NORTHSEAT

DIRECTORLENS FRAMEWORK GUIDE

Behavioural Clarity in Governance

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1 Background

The behavioural dimension of governance

Board breakdowns rarely arise because of missing charters, weak frameworks, or lack of skill. They often occur when capable directors adjust their behaviour in ways that weaken challenge, independence, or role clarity.

Across enquiries, enforcement actions, and post-crisis reviews, a recurring pattern emerges: formal governance structures were in place, yet the behavioural dynamics in the boardroom - deference, group consensus pressure, or over-involvement - influenced how those structures operated at critical moments.

Governance reviews and regulatory commentary point to behavioural issues: weak challenge, blurred role boundaries, excessive deference, and informal influence that only become obvious after decisions have consequences. In many cases, the early warning signs were visible in the room but unspoken around the table.

The pattern behind avoidable decisions

A familiar scenario: the board considers a major decision. The CEO is confident; the analysis appears sound. Each director glances around, sensing potential concerns yet hesitant to appear obstructive. One voice signals support, others follow, and consensus forms.

Months later, challenges emerge - integration issues, cultural friction, strategic drift. The directors were diligent and well-intentioned, but social dynamics shaped collective judgment.

The board reached alignment without fully testing the concerns. The unspoken reservations no longer influenced the decision.

Limitations of traditional board evaluation

Annual evaluations typically ask, "How effectively did we oversee risk last year?" or "How well did we challenge management?"

These are retrospective questions about known outcomes. They rarely explore how a board might behave when the next decision compresses time, confidence, and uncertainty.

Traditional reviews describe performance after the fact; they seldom surface the behavioural tendencies that influence decision-making when time, information and authority are constrained.

The value of behavioural reflection

DirectorLens provides a structured, evidence-informed way for directors to examine their behavioural tendencies before circumstances test them.

Through scenario-based reflection grounded in governance principles, it helps directors understand how they might instinctively balance challenge, oversight, and engagement in complex situations.

Used privately or with independent facilitation, it enables boards to discuss behavioural alignment proactively and safely - turning abstract governance ideals into practical dialogue.

Mature boards treat these reflections as part of governance hygiene - noticing how the balance of challenge and support evolves across decisions, and recalibrating before it distorts independence or role boundaries.

1 Background

Behavioural awareness as good governance practice

Regulators and investors emphasise that effective governance depends not just on structural compliance but on behavioural accountability - the discipline to question, challenge, and stay within role boundaries.

ASIC, APRA, and the ASX Corporate Governance Principles all highlight independence, constructive challenge, and stewardship as hallmarks of mature governance.

Behavioural governance is the next frontier of director accountability

An investment in clarity

Governance failures can carry significant strategic and reputational costs.

The opportunity cost of behavioural blind spots compounds over time, often invisible until patterns influence critical decisions.

DirectorLens offers a modest investment in governance self-awareness: it provides an ethically safe, research-informed tool that helps directors explore their behavioural patterns and reflect on how those patterns might influence oversight approaches.

It is what effective boards recognise as sound practice: understanding behavioural dynamics before circumstances reveal them.

In summary

Behavioural governance is the next frontier of director accountability.

DirectorLens gives directors a structured way to examine how their behaviour may shape challenge, oversight, role boundaries, and board-executive relationships.

The following sets out the foundations, safeguards, and design that underpin this framework. Together, they demonstrate why behavioural clarity is now central to effective governance - and why DirectorLens exists to provide it.

Why governance needs behavioural clarity

Even well-structured boards can lose decision discipline when behavioural dynamics are left unexamined. Charters, compliance systems and reporting frameworks cannot substitute for director behaviours that determine whether oversight remains active, proportionate and role-bound. Breakdowns of independence, excessive operational involvement, or reluctance to challenge management rarely arise in isolation. They are often reinforced by power dynamics - dominant Chairs or CEOs, silent factions, or informal alliances - that discourage dissent and shape which voices are heard.

For directors, the central risk is subtle: governance breakdowns rarely present as one dramatic breach. They accumulate in patterns of silence, deference, or intrusion that erode accountability over time. Contemporary governance principles - as expressed in the ASX Corporate Governance Principles to ISO 37000 - emphasise role clarity, constructive challenge, and stewardship. These principles are only realised when directors can recognise and adjust their own behavioural tendencies.

What DirectorLens provides

DirectorLens is a scenario-based reflection tool designed to help directors surface their dominant governance style. By presenting directors with realistic boardroom dilemmas, it highlights the behavioural patterns that shape oversight, engagement, and challenge. The purpose is to provide a structured lens for strategic reflection and professional development.

For individual directors, it supports awareness of how their instincts in consequential boardroom moments align with recognised governance practices and expectations. For boards, it can surface patterns directors often sense but rarely name - such as unspoken deference to a powerful CEO, factions forming around risk appetite, or the board moving into operational detail when delivery risk becomes visible.

3 What Directors Recognise - But Rarely Say Aloud

Many directors recognise these moments immediately - even if they would never describe them this way in a formal review.

The decision moves forward with little debate, as reopening the issue feels costly in the moment. Later, that silence is remembered as alignment.

A director steps in to “help” management - refining a proposal, shaping a plan, filling a perceived gap. It feels constructive in the moment. Only later does accountability become unclear: Was that governance, or was that management?

Compliance updates are thorough. Assurance is strong. The board feels comforted. Meanwhile, strategic assumptions age, protected by process rather than tested by judgement.

A concern is noticed but left unspoken. The timing feels wrong. The issue feels sensitive. The relationship matters. Challenge is deferred - not rejected - with the intention of returning to it later. Often, that moment never comes.

None of these behaviours feel unwise at the time. In fact, most feel reasonable, even responsible. They are shaped by context: trust, fatigue, social dynamics, and reputational risk.

Yet these are the moments where governance subtly shifts - not because directors don’t know what good governance looks like, but because behaviour adapts to pressure in ways that are rarely examined.

Directors often recognise these patterns privately. DirectorLens gives them a private structure to examine the behaviour before it becomes a boardroom issue.

4 Governance Is Behavioural

Governance is often described in terms of intent: principles, structures, responsibilities, and processes.

In practice, governance is behavioural.

It is shaped by what directors do when trade-offs emerge, information is incomplete, and authority dynamics become visible in the room. In those moments, judgement is shaped by habit, context, confidence, and social risk - alongside policy.

Most governance frameworks assume rational, orderly decision-making. Boardrooms are rarely that clean. Decisions are made under time pressure, relational history, and uneven information - conditions that expose behavioural tendencies rather than stated beliefs.

Governance breakdowns can surprise boards because the principles were understood while behaviour changed in the room. The shift is often gradual: less challenge, more deference, deeper involvement, or blurred ownership of the decision.

Understanding governance requires looking beyond what boards intend or endorse, and toward how directors behave when decisions require challenge, restraint, escalation or role clarity.

5 Why Directors Misread Their Own Style

Most directors have a clear view of what good governance is supposed to look like.

They understand independence. They value challenge. They know the importance of role boundaries. In principle, their intentions are sound.

The difficulty lies in how governance is practised under social and reputational pressure.

Boardrooms are status-sensitive environments. Directors are aware of how their behaviour is perceived - by peers, Chairs, CEOs, and future appointment panels. Over time, this shapes behaviour in subtle ways.

Challenge is adjusted to avoid appearing disruptive. Involvement is framed as contribution rather than overreach. Silence is interpreted as restraint rather than avoidance. Each adjustment feels reasonable in isolation. Together, they create a governance posture no one intended.

Because these behaviours are aligned with accepted governance norms, they rarely feel like deviations at the time. Intent remains strong, even as impact shifts.

Directors often misread their own governance style because they assess themselves against endorsed principles, rather than against the behaviours they select during live board decisions.

The gap between intent and impact is a feature of the board role.

Recognising that gap requires a form of reflection that is private, non-evaluative, and grounded in real governance situations.

6 The Governance-Behaviour Gap

When formal structures break down

Many boards today operate with well-written charters, standing committees, risk registers, and compliance frameworks. These artefacts provide essential structure - but they cannot guarantee director conduct. A board can have every document in place and still experience governance breakdowns in practice if its members choose silence in front of a dominant CEO, raise concerns only in corridor conversations, or defer to authority to preserve relationships. Movement into management's role is rarely accidental. It often reflects directors trying to stay relevant, add value, or exert influence informally.

Governance doctrine has long recognised this risk. Publications such as the ASX Corporate Governance Principles emphasise accountability and role clarity; contemporary governance warns against directors becoming "shadow executives"; ISO 37000 highlights culture as integral to governance. Yet the formal mechanisms of governance stop short of addressing the lived behaviours of directors inside the boardroom.

The cost of behavioural blind spots

Unchecked behavioural patterns have consequences that extend beyond board dynamics:

- Regulatory - Failures to question or probe management can undermine board effectiveness and increase exposure to governance or oversight risk.
- Reputational - Deference, complacency, or over-involvement erode trust in the board's independence. Once public confidence is lost, recovery is slow and costly.
- Cultural - If directors model avoidance, micromanagement, or division, these behaviours cascade into executive and organisational culture, weakening alignment and accountability.
- Relational - Board-executive trust can fracture. A CEO who perceives the board as meddling, or a board who sees the CEO stonewalling, will default to defensive behaviours. Once candour collapses, both oversight and execution degrade.

In practice, governance breakdowns tend to reflect lapses in board judgement, courage, or restraint - even when policies are in place.

Why traditional board reviews are not designed to surface behavioural risk

Conventional board evaluations typically focus on skills matrices, attendance records, or compliance with procedural checklists. These reviews confirm whether structures exist, but not whether directors use them when a material decision is before the board. A skills matrix rarely reveals whether a risk expert stayed silent to protect harmony, or whether an experienced director defaulted to politeness in front of a forceful Chair.

They rarely ask:

- Do directors challenge with independence, or default to harmony?
- Does the board stay strategic, or move into operational involvement?
- Are directors balancing vigilance with respect for executive authority?

Without tools to illuminate these behavioural dynamics, boards can find themselves repeating the same conversations about process while overlooking the patterns that drive governance effectiveness.

DirectorLens provides a structured way for directors to reflect on behavioural dynamics and consider how their tendencies align with governance principles in practice.

7 The Five Style Framework

DirectorLens is structured around five governance tendencies drawn from boardroom observation and governance doctrine. Each reflects a way directors may calibrate challenge, oversight, and engagement. None are inherently “good” or “bad”; their impact depends on context, balance, and persistence. Style labels are shorthand descriptors only. Each style is descriptive rather than evaluative, with constructive and limiting tendencies depending on boardroom context.

Deferential	Deferential tendencies emphasise collegiality and harmony. While these behaviours can support cohesion, they may suppress independence. Sustained deference often shows up as silence in meetings, quick agreement with dominant voices, or reluctance to challenge long-serving executives. Sustained deference can create governance vulnerabilities by allowing concerns to remain outside the formal decision.
Compliance-focused	Compliance-focused directors anchor governance in process discipline, legal adherence, and regulatory assurance. Their strength is vigilance; their risk is rigidity. In practice, compliance focus can shut down debate when directors cite process to avoid judgement, or default to checklists when broader assessment is needed. Boards dominated by this style may miss cultural or strategic red flags.
Oversight	Directors exercising Oversight keep the board focused on strategy, risk, accountability and role boundaries. They probe strategy, test assumptions, and safeguard risk appetite while respecting executive authority. In practice, this can look like persistent questioning on risk trade-offs, or pushing management to evidence decisions without sliding into operational detail. This style reflects behavioural tendencies broadly consistent with widely recognised governance expectations, often described by phrases such as ‘noses in, fingers out.’
Intensely-involved	An Intensely-Involved posture reflects directors who lean in with energy and expertise. Engagement runs deep - strategy, options, assumptions, and the conditions the board sets before it decides - and that depth can improve the board's thinking. The risk emerges when engagement shifts from shaping the board's decision to shaping management's work: workshopping management plans in the boardroom, or making repeated revision a condition of ever deciding, leaving executives unsure where accountability lies.
Execution-inclined	Execution-Inclined tendencies appear when directors move beyond shaping the board's decision and begin directing management's delivery - specifying implementation choices, contacting staff directly, or taking ownership of workstreams. The aim is usually progress, and the experience behind it is often real. The governance consequence is displaced executive accountability: when directors help run the work, it becomes unclear who owns the outcome.

8 Scenario-based design

Real dilemmas

DirectorLens presents directors with realistic governance dilemmas grounded in boardroom practice. The kind of moments where a Chair presses for consensus after a heated debate, a CEO pushes back on oversight as ‘operational,’ or a regulator letter lands on the table. These scenarios reflect the pressures that shape how directors behave in practice.

Each choice is informed by governance doctrine - rather than personality theory - and surfaces how directors instinctively approach role boundaries and challenge.

This design is intended to keep results tied to board practice. A director’s responses reflect how they might calibrate independence, scrutiny, and involvement in demanding governance situations.

Anchoring scenarios to governance doctrine

Each scenario is informed by widely recognised governance methodologies. These references indicate how behavioural tendencies connect to recognised governance expectations. For example:

- ASX Corporate Governance Principles - Emphasises the role of independent challenge in audit and risk oversight - concepts reflected in Oversight tendencies.
- AICD guidance - “noses in, fingers out” reflects the balance tested in Execution-Inclined vs Oversight scenarios.
- ISO 37000:2021 - stewardship and accountability underpin reflections on Intensely-Involved vs Deferential tendencies.
- Corporations Act 2001 (Cth), ss180-184 - duties of care and diligence illustrate why tendencies to defer or avoid challenge can become vulnerabilities.

By embedding dilemmas in these frameworks, DirectorLens is framed so that its scenarios can be interpreted through the lens of governance expectations and responsibilities, not personality theory. The scenarios focus on boardroom conditions where authority, relationships, incomplete information, and decision timing affect how directors behave. The tool reflects the kinds of decisions directors face in practice - decisions where behavioural tendencies matter as much as structures.

9 Practical Applications

Board offsites and strategy retreats

DirectorLens can be used to prompt reflection and discussion during annual board offsites or strategy days. By surfacing patterns in how directors approach challenge and engagement, it helps boards reflect on whether their behaviours appear aligned with the role boundaries discussed in recognised governance guidance. Used in this way, the tool supports constructive dialogue without substituting for formal board evaluations.

Onboarding and induction of directors

New directors often bring different instincts about how a board should operate. Introducing DirectorLens into induction processes offers a structured prompt for incoming directors to consider their governance tendencies. It also creates an opportunity for boards to discuss behavioural expectations alongside charters, delegations, and codes of conduct.

Chair-CEO alignment conversations

The Chair-CEO relationship is central to board effectiveness, yet often strained by role ambiguity. DirectorLens can serve as a neutral prompt in alignment discussions, helping boards examine whether their collective behaviour is moving toward micromanagement, deference or role-bound oversight. Used carefully, it creates a neutral platform for surfacing boundary tensions that are otherwise hard to raise. Chairs and CEOs often avoid this conversation directly, because it risks sounding like a power struggle. Framing it through shared behavioural patterns makes the discussion safer.

Independent facilitation is recommended

Where DirectorLens is introduced in collective settings (such as board offsites or facilitated discussions), sessions should be guided by an independent facilitator with both governance literacy and group-process capability.

Facilitators should have demonstrable experience in board or executive facilitation, a sound understanding of director duties and board-management boundaries (for example, completion of a recognised Company Directors Course or equivalent) and operate under strict confidentiality and professional independence.

This approach helps ensure the process remains neutral, psychologically safe, and consistent with the reflective intent of DirectorLens. Participation must remain voluntary and private, and directors should not be required to disclose or share individual results with Chairs, CEOs, or colleagues.

Voluntary self-reflection and development

For individual directors, DirectorLens functions as a personal reflection tool. Directors may use it privately to improve awareness of their tendencies, or as a starting point for confidential conversations with mentors, peers, or governance educators. The intent is self-directed learning and professional development.

10 What Directors Receive

Directors who complete DirectorLens receive a private reflection report designed for individual use.

The report is concise, practical, and explicitly non-evaluative. It provides:

- A profile of governance style tendencies - showing which patterns most often emerged in responses to boardroom scenarios.
- A focused explanation of your dominant governance tendency – how it typically presents in challenge, oversight, and board–management boundaries, grounded in widely recognised governance principles and practice.
- Reflection prompts - practical questions directors can use to test their instincts (‘Would I raise this in the room or offline?’, ‘Am I pushing detail because of risk, or because of habit?’), designed to improve alignment with board-management boundaries.
- Practical actions - suggested ways to strengthen challenge, preserve role boundaries, and use the report in private reflection, mentoring, Chair conversations or professional development.

The report is approximately twelve pages. Its purpose is to help directors reflect on their own instincts in governance dilemmas and, if they choose, open constructive conversations with trusted peers, mentors, or their Chair.

Individual style reports should be interpreted as indicative patterns rather than precise measures. A “leading style” represents a current behavioural tendency within the governance scenarios, not a fixed or categorical type.

11 Next Steps for Directors & Boards

Individual reflection
Complete DirectorLens and receive a private report showing your leading governance behaviour patterns across 24 boardroom scenarios.

Chair or CEO conversation
Use the framework to discuss role boundaries, challenge, involvement and decision behaviour without turning the conversation into a personal critique.

Board-level facilitation
Use the Full Spectrum Report + Facilitation Pack where a board wants to examine collective patterns. Individual results remain private unless directors choose to disclose them.

Licensed or facilitated use
Governance educators, advisers and facilitators may use DirectorLens within director development or board reflection programs under appropriate licensing.

12 Common Questions

DirectorLens reports are always *private* to individual directors. Boards that wish to reflect collectively may choose to engage an independent facilitator using the optional Full Spectrum Report + Facilitation Pack.

Q: How long does it take?
A: There are 24 scenarios which takes approximately 45 minutes to complete, and you will receive your individual report within minutes of completion.

Q: What if my results seem to fit more than one style?
A: That's normal. DirectorLens highlights patterns of behavioural preference rather than fixed types. Overlap between neighbouring styles - such as Intensely-Involved and Oversight - simply indicates a broader range of governance instincts. Each describes different tendencies that may appear depending on the situation.

Q: Will my results be shared with anyone?
A: Individual results are private by default and are not provided to your Chair, board, employer or adviser unless you choose to share them. NorthSeat and its contracted service providers handle personal information under the privacy terms disclosed when you complete DirectorLens.

Q: Can my board or organisation use this for performance review?
A: No. Explicitly prohibited. DirectorLens is not a performance assessment, benchmarking tool, or evaluation framework. It must not be used for board reviews, director renewal, remuneration, succession, or disciplinary purposes.

Q: What are the benefits to me?
A: You will receive a clearer view of the behaviour patterns that appeared most often in your responses: how you tend to handle challenge, role boundaries, judgement, executive authority and board accountability. It surfaces behavioural patterns that are often invisible to the person exhibiting them.

Q: Is DirectorLens validated?
A: DirectorLens is grounded in recognised governance principles and real boardroom scenarios. It is designed as a behavioural governance reflection tool, designed for private, non-evaluative use. Formal empirical validation is a separate process and does not change how the diagnostic is intended to be used: privately, non-evaluatively, and as a prompt for informed reflection. Its credibility at this stage depends on clear boundaries, careful language and responsible use.

About this Framework Guide

Purpose

This Framework Guide presents the foundations of the DirectorLens reflection framework.

NorthSeat provides

✓ Evidence-based governance research and frameworks
✓ Structured methodologies informed by widely recognised governance practices and expectations
✓ Tools to support reflection, development, and dialogue in board settings

NorthSeat does not provide

✗ Legal advice on individual circumstances
✗ Interpretation of the law or directors' duties
✗ Services covered by legal professional privilege
✗ Regulated legal or financial services (NorthSeat is not a law firm)

The distinction

We provide governance and behavioural insight frameworks; your legal advisers confirm alignment with your organisation's specific obligations.

What this guide does

✓ Summarises the theoretical and methodological basis for the DirectorLens framework
✓ Supports reflection on governance behaviour and board-executive dynamics

What this guide does not do

✗ Evaluate directors' performance or compliance
✗ Certify conformance with the Corporations Act 2001 (Cth), ASX Principles, or ISO 37000
✗ Replace or interpret professional legal or regulatory advice
✗ Guarantee any specific governance or legal outcome

Legal and regulatory context

DirectorLens is informed by:

- Corporations Act 2001 (Cth) ss180-184
- ASX Corporate Governance Principles.
- ISO 37000:2021 Governance of Organisations
- Contemporary governance research and practice standards

These references are illustrative only. They help readers interpret governance behaviour through widely recognised governance practices and expectations; they do not imply endorsement or compliance certification.

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