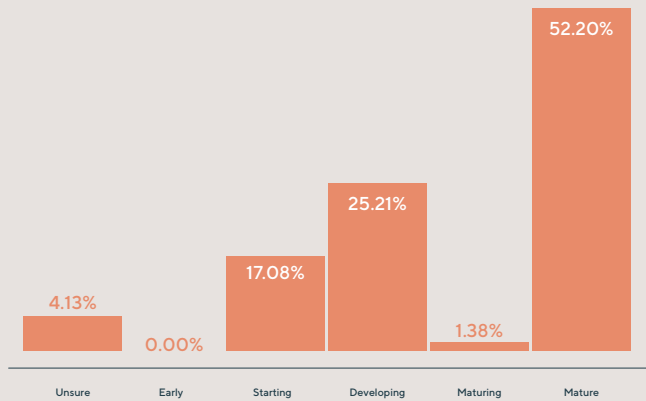
Director Skills  
Average Rating

Individual Director level of understanding, qualifications and experience in being able to contribute strategically at the Boardroom table.



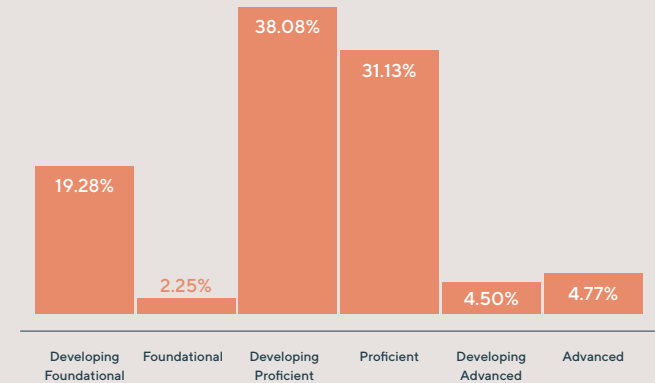
## Risk 5 Strategic Insight

### What's the underlying data showing us.



#### The Board View

Our data indicates that over 77% of the Board note they have regular strategic insight sessions on their board meeting agendas, and they discuss and understand the top trends and issues of their Organisation and industry/sector. Less than 22% believe this happens irregularly or not well.



#### The Director View

Our data indicates that well over 50% of the Directors are not proficient, have a good understanding or experience in strategic leadership and management or corporate governance. This creates a risk in relation to Directors not understanding the contemporary trends, issues and risks of their organisation and/or industry/sector. Even if they do understand these, they are often unable to give this a strategic lens due to a low level of corporate governance capabilities.



## Risk 5 Strategic Insight

# How can this be addressed?

## Board & Executive

Board and Executive enhance their ability to be strategic in conversations, questions and decision making by building their understanding of contemporary strategic trends, issues and risks, through:

### **Regular Strategic Insight Sessions with Board and Executive:**

- Regular agenda item at Board Meeting
- Agenda as a presentation and discussion in Strategic Insight Sessions about present Strategic Plan, “How we are going, what’s changed externally and is our Strategy still relevant?”
- Review and revise elements of Strategic Plan accordingly.  
Presentations can be from all Executive, management, key stakeholders who represent the strategic areas up for review.  
For example: it may be a Chair who is an expert in Community Engagement having trialled a new Model or a CEO who has successfully led a transformation with their Executive and have a new internal role for leadership of ESG across the organisation.
- Build group capabilities for being Strategic through ensuring everyone is up to date with contemporary governance training and current information for enhancing their understanding.



Risk 5  
**Strategic Insight**

## **How can this be addressed?** **Individual Directors & Executives**

**Prioritise Strategic leadership and Business Acumen, and Corporate Governance in Director and Executive Transition Process:**

- Ensure skills and capabilities are priority in the succession, recruitment, induction, development, engagement & retention programs for Directors and Executives

**Don't "set and forget" on Director and Executive governance skills and qualifications, continually update to ensure governance teams are modern and "ahead of the curb" through:**

- Develop all Directors and Executives to a proficient level of capability, as a minimum, through awareness and understanding of the top trends and risks, providing context and building confidence to engage in conversation, ask the right questions and make well informed, proactive governance decisions to mitigate potential future risks.



Risk 6  
Director & Executive Transition

66.5%

Board Governance  
Average Rating

Boards overall activity in relation to Director succession planning inclusive of recruitment, induction, engagement and retention for contemporary Governance capabilities.

48.6%

Unsatisfactory  
Experience\*

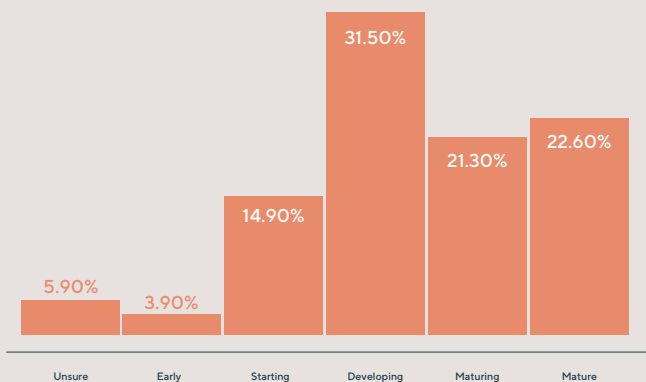
Individual Director experience in being inducted to the Board in a contemporary and engaging way.

\*Data collected through a yes or no measure.



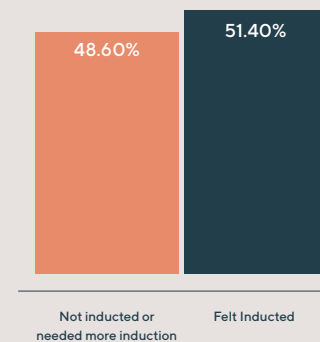
## Risk 6 Director & Executive Transition

### What's the underlying data showing us.



#### The Board View

Our data indicates the Board is reasonably assured about succession planning but not as assured regarding Director induction.



#### The Director View\*

Our data is indicating that half of the Directors agreed that they had a good experience being inducted onto their Board, whilst the other half indicated that they were poorly inducted or not inducted at all.

\*Data collected through a yes or no measure.





Risk 6

## Director & Executive Transition

### How can this be addressed

#### Board & Executive

Board and Executive commit 100% to creating and implementing full Director and Executive Transition Program, inclusive of, but not limited to:

**Succession: Using an iterative contemporary Skills Matrix, (a group report demonstrating the distribution of each individual's skills and gaps), to ensure:**

- Understanding of the gaps for tailored development and focus
- That areas of opportunity are filled with the right leadership capabilities
- The individual and governing team as a whole's embodiment of organisational purpose and values
- Successful Strategic Direction Plan formulation, delivery and oversight
- Leadership of, and participation on, Board Sub Committees and Advisory Committees
- Leadership of the Board and the Organisation



Risk 6

## Director & Executive Transition

### How can this be addressed

#### Board & Executive

**Recruitment: Rigorous process based on the required elements of a Contemporary Governance Model:**

- Sector
- Professional/Corporate
- Contemporary Capabilities
- Behavioural Leadership Styles and Attributes

**Induction and tailored Development:**

- Skills Matrix to be a part of the initial Induction process to form tailored individual development and ongoing onboarding based on their results demonstrating their gaps and capabilities. Begin engagement and awareness in workplace culture, to support their embodiment of the organisation's purpose, values, strategic trends, issues and risks and expected behaviours.

**Engagement and Retention: Continually checking in on activity in stakeholder engagement program, cultures and avoiding.**

- Values Hypocrisy
- Token ESG approach
- Non-connection with diversity of culture, voice and lived experience



Risk 6

## Director & Executive Transition

### How can this be addressed Individual Directors & Executives

#### **Prioritise Contemporary Capabilities, Behavioural & Leadership Styles and Attributes in Director and Executive Transition Program:**

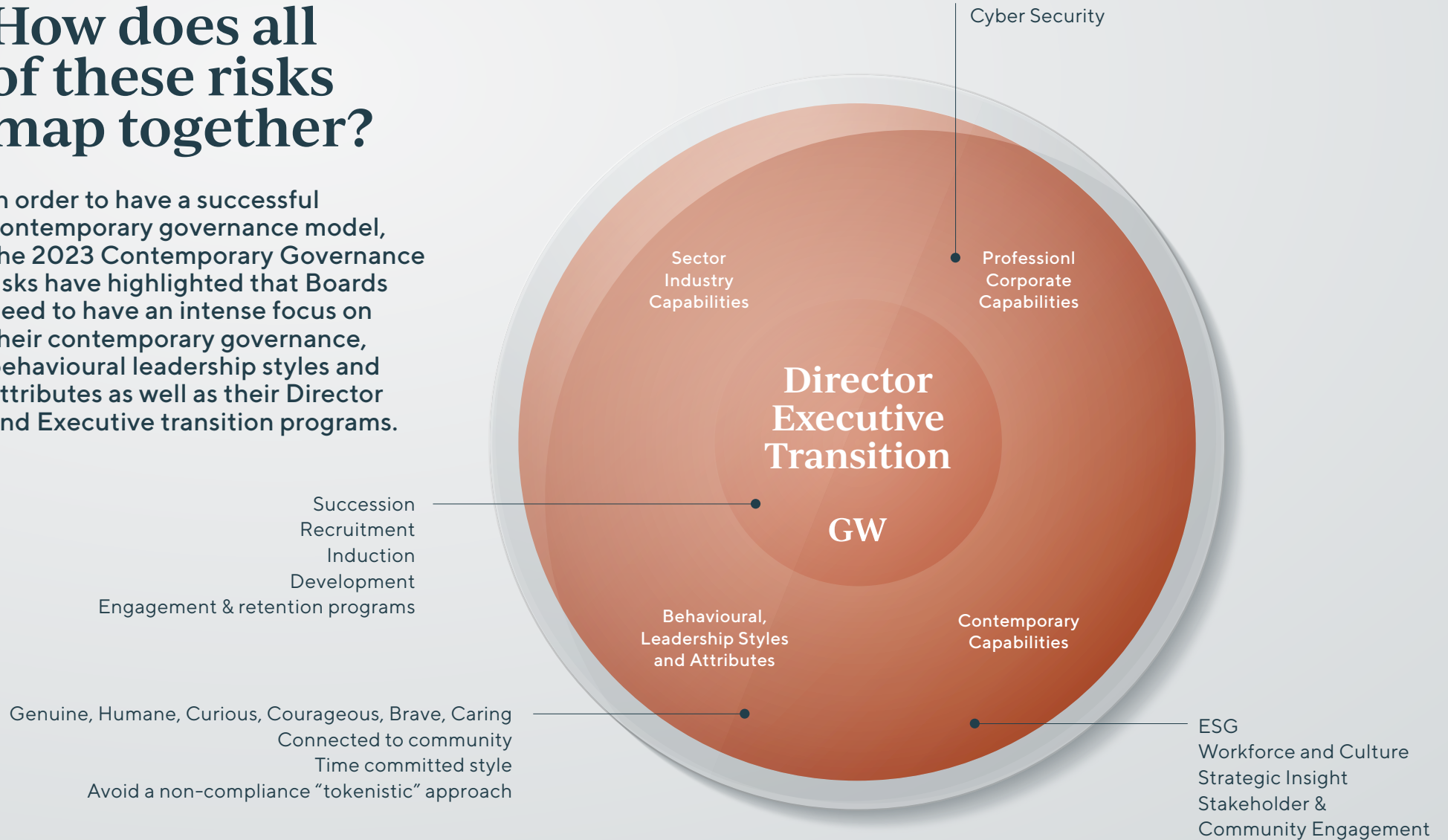
- Ensure skills and capabilities are priority in the succession, recruitment, induction, development, engagement & retention programs for Directors and Executives

*“The Induction process starts at the Recruitment stage and continues throughout the whole lifecycle of the role. The tone that is set throughout how that process is handled, is part of the cultural setting of the Organisation, the way your new Director or Executive (or Workforce) will view your Organisation, and how they’re expected to behave, interact and engage with your Organisation.”*

Ref. Megan Motto CEO Governance Institute of Australia - From Recruitment to Retirement - Webinar

# How does all of these risks map together?

In order to have a successful contemporary governance model, the 2023 Contemporary Governance risks have highlighted that Boards need to have an intense focus on their contemporary governance, behavioural leadership styles and attributes as well as their Director and Executive transition programs.



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## The Purpose: Actionable Governance

The core purpose behind our 2023 GovernWith Whitepaper is to look back at the past year and what the data and insights have presented as trended collective risks, but more importantly toward the future and how we can turn it into actionable, proactive governance within our organisations.

Organisational reputation has never been more exposed. Awareness isn't enough, and unfortunately can be more detrimental if not actually embodied. Awareness carries responsibility, and with no action reflects complacency, privilege, hypocrisy, and tokenism. In a time of stakeholders being more engaged than ever before – contemporary governance knowledge needs to be encompassed in the culture, purpose and values of everyone and everything to do within an organisation. This starts with the governing leaders: Boards, Executive and Management, setting the tone and leading by example for a curious, courageous and community centered ethos.

The purpose of this Whitepaper is to give a roadmap, a practical guiding resource for where to go from here. Most importantly it addresses the question "So what's next?".

We would love to continue the conversation around how GovernWith can support you and your organisation for actionable governance in 2024.

Please use the contact details below and we can book in a time to discuss a tailored program, in providing the most effective value for your Board and/or Executive.

Go well,

**Bri Mahony**  
Chief Accounts and Marketing Officer

Email: [bri@governwith.com](mailto:bri@governwith.com)  
Book a call: [governwith.com/meetings/bri-mahony](https://governwith.com/meetings/bri-mahony)

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