

Annual
Report
2020

2020

The IoD is New Zealand's pre-eminent organisation for directors and is at the heart of the governance community. We believe in the power of governance to create a strong, fair and sustainable future powered by best practice governance. Our role is to drive excellence and high standards in governance. We support and equip our members, and the broader governance community, who lead a range of organisations from listed companies, large private organisations, state and public sector entities, to small and medium enterprises, not-for-profit organisations and charities.

2020

Our vision

a strong, fair and sustainable future for New Zealand, powered by best practice governance

Our mission

to support and enable directors to add value to their organisations and wider communities, and prepare them to positively transform the future

Our values

- Courage to do the right thing
- Manaakitanga
- Kaitiakitanga
- Respect the value of each individual
- Learners for life



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Who we are

Our Council

The IoD Council is responsible for overall corporate governance of the IoD, and consists of 12 non-executive members. Each year branch committees elect members to represent them on the national Council. The Council elects the President and Vice President annually.

Council advances the purpose laid out in the IoD Rules (Constitution). IoD's purpose is to promote excellence in corporate governance, facilitate professional development and enhance the standard and effectiveness of directors. We do this by providing information and education on directors legal, ethical, financial and general rights and responsibilities. In line with our values, Council follows the guidelines on conduct outlined in our Charter, and all Council and Committee members also commit to engaging in continuous professional development to improve their governance practice. This year, six meetings of the Council were held. Council positions are voluntary and are not remunerated.

Leadership Team

Kirsten Patterson

Chief Executive Officer

Felicity Caird

General Manager, Governance

Leadership Centre and Membership

Sarah Deans

General Manager,

People and Culture

Chris Fox

General Manager,

Corporate Services

Nikki Franklin

General Manager,

Members (*until 21 July 2020*)

Dr Michael Fraser

General Manager, Learning and

Branch Engagement

Sophi Rose

General Manager, Brand, Marketing

and Communications

2020 Council



Alan Isaac

CFInstD | National Council
(President)



Julia Hoare

CMInstD | National Council
(Vice President)



Bryan Graham

MInstD | National Council



Craig Hattle

CMInstD | National Council



Jackie Lloyd

CFInstD | National Council



Sarah-Jane Weir

CFInstD | National Council



Simon Lockwood

CMInstD | National Council



Jonathan Mason

CFInstD | National Council



Trish Oakley

MInstD | National Council



Ted van Arkel

CFInstD | National Council
(elected 26 June 2020)



Lloyd Mander

CMInstD | National Council
(elected 15 June 2020)



Geoff Dangerfield

CMInstD | National Council
(elected 14 Feb 2020)

Councillors who stood down during 2020

Dr Helen Anderson CFInstD (14 February)

Vincent Pooch CFInstD (26 June)

Clayton Wakefield CMInstD (26 June)

Council Committees

Audit & Risk Committee

Ten meetings

Julia Hoare (Chair)
Alan Isaac
Jonathan Mason
Bryan Graham
Craig Hattle

Policy & Practices Committee

Operates via email as required

Sarah-Jane Weir (Chair)
Alan Isaac
Julia Hoare
Simon Lockwood

Membership Committee

Seven meetings

Geoff Dangerfield (Chair)
Sarah-Jane Weir
Ted van Arkel
Trish Oakley

Health & Safety Committee

One meeting

(Merged with Human Resources Committee 26 June 2020)

Dr Helen Anderson (Chair) (*until Feb 2020*)
Jackie Lloyd
Trish Oakley
Vincent Pooch
Clayton Wakefield

HR Committee

Five meetings

(Merged with Health & Safety Committee 26 June 2020)

Jackie Lloyd (Chair)
Alan Isaac
Julia Hoare

HR/H&S Committee

Two meetings

(as of 26 June 2020)

Jackie Lloyd (Chair)
Alan Isaac
Julia Hoare

Commercial Committee

Seven meetings

(Previously IoD Commercial Board until 26 June 2020)

Kirsten Patterson (Chair)
Alan Isaac
Julia Hoare
Alison Harrison (*until 23 June 2020*)
Vincent Pooch
Craig Hattle
Trish Oakley (*from 26 June 2020*)

Our branch network

9322 up from **9217** the previous year

members

8 Down 4% over 2019

Branches hosted
256 events

76 down from **82** in 2019

members are overseas



Our members

By age		By membership type	
18-29	1%	Associate	10%
30-39	10%	Member	71%
40-49	26%	Chartered Member	12%
50-59	35%	Chartered Fellow	3%
60-69	21%	Distinguished Fellow	1%
70+	7%	Retired	2%
		Retired Fellow	1%
By gender			
Male	67%	Female	32%
Diverse	or undisclosed gender		1%

From the President



I am pleased to present our annual report for 2020, a singularly extraordinary year for organisations and communities around the world. Navigating the early days and long tail of Covid-19 - whether as leaders of a country, a large company or a small organisation - required bold, timely decision-making, clear communication, and the ability to adapt swiftly to a rapidly changing operating environment. Excellent governance, in other words.

While many of us have never seen the likes of 2020's disruption, New Zealand has fared better than most – a humbling thought as we reflect on our organisation's journey last year. The IoD is at the heart of the governance community and is committed to providing directors with the voice, support and resources they need to lead successful, sustainable organisations. We strive for the highest standards of governance because it is the very foundation of our social and economic wellbeing.

As local entities across the spectrum of size and purpose – listed companies, private firms, not-for-profits, state and public-sector bodies – grappled with the historic challenge of a global pandemic, there was a clear recognition that good governance requires a strong support network. Our membership growth in 2020 exceeded targets, with the highest-ever rate of organisations joining as Whole Board

members. Members returned in greater numbers too, and we saw a significant increase in new applications. Meanwhile, our Chartered Membership continued to grow and is now more than double 2016 numbers.

Our Governance Services team, which helps strengthen board performance by offering guidance on board evaluation, appointments and fees, was also in demand. In a difficult year, it achieved its highest-ever annual revenue.

Our members are our guiding force. We are proud that the governance community put its faith in us during such trying times and are immensely grateful for their loyalty and understanding in the face of cancelled or postponed events and courses, as well as during the review of our organisational structure. We are committed to continuously improving and broadening our support for our members, to enable directors to add value to their organisations and wider communities.

In March 2020, as the IoD adjusted to working remotely, we were also adapting swiftly to the very different needs of our members. We redirected our team to provide critical support, guidance and insights throughout the crisis. One of our key pieces of work during this time was to urge the government to provide emergency interim relief for directors from personal liability for trading while insolvent. We worked with officials on potential solutions, with the resulting safe harbour provisions coming into effect in May.

I was pleased to see the organisation – our people and Council included - move quickly, embrace change and stay focused on results. This is a testament to their skill, dedication to our members and a true reflection of our values. Despite the myriad challenges, according to our brand health survey our member approval rating for our advocacy increased from 68 percent in 2019 to 83 percent in 2020, while our net promoter score increased from +12 points to +17 points.

While Covid-19 was a game changer, the other issues we focused on during 2020, informed by our 2019 Director Sentiment Survey, remained highly relevant. These were: climate action, governing for purpose, data and privacy, reputation and trust, and board leadership. And many had heightened significance in light of the pandemic.

The climate, in particular, was undeterred by the unfolding global health crisis and extreme weather events continued to befall almost every corner of the earth. This issue will only grow in resonance and, at the very least, boards should have it on their radar. The government made its expectations perfectly

clear when it announced that New Zealand would be the first country in the world to require the financial sector to report on climate risks, likely for reporting periods beginning in 2023.

Brand and reputation are also at stake. Globally, consumers and the investor community are increasingly questioning organisations' actions around environmental, social and governance management, with climate change at the top of the agenda. The IoD's breakfast event on climate-related financial disclosures, held in November 2020 with some of New Zealand's leading experts on the topic, was very well received, and we will continue to build on our support for members in this area.

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Cyber security is another top priority – as the IoD itself can attest. In January this year, the Financial Markets Authority released its review of the 2020 NZX cyber-attacks and concluded the stock exchange had insufficient technological resources to meet its duties as a licenced market operator. The multiple hackings of major global organisations last year should send a collective shudder through boardrooms. ‘Security hygiene’ is critical and vulnerabilities present a constant threat.

Our most recent Director Sentiment Survey, released in December last year, provided a glimpse into how our members fared amid the unique challenges of 2020. I was interested to see that almost a quarter of members surveyed said Covid-19 had had a positive impact on their organisation. Less surprisingly, more than half of respondents expected disruptive change in

their industry over the next couple of years, while half did not believe their board had the right capabilities to deal with increasing business complexity and risk.

These insights are invaluable to the IoD, helping us to focus on the issues that matter to our members and frame our priorities accordingly. Climate urgency and cyber resilience remain among the top five issues for 2021, along with revival, adaptive boards and prioritising people.

Covid-19 has been the ultimate disruptor but it has also provided a catalyst to rethink, redesign and build back better and more sustainably. Boards have had to adapt rapidly to, in some cases, wholly unanticipated scenarios like the national lockdown and closed borders. We have witnessed impressive courage, innovation and willingness to learn in boardrooms across the country and these characteristics will continue to be imperative for directors as they seek to maximise the potential of the organisations they represent.

Staff health and wellbeing will stay front of mind for boards, too. The structure and dynamic of the workplace has likely changed for good and organisations will need to maintain focus on their people, ensuring they have the resources and support to thrive amid the permanent adoption of new ways of working. Meanwhile, many will still have difficult decisions ahead as they consider how best to position the organisation for long-term sustainability.

These issues are equally as relevant to the IoD. While the government subsidy provided welcome relief, our income in 2020 suffered over lockdown with the cancellation of key courses and events. We underwent an organisational transformation that aligned our teams more closely with our strategic direction; however, this unfortunately meant losing some roles.

We received two main tranches of Covid-19 subsidy during 2020, totalling \$579k. However, with the expanding financial challenges arising from the cancellation of many face-to-face courses and events, and the reduction of other revenue streams that typically cross-subsidise member services, we reported a deficit, pre-subsidy and pre-tax, of \$654k.

In the period of March 2020 to September 2020 we cancelled five Company Directors' Courses and 32 face-to-face courses, and experienced further disruption later in the year. In addition to the Covid-19 subsidy, the IoD received \$45k for tax losses utilised as part of the government's Tax Loss Carry Back scheme.

Despite the challenges, I am confident that the IoD has emerged well positioned for the future. We are building an organisation that is cohesive, capable and empowered to deliver on our vision and we have a strong team of volunteers and staff equipped with the knowledge and skills to achieve

this. We have robust processes and operating systems in place and a more resilient business and financial model.

We have also made excellent progress with our Rules Review, which aims to ensure our governance arrangements, policies and practices remain current and fit for purpose. We ran branch committee engagement sessions in Auckland and Wellington early in 2020 and, following a hiatus over lockdown, were able to complete these briefings for the other branches later in the year. Member engagement got underway in December with a formal consultation period following in the first quarter of 2021; members will vote on the final recommendations at the AGM on 29 June 2021.

This annual report will be my last as President of the IoD as my two-year term draws to a close and I hand the baton to the incoming President. I could never have imagined presiding over such an eventful period in the IoD's history; however, I am immensely proud of everything we've achieved and am confident we have laid solid foundations for a successful future as the guiding hand of governance in New Zealand.

I would like to extend my heartfelt thanks to all of the staff at the IoD for their support during my tenure and their dedication and drive on behalf of our members. A very warm thank you in particular to Chief Executive Kirsten Patterson and her leadership team for ably steering the ship through all manner of conditions. My gratitude also for Vice President Julia Hoare's expertise and commitment - a sentiment I extend to the entire Council and our branch committees.

Thank you to our national and regional sponsors and partners, whose insights and support are crucial in building the platform for best-practice governance in New Zealand.

Finally, I would like to thank our members for their continued support and enthusiastic participation in our events, courses and development programmes. And sincere congratulations to those who achieved Chartered Membership, were awarded Chartered or Distinguished Fellowships, or received national honours in 2020.

There will certainly be further challenges ahead, but there are also plenty of reasons to be hopeful. Our country's brand has never been stronger and our returning Kiwi diaspora brings international talent and huge potential. Out of disruption comes innovation, strength and resilience. We believe, in times like these, bold governance is more important than ever. The IoD looks forward to playing a key role in supporting our members and New Zealand to achieve that.

Alan Isaac CFInstD
President

From the CEO



Ki te kotahi te kākaho, ka whati
Ki te kāpuia, e kore e whati

Alone we are vulnerable
Together we are strong

Preparing an annual report is an exercise in reflection. It requires you to take your eyes off the horizon for a moment to look behind you, at the road already travelled. Safe to say, 2020 had more than its fair share of twists and turns, red lights and blind corners. The IoD did not emerge unscathed - we are a smaller, leaner team because of last year's disruption. But what has not changed, and never will, is our commitment to our members and to perpetuating the principles and frameworks of best-practice governance. Our organisations and communities need this more than ever.

Above all else, 2020 reminded me of the importance of soft skills; those characteristics that do not always make headlines in business books: patience and empathy, for instance. When challenges arise, people can be extraordinary.

When each day seemed to bring more uncertainty and the goal posts became harder and harder to see, we prioritised communication. Internally, we set up regular morning meetings to discuss our business, what was needed to support members, and how staff were faring.

We also met regularly with Council - the equivalent of our Board - to keep them updated on our operations and the dramatic impact on our finances from the cancellation of face-to-face events and courses. I have always considered the IoD extremely fortunate to have the ear of such experienced and

knowledgeable volunteers. And our Council came through for us time and time again with invaluable support and sage advice.

I was immensely proud of the stamina and resourcefulness of our staff during uniquely tough circumstances. Our teams re-organised themselves to deliver what they felt our members needed, cheered each other on and adapted to working closely with colleagues while keeping their distance. While they were grappling with the personal dynamics of life in lockdown, they were also getting things done at work.

This was no mean feat. At the precise time that our members needed information, tools and resources, our ability to deliver these became constrained. We moved at speed to do what we could with what we had. Our branch and national office events teams collaborated to deliver a range of free events – often more than one a week – and we launched our Covid hub to house all relevant and useful information in one place.

We also looked at how to deliver courses and development opportunities online, when face-to-face was no longer an option. This meant getting up to speed with a new platform and many hours of work from our teams and facilitators to optimise the structure and content. As a result, we were able to offer Governance Essentials and Finance Essentials in a virtual format for the first time.

Despite the challenges, we remained focused on our strategic goals where we could. This included exploring ways to support the unique needs of our not-for-profit governance community. We developed an online hub and tailored resources, such as the results of our Director Sentiment Survey, to reflect insights from the sector. We also supported organisations like the Centre for Social Innovation and FINZ through collaborative projects and speaking opportunities.

On top of this, we created our first digital edition of *Boardroom*, as well as a digital Annual Report. We continue to reflect on the best and most effective ways to connect and engage with our members to both share specialised knowledge as well as amplify their stories and experiences. Engagement with our online channels has been encouraging. Our main LinkedIn page following grew to more than 15,000 last year and we welcomed more than 370,000 visitors to our new and improved website, up more than 15 percent on the previous year.

Our members are our priority and we knew that many, like the IoD itself, had suddenly found themselves in straitened circumstances last year. In light of this, we introduced more flexibility into our membership and payment options. We were reassured to end 2020 with slightly more members than the year before, our highest-ever rate of new Whole Board membership and significantly more returning members.

I have been humbled by the support provided by our stakeholders: Our members, our Council, our sponsors and

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Directors were under incredible pressure, yet they continued to engage with our tools, resources and events up and down the country. Meanwhile, our virtual AGM attracted record numbers. Our members were determined to keep learning, to

do the best job possible, even when for many, the going got tougher than it has ever been.

While 2020 was not the easiest year to build new relationships and networks, it also proved the value of spending time developing and deepening connections. In tough times, these really matter. We saw this reflected in the success of our branch virtual coffee events, where members could discuss important issues and share ideas and perspectives. These have helped drive our thinking on the different ways we can foster connections between members on an ongoing basis.

I am proud of the IoD's advocacy efforts over the years. We submit to government on a range of topics that we believe could have implications for the governance community. During lockdown last year, we put in a great deal of effort to encourage the government to consider temporary relief for directors from the insolvency rules in the Companies Act. We worked through the details with them over many late nights and weekends and were delighted with the outcome. When the rules were changed we worked with our partners to provide the appropriate information and guidance to our members.

Looking ahead, we are focused on ensuring our tools, resources and thought leadership are as current and relevant as possible and are committed to expanding our digital offerings. The pandemic accelerated progress on our Learning 2025 Strategic Roadmap, most notably in *how* learning is delivered – putting the learner experience front and centre. Expect to see our online services grow further in 2021.

We will continue to explore ways to support the unique needs of our not for profit governance community and we are looking forward to finalising our Rules Review and rolling out the changes voted in during our 2021 AGM.

On the financial front, we reported a deficit of \$75k before income tax benefit for the year ended 31 December 2020. As noted in the President's statement, we reported a deficit, pre-subsidy and tax, of \$654k. Revenue from services for 2020 was \$10.4m, a decrease of 15.8% over 2019, largely due to Covid-19; pleasingly subscription revenue was up 4.6%, however, director development training revenue was down 21%

I would like to thank all our people for their contribution to the IoD's achievements in an exceptionally challenging year. They have inspired me with their fortitude and ability to keep pace with a rapidly changing operating environment, always keeping the needs of our members front of mind.

Thank you to our valued national partners ASB and Marsh, sponsors Aura, KPMG and MinterEllisonRuddWatts and to all the organisations who support our branches at a local level.

My heartfelt thanks also to outgoing President Alan Isaac, Vice-President Julia Hoare, and our Council for their valuable time and ongoing support to me and the entire IoD team.

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Finally, thank you to our members and particularly to our branch volunteers whose unstinting support and commitment are critical to the IoD's ability to deliver on our goals. Strong governance has been key to navigating our way through the upheaval of Covid-19. And it will continue to be vital to the recovery of our organisations, communities and, indeed, New Zealand as a whole.

Noho ora mai.

Kirsten Patterson MInstD
Chief Executive Officer

Snapshot of our year

Good governance is key to building a strong and vibrant New Zealand. The IoD is committed to improving best practice for boards and to providing members, and the governance community, with tools and resources to help them succeed in their roles. Some key achievements for 2020 were:

Our members

Members

9322 ↑ up 1.1% on the previous year

Chartered categories

3% ↑ growth in Chartered Member and no change in Chartered Fellow categories

NZX Top 50 company chairs members (NZ based)

92% ↑ 92% NZX top 50 company chairs with were IoD members *as at end of January 2020 (86% in 2019)

Whole Board membership

95 ↑ Whole Board memberships grew to 95 from 83 in 2019

Returning members

67% ↑ Returning members increased by 67% to 241 compared to 144 (2019)

Applications for membership

9% ↑ Applications for membership rose 9% in 2020

Driving good governance

Company Directors' Course

447 people attended the Company Directors' Course

Online courses

81 Online courses were delivered

Webcasts

17 webcasts were delivered vs four in 2019 as we adapted to the impact of lockdowns

Not-for-profit events

11 events were held for Not-for-profit organisations

Advisory services

144 We provided advisory services to 144 organisations

Advertising and search

380 We provided 380 board level opportunities for members, through advertising and search

branch events

9250 ↑ 256 Branch events were held with 9250 attendees - 6% more attendees than 2019

Creating profile and connection

Media statements

30 The IoD issued 30 media statements and appeared in the media more than 360 times achieving an advertising equivalent valued at \$4m

LinkedIn

15,000 ↑ followers of IoD's LinkedIn company page up by 3,000 - from 12,000 followers in 2019

Governance group

10,000 ↑ Our LinkedIn governance group membership rose to nearly 10,000 members in 2020

iod.org.nz

15% ↑ There was a 15% increase in visits to iod.org.nz from 2019

A valuable organisation

TRiM index

81 ↑ Our reputation TRiM index score was 81 in November 2020, up two points from 2019 (which puts us within the top 20% of organisations worldwide)

Net promotor

+17 ↑ Our member net promotor score was +17 up from +12 in 2019

Delivering on our goals



A future focused and sustainable organisation

The IoD's ambition is to create a cohesive, capable organisation empowered to deliver our vision of best practice governance for all New Zealand institutions, from the smallest not-for-profit to the largest corporation. Our backbone of smart, resourceful staff and volunteers is crucial to this mission, providing the skills and knowledge necessary to both pursue our goals as well as navigate the challenges along the way.

In 2020, faced with the significant impact of Covid-19, we adapted and innovated to ensure we could continue to deliver strong value to our members. While the upheaval brought about by the global pandemic meant we had to significantly review and reorganise our plans for the year, we did not lose sight of our overarching strategy. We continued to build and fine-tune effective processes and operating systems, as well as a financial model that safeguards our future. We also launched a review of our Rules to ensure our own governance arrangements are fit for purpose, and the future.

Amid the challenges, there were lessons too. Some of the changes we made to safeguard our operations against shifting Covid-19 alert levels will remain, and some have the opportunity to be developed further, including our swift adoption of online channels for some of our courses and member engagement.

Adapting to circumstance

In early 2020, we began to implement our three-year strategy. By mid-March, we paused as we grappled with the move to a virtual workforce and our members' rapidly changing needs. Our team's primary focus was to provide immediate and critical support, guidance and information to help our members and their organisations traverse the uncharted territory of a global pandemic.

If there was ever a time for strong leadership and decisive governance, this was it. Many of our members worked long hours under enormous pressure and we considered it our job, and our very purpose, to do everything we could to assist them.

While we did plan for lockdown and our team worked hard to find new and effective ways of delivering services and resources, it was an intensely challenging time. Despite the loyalty of our members and the support the IoD received from

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government wage subsidies, the effect of Covid-19 on our business and income was significant. And, we recognise that this was the case for so many organisations in New Zealand. In June, we had to make some tough decisions, reframing our strategy and structure in light of an operating environment that had changed irrevocably. Like so many organisations, we had to transform the way we worked to ensure our long-term sustainability.



Breakfast with Anna Mowbray, co-owner and COO of global toy company, ZURU Toys

The IoD has invested a lot of time and work into establishing its premium suite of governance and leadership courses, including creating environments that provide the best learning and development opportunities. Our Governance Development and Delivery teams were particularly hard hit, given most face-to-face courses were suddenly off the table. We reprioritised our activities and rethought our usual approach to create new opportunities that could meet current needs and still provide the high quality experience that we are known for – and our members and customers expect. We remained focused on maximising member value and found innovative ways to deliver by formally connecting our branch network with our learning team and aligning our membership function with our Governance Leadership Centre.

We also embraced a more flexible working environment, forging stronger links across the organisation as a basis for more effective and efficient project delivery. While the IoD's priority was to limit the impact on our staff, the necessary transformation of our structure unfortunately meant losing a small number of roles. For many organisations in New Zealand, Covid meant rapid change and some hard decisions and we did not escape. To balance this we also did as much as we possibly could to maintain a strong, resilient and positive

culture and we focused on helping our people maintain their health and wellbeing in challenging times. To deliver the best to our members we know we must be at our best ourselves. We were delighted that despite the challenges of lockdown, new ways of working and an organisational transformation, our annual wellbeing survey conducted in September showed that our people felt supported, valued and cared for.

2020 provided valuable lessons that will remain embedded in our long-term thinking, including those innovations that helped us adapt to rapid change and maximise the value of our services. We will look for more opportunities for our members to connect and share their ideas and we will continue to advocate thoughtfully, yet vigorously, for best-practice governance and on behalf of the governance community.

Branch network

Our branches are critical to the long-term sustainability of our organisation and they provide enormous value to their local community of directors. Throughout the national and regional lockdowns, we saw how important it was for directors to connect with each other and share ideas, thinking and support. Our branches drew on their local directors'

expertise to provide valuable input into events on important topics, as well as urgent advocacy positioning.

Last year we saw the geographical boundaries of our branches flex as they looked to ensure members, wherever they were, could keep up to date with rapidly evolving operating and governance topics and issues. Despite the challenges, our branches hosted a total of 256 events in 2020, down just slightly from 2019. These events had a total of 9250 attendees which was up 6% on 2019. These ranged from virtual coffee events to webinars on critical issues, and many directors volunteered their valuable time to make sure the sometimes-lonely role of the director was well supported at such a critical time. We have learned much from our experience about how the power of our eight branches can be leveraged to connect and share specialised knowledge, and how they can best fulfil the needs of their local directors. In 2021, we will look to build on the positive ground gained.

Financial outcome

A critical element of the IoD’s strategy for 2020-23 is to continue to build our organisation’s long-term financial sustainability and rebuild our reserves for future investment.

The IoD received two main tranches of Covid-19 subsidy during 2020 totalling \$579k. With the expanding financial challenges from the cancellation of many face-to-face courses and events we reported a deficit, pre-subsidy and tax, of \$654k.

In the period of March 2020 to September 2020 we cancelled five Company Directors Courses and 32 face-to-face courses, and experienced further disruption later in the year.

In addition to the Covid-19 subsidy the IoD received \$45k for tax losses utilised as part of the Government’s Tax Loss Carry Back scheme.



Highlights from the World Economic Forum’s Global Risks Report

Building influence and driving best-practice governance

One of our goals at the IoD is to be visible and vocal on key decisions that affect the governance community and its ability to uphold the highest standards of governance across all of New Zealand's corporate, political and community sectors.

We have worked hard to build a respected brand. We have mobilised this, along with our knowledge and resources, to educate and engage directors, boards and their organisations on the foundations of best-practice governance, and the ever-changing social and political landscape in which it operates.

The impact of Covid-19, including the rapid introduction of pandemic-related legislation, made us more aware than ever that our strong and public voice is an asset to our members, affording us the credibility to represent a collective position on issues that matter.

Advocating on governance issues

We believe the IoD has an important role in effectively representing our members' perspectives in the regulation and policy-making process. During 2020, we petitioned government about director personal liability and the risk of Covid-19 related insolvent trading. We worked with the Ministry of Business, Innovation and Employment (MBIE) and MinterEllisonRuddWatts on possible solutions and submitted on the Covid-19 Response (Further Management Measures) Legislation Bill. This ultimately included insolvency relief provisions, including safe harbour for directors in relation to sections 135 and 136 of the Companies Act, and a Business Debt Hibernation scheme. We also presented our position and concerns to the Epidemic Response Committee on 8 May 2020.

Alongside this 'rapid response', we also maintained our commitment to delivering these perspectives to non-

pandemic legislation. During 2020 the IoD also submitted on the Sustainable Finance Forum's Interim Report, the Education and Training Bill, the Financial Markets (Conduct of Institutions) Amendment Bill, aspects of the Reserve Bank review relating to director accountability, and to the IFRS Foundation on sustainability reporting. A full list of IoD's submissions is available on iod.org.nz/submissions

Directors will sometimes need or wish to take a leave of absence from a board (for parental leave or illness, for example), but there is limited guidance for directors on the associated implications, including potential liability. Together with MinterEllisonRuddWatts, we issued a discussion paper, *Should I stay or should I go? Directors, leave of absence and liability*, to shed light and generate discussion on this topic.

The experiences in 2020 have enhanced our capacity to react with speed to emergency legislative change, to consult with and quickly gauge the views of our members and represent those perspectives to gain maximum impact as needed.

We are also focused on building our relationships with government, the business community and other important influencers to ensure we are able to provide support, information and clarity regarding directors' perspectives and on governance best practice. Our goal is to contribute meaningfully to important discussions and to create clarity for the New Zealand context.



Pivot to digital

As the professional body for directors in New Zealand, we are committed to providing the best possible value and support to our members. We began 2020 with a strong vision to extend our reach and our membership, and to continue our digital transformation programme to provide far greater access to events and information. While Covid-19 challenged delivery, it also accelerated it in many areas.

Our ability to move swiftly to an online delivery model proved particularly valuable during last year's lockdown and the period of fluctuating alert levels that followed. Despite the unprecedented disruption, number limitations and social distancing requirements, we delivered 256 events in 2020, just 12 fewer (4%) than 2019. Of these, 81 (31%) were delivered online and attracted many hundreds of members from across the branch network. This represented a 6% or 528 uplift in attendances when compared to 2019, primarily owing to the accessibility of online content and events.

The growth in online events saw many members 'attending' events outside their region; it also drove an increase in non-member attendees. We significantly increased the number of free events between 24 March and 8 October, offering 82 compared to 39 for the same period in 2019. We also provided a number of webcasts and videos covering topics relevant to the Covid-19 environment, including returning to work after lockdown, data privacy, financial reporting and audit.

As a result of prioritising our learning approach, we delivered Governance Essentials and Finance Essentials online for the first time during 2020. Members and customers can look forward to an expanded digital offering, focused initially on the Essentials Suite, in 2021. This also reflects appetite from members for more opportunities to access training and development for those who may not live close to main centres, or have the opportunity to travel to attend courses in person.

We recognised that our members had a range of very new pandemic-related challenges to deal with during the year, while still keeping themselves up to date with their governance development. We increased the flexibility of our CPD requirements and expanded the categories to include listening to governance podcasts and watching videos and webcasts on governance-related matters. We also increased limits for online governance reading and development from 10 CPD points to 20 CPD points to reflect how our members were keeping abreast of important and relevant topics.

In recognition of 2020's extraordinary circumstances, we introduced flexibility into our membership subscriptions, including providing a range of payment options, as well as the possibility of putting membership on hold for six months.

We also ran our first online AGM, which was a great opportunity to try a new approach, and it was encouraging to

New Whole Board Members 2020

- Water Safety New Zealand Incorporated
- LeaderBrand Holdings Limited
- Ngati Tuwharetoa Fisheries Holdings Limited
- Rutherford Rede Limited
- Seasonal Solutions Co-operative Limited
- New Zealand Institute of Architects Incorporated
- Western Bay of Plenty Primary Health Organisation Limited
- Central Lakes Trust
- New Zealand Forest Research Institute Limited
- Waikato Rugby Union Incorporated
- Te Tumu Paeroa
- Age Concern New Zealand Incorporated
- Pacific Homecare Trust
- Raukura Hauora O Tainui Trust
- Southland Free Kindergarten Association Incorporated
- Habitat For Humanity Central Region Limited
- NZ Avocado Industry Limited
- Auckland Rugby League Incorporated
- Tauhara North No 2 Trust
- LearningWorks Limited
- Horticulture New Zealand Incorporated
- Excel Refrigeration and Air Conditioning Group

see more members than usual attend; in fact, we hit a record attendance with 214 people joining the meeting and engaging with President Alan Isaac and CEO Kirsten Patterson.

In 2021, we will look at delivering our AGM as a hybrid experience to enable members to attend in person or to join online. Our 2021 AGM will be current President Alan Isaac's last AGM and he will hand over to the new elected President. Members will also be invited to vote on the proposal for changes to the IoD Rules.

Despite the massive disruption and change faced by all organisations during the year, we were encouraged to see our membership remain strong, growing by 105 members in 2020, a 1.1 % increase on the previous year. We were also heartened to hear anecdotal feedback from our members on how valuable they found the IoD's support, as well as the connection to director networks locally and nationally, during such challenging times.

A Council Membership Committee was established during the year to focus specifically on membership matters and how we can continue to build real value for our members. Its remit also includes approving membership applications and changes to membership categories, retention strategies and the Chartered Membership Pathway.

In 2020, we also saw our highest number of organisations joining as Whole Board members. This category provides a special rate for organisations who choose to provide all their board with IoD membership. In 2020, we saw 22 organisations take up membership in this category. That means that we now have 95 organisations who have committed to providing membership to all of their board. We also saw an increase in returning members of 67%, which represents a total of 241, compared to 144 in 2019.

We were encouraged by both the growth in, and loyalty of, our membership during such trying times. This is, in no small part, testament to directors' commitment to fulfilling their duties to the best of their abilities, which includes ensuring they have the requisite skills and knowledge to help guide their organisations through both opportunity and challenge.

Last year taught us much about our own service provision, including enhancing our online delivery, the value of greater member engagement and connection across our wider network, the potential to reach out to the wider non-member governance community, and the importance of flexibility. These will all factor in our planning this year and beyond.



Breakfast with Sir John Key

Helping IoD members stay at the leading edge of governance

In addition to reconfiguring the delivery and content of our regular training opportunities, in 2020 we undertook special projects that will improve governance outcomes for a range of organisations.

We were delighted to work with Government Health and Safety Lead in 2020 on an innovative governance development programme, including tailored learning resources. This reached an audience of 38 state sector departments and agencies and targeted tier one and two executives with governance responsibilities. The programme focuses on health and safety governance and provides those who take the course with the opportunity to learn governance. We will continue to evolve and develop this programme taking on board feedback from this first pilot group. We value and enjoy these working partnerships and the opportunity to build governance capability.

We also ran programmes with the Ministry for Primary Industries and Ministry of Justice to build governance capability tailored to suit their sector requirements. We worked with each organisation to develop customised programmes that allowed senior leaders to engage, but that were also delivered in a flexible way to fit in with busy schedules and provide access to different formats of training at short notice.

The way we designed the above programmes enabled us to change the medium of delivery at short notice and for learning to occur outside the traditional one-day course format. This meant senior leaders did not need to take entire days out of their schedules at a time when their organisation needed them most.

More generally, we have had strong interest from the state sector to build governance capability. Working with this sector has allowed us to focus on the fundamentals of governance with a state sector lens and support a spirit of service culture.

In 2021 the IoD will further refresh the Company Directors' Course (CDC), to ensure the learning experience remains contemporary and exceeds the expectations of those undertaking this substantive programme. As part of the refresh will consider additional support material on current topics, including cyber security, crisis management, environmental, social and governance (ESG) issues, and non-financial reporting.

Integration of this learning material with case-study based methodology will help course participants to build their capability in a safe, low-risk environment.

The IoD believes that professional development opportunities like these are crucial in helping directors build good governance skills and remain across emerging trends and issues. Although our development programmes experienced some disruption from the impact of Covid-19, we experienced notable demand for learning and development opportunities in the last six months of the year. These programmes also provide a source of income to enable the IoD to invest in further governance education and a broad range of services for members.

Direct support

In 2020, our Governance Services team provided advisory services to 144 organisations, including evaluating their boards, appointing new directors and helping to ensure their remuneration approach was appropriate. We helped 268 organisations to find the right directors for their boards via our governance advertising and search services. We also highlighted around 380 new governance role opportunities for IoD members and provided CV services to help members effectively position their skills and expertise when applying for board roles. The range of services provided by our in-house team helps organisations to make decisions that will strengthen their board's performance. And, because we have good knowledge of our members, we believe we are able to provide a more personal and informed approach to those who access our range of governance services.

Each year we run our Directors' Fees Survey in partnership with EY, which helps to determine average hours worked directors' fees and other useful information for boards and directors. As value add to our members, we provide a free Director Fee Indicator Report, which around 80 members accessed last year. We also use information from our Fees Survey to provide a balanced perspective on members' fees and their workload and hours worked, to the media.

Our community of leaders

A vital aspect of our organisation is facilitating the generosity and willingness of some of our most experienced chairs and directors to share their experience and knowledge with the wider governance community. The value of this has never been more evident than it was during the most difficult days of 2020.

While we always value the input from our senior directors, we saw how important this became for our governance community while tackling tricky and challenging issues that arose during the year. While under pressure themselves, our leading directors stepped up to help drive best-practice governance in extraordinary times by providing critical guidance and support to our member community. The input included everything from taking part in virtual coffee meetings to participating in webinars on critical issues. Our leading directors group also generously provides a range of support for our Mentoring for Diversity and Future Directors programmes, presenting at branch events and contributing to thought-leadership publications.

In recognition of the support our leading directors provide, we delivered five tailored online events in 2020 and an in-person forum. These sessions provided opportunities for senior directors to meet, debate, discuss and build their own knowledge with a relevant group of their peers.

We are planning a range of events and activities for our leading and senior directors in 2021.

2020 shone a light on the many positive opportunities to develop member engagement. Going forward, we will continue to build on these, including how we can better leverage connections for members to share specialised sector or business knowledge with IoD members.

Building relevance and expanding reach to a diverse director community

To ensure the IoD's work remains relevant and valuable to our members and the wider director community, it is essential that we continue to evolve to meet changing needs. We saw first-hand the importance of this during 2020 when our members were confronted with the acute challenges of governing during a pandemic. Our team made swift and dramatic changes to help get the necessary tools and resources to the governance community when, if not before, they needed them.

We are committed to providing greater personalisation and opportunities for meaningful connection within our diverse director community. Our longer-term thinking, will include a focus on particular member groups, sectors and industries to build a more tailored experience. Our digital and learning strategies, as well as our diversity and development programmes, will be key components of this work.

Creating a better member experience through digital development

In 2019, we focused on the first stage of our digital transformation and this proved prescient, enabling us to adapt rapidly to deliver more services online during lockdown periods. At the end of 2020, we did a pulse check survey with our members to gauge how we were doing in terms of delivering a better experience.

Post the launch of our new website in 2019 we have seen some promising progress including a 15% increase in website use during 2020, with 371,219 website visits and almost 300,000 more views of website pages. There has been a significant decrease in 'bounce' rates, indicating that visitors

are finding the information they need more readily, and more pages are being viewed per visit. The new website has given us greater insight into course attendance and other important trends that can help us continually improve what we offer our members and customers.

“The website structure makes way more sense”

IoD member

Almost 60% of members access the IoD website at least once a month with around 50% indicating they are more satisfied with the new website's content and functionality. Our members also indicated that the digital training resources provided in 2020 have been useful and many are hoping to see more training and resources focused on the smaller organisations and not-for-profits – something we will continue to build on in 2021.

In 2019 our members told us they were receiving too many emails. So in 2020 we overhauled our email communications, reducing both the volume of emails and starting to personalise emails based on our members' preferences. Although this work continues in 2021, more than 75% of members now feel that they receive about the right number of emails from us.

We want members to get as much as possible from their membership and activating their website member profiles is an important part of this. Members logged in to the website have access to governance resources and information including the Four Pillars of Governance Best Practice and Boardroom and can receive special offers on governance courses and events across the branch network. We ran a proactive project, which entailed contacting members who had not yet activated, to provide any assistance needed to ensure that the majority of members could access all the online benefits. We managed to increase activation numbers from 58% to 69% and ended the year with 82% of members now using their online accounts.

Our digital project also focused on the new back office system. This has given the IoD team a single view of members and customers and allows us to effectively meet needs. Improvements included a more streamlined approach for registering for courses and events, allowing members to update their personal data in real time and simplifying and automating back office processes free up staff time to focus on other member needs. Our back office system will also enable us to achieve an important goal of building a more tailored and personalised experience in the future.

IoD's new website also provides easier access to governance news, articles and guides and resources. During 2020 we centralised key and relevant information within new content 'hubs', including our Covid-19 hub, which provided members with governance updates and support during and after lockdown. In addition, with over half of our members serving on not-for-profit boards, we developed a not-for-profit hub to provide governance information and resources tailored to this important sector.

We have also sought to increase our connection with members and the governance community via relevant social media channels. We use these channels to share information, news and updates, as well as foster engagement, and they continue to grow. Our LinkedIn IoD Governance Group now has around 10,000 members and our IoD LinkedIn page which has more than 15,000 followers, an increase of 3000 from 2019.

Building a talent pipeline

The IoD has three programmes that are designed to foster more diverse boards and strengthen the governance talent pipeline.

The Future Directors programme unlocks high-potential talent seeking their first board role and provides opportunities for them to join a board and participate as an observer for up to 18 months. Future Directors bring a fresh and unique perspective to the boards who host them.

The IoD is very grateful to those who participate as host boards as they actively contribute to building a bright future for governance in New Zealand and for skilled and enthusiastic new directors. To date, 83 Future Directors have participated in the programme, observing on boards in the private, not-for-profit, and state sectors. In 2020, the IoD and Cooperative Business New Zealand joined forces to promote the programme to the cooperatives sector, and the first cohort of the OnBoard programme saw 10 tech-savvy board observers join start up boards.

IoD's Emerging Director awards are delivered by our branches and branch committees. Each branch supports an Emerging Director through a programme that includes mentoring, professional development, and IoD membership. Emerging Directors appointed in 2020 were: Matthew Payton (Auckland Branch), Frances Bates-Crisp (Bay of Plenty Branch), Kelvyn Eglinton (Waikato Branch), Zoe Dryden (Nelson Marlborough Branch), Melinda Baillie and Cam Finlayson (Canterbury Branch) and Professor Jessica Palmer (Otago Southland Branch).

Our Canterbury branch also offers a First Steps in Governance Award, which provides opportunities for young professionals to gain governance experience in the not-for-profit sector. Olivia Egerton, Alex Booker, and Eric de Boer were the 2020 recipients of this award.

IoD's Mentoring for Diversity programme helps build diversity on boards across gender, culture, race, experience, perspective and skill. Diversity is critical to ensuring boards' capacity to make well-informed decisions, operate effectively and achieve success in a complex and multifaceted world. In 2020, our Mentoring for Diversity programme celebrated its tenth year. The programme connects a group of talented directors who are building their governance career with mentors to help them gain the confidence, knowledge and skills to competently face and embrace the challenges of large and complex organisations.

Past mentees have gone on to significant board roles and careers and have paved the way for a more diverse and representative governance landscape. This important

“A fantastic opportunity to be mentored by a leading NZ director, develop and implement strategies to achieve my governance goals and aspirations and develop new networks with directors, other mentees and recruiters.”

Wendy Venter. Mentee, Mentoring for Diversity Programme 2019-2020



We acknowledge and thank the following boards for their support of the Future Directors programme, and congratulate those appointed as a Future Director during 2020.

2020 Future Directors

Cooperative Business New Zealand
Melanie Beattie

Deer Industry New Zealand
Rob Kidd

Education NZ
Shruthi Vijayakumar

Financial Markets Authority
Tia Greenaway

Fisher & Paykel Healthcare
Toni Moyes

Investore Property Ltd
Emma McDonald

Just Life Group
Karla Mangos

Kordia
Nicola Mitchell

New Zealand Rugby
Nicola O'Rourke

NZX
Hayley Buckley

PHARMAC
Elizabeth Zhu

Radio New Zealand
Mihimaraea Parata Gardineras

Spark
Ana Wight

Spidertracks
Emily Blythe

The Halberg Foundation
George Bridgewater

The Lines Company
Chelsea Smith

We congratulate our 2020 Mentoring for Diversity mentees:

Jacqui Apiata-Coyne

Brent Carey

Tania Dickie

Analisa Elstob

Venus Guy

Jerry He

Laura Humphreys

Tina Jennen

Paula Kearns

Ben Kepes

Sarah Meikle

Jennifer Moxon

Rachel Ritchie

Kennie Tsui

Kate Vennell

Kate Yang

programme is made possible by the generosity of mentors who give their time, wisdom and support to help build diversity on boards. The 2020-2021 cohort is comprised of 16 mentees who have been paired with top chairs and leading directors over a 12-month period. There are four males and 12 females, from a wide range of ethnic, cultural and professional backgrounds.

Building our relevance with members and customers

As we continue to focus on maintaining relevance to our members our goal is to create value for different segments of our community, whether this be related to career stage, sector or organisational purpose.

In 2020, as a result of feedback from our annual member survey, we set out to provide more support to directors on not-for-profit boards. Our *For Passion and Purpose* online governance hub included courses, tools and resources specific to the not-for-profit sector. Despite Covid-19 challenges, we ran 11 not-for-profit focused events across the branch network, attended by nearly 1000 people. Three were online, eight delivered in person and one hybrid event was hosted in Dunedin. We also developed and distributed a not-for-profit reader, containing a range of articles on aspects of governance targeted particularly at this sector.

We produced a tailored not-for-profit version of our *Director Sentiment Survey* (DSS). The DSS is an annual survey run in conjunction with ASB that captures some of the key issues facing directors each year. The not-for-profit report provided a snapshot of the experience of this particular segment's directors, comparisons with the broader governance community, as well as insights on trends and challenges facing not-for-profit boards.

We also began working with Perpetual Guardian who commissioned the IoD to design a targeted governance capability development programme for charitable trusts and not-for-profits. This was successfully launched in early 2021 to the first cohort of annual scholarship recipients, with new modules and resources to be added throughout the year.

Our Governance Development team also delivered a series of in-house training to not-for-profit organisations, including the Agri Women's Development Trust, New Zealand Nurses Organisation, Lake Taupo Forest Trust, Muscular Dystrophy Association, Police Credit Union, St John, New Zealand

Dental Association, Presbyterian Support, Salvation Army, Sisters of Mercy, Mothers Network and Dress for Success.

And we continued to work with a number of Māori organisations to help build governance capability via our In-House training. These included delivering the Capability Development Programme, Governance Essentials, Audit & Risk and Finance Essentials to Heretaunga Tamatea Settlement Trust, and governance training to Iwi health provider Raukawa Whanau Ora.

We will continue to look for opportunities to provide targeted services and support to key sectors and director groups. In 2021, we will focus on our cohort of experienced directors,

“The host board, chair and management team [at Spark] were extremely welcoming and appreciative of my inputs, which as a new professional into the world of governance, was very encouraging. The quality of debate and boardroom dynamic, as well as the direct exposure to so many corporate strategic and financial decisions was invaluable.”

Nagaja Sanatkumar, Future Director placed on Spark board, 2018-2019

as well as building a strong foundation and clear journey for those in the formative years of their governance careers.

Keeping directors informed on important issues

Keeping members up to date on important and emerging issues is a key aspect of our work, and one that proved more crucial than ever in 2020. We published 208 articles, guides and resources last year - almost twice as many as in 2019 - including through *Boardroom* magazine. These were accessed more than 215,000 times.

During 2020 to ensure the uninterrupted provision of *Boardroom* during Covid-19, we delivered four issues as an



online publication. Following positive member feedback, we have now developed a hybrid approach to our flagship publication. We recognise that most of our members still prefer to receive a print version, which was reinstated during 2021. *Boardroom* will now be provided as four deep-dive print issues a year to facilitate a deeper exploration of key issues and topics.

We will also enhance our digital offering through *Boardroom* online, a hub providing regularly updated provision of news, views and information. This will allow us to respond to our members' requests for more in-depth articles alongside the desire for rapid dissemination of more timely news and information. Our new-look *Boardroom* magazine and online channel was launched in the first quarter of 2021.

Each year the IoD runs its leadership conference which is an important opportunity to gather together leading international and locally-based speakers to provide thought-provoking sessions on aspects of governance, leadership and business trends. For the first time ever we had to take the very hard decision to cancel our 2020 conference. We looked at many alternative options but felt that we could not reproduce the quality of our event – and the opportunities for networking, candid discussion

and debate that are integral to the valued experience that we seek to bring our members. We refunded all those who chose that option, and were also delighted to see more than a third (34%) of members registered for our 2020 conference, transfer to our 2021 event. We were very grateful for the support. We were also happy that our conference promise and brand is so strong that many members were confident to wait for 2021.

The impact of Covid-19 informed many of the year's publications from our Governance Leadership Centre (GLC). The GLC originates our research, policy and thought leadership designed to keep members up to date on governance developments, current best practice and issues affecting directors and their roles. Last year, topics included "Responding to Covid-19", "Annual meetings and Covid-19", "Director wellbeing and resilience during Covid-19", and "Board leadership through 2020".

In 2020, we also launched a new policy and legal section on our website. This houses our advocacy work, including submissions and summaries of legislation, and policy relevant to governance. This new section will be updated regularly to ensure members can access up-to-date policy and regulatory developments that may affect them, and their boards.



Nagaja Sanatkumar, Future Director, (Spark), 2018-2019

Leveraging relationships to inform members

We work with a range of government organisations, businesses and community stakeholders to share governance insights and information, including through guides, reports, and course and event content.

In 2020, our seventh annual *Director Sentiment Survey*, and fifth year partnering with ASB, provided key insights into the director community's views on a wide range of issues. Each year the IoD also releases its Top Five Issues for Directors. The issues of focus are informed by insights from the Director Sentiment Survey, local and global developments and topics of focus identified through our involvement in the Global Network of Director Institutes. In the spotlight for 2021 are business revival and redesign, climate urgency, adaptive boards, prioritising people, and cyber resilience.

2020 was the sixth year of collaborating with EY to produce the comprehensive *Directors' Fees Report*. This covered over 1,800 directorships across more than 1,200 organisations. As well as detailed information on fees and associated boardroom practices, it also provided insights into the impact of the pandemic on directors.

Other notable reports produced in 2020 included:

- *The Board's Role in a Crisis*, with Resilient Organisations and QuakeCoRE,

- *Should I Stay or Should I Go? Directors, Leave of Absence and Liability*, with MinterEllisonRuddWatts, and
- *Under Pressure: D&O Insurance in a Hard Market*, with Marsh and MinterEllisonRuddWatts

We also produced our *Board Leadership Through 2020* publication and *Updating the Takeovers Code: A Quick Guide for Directors* in collaboration with the Takeovers Panel. We were a supporting partner on: *New Zealand Boards and Frontier Firms*, with the Productivity Commission, and took part in the activity to support delivery of the National Action Plan for Community Governance, with the Centre for Social Impact.

During 2020 our cornerstone publication, *The Four Pillars of Governance Best Practice for New Zealand Directors*, was updated for release in February 2021. The new edition includes sections on co-operatives, human capital and the future board, new content on purpose, climate change, external reporting, culture and conduct, non-financial risks, crisis management, privacy, mental health and wellbeing, executive expenses, virtual board meetings, delegation, and the landmark Supreme Court decision on Debut Homes relating to director duties.

We also developed our content channels in 2020, particularly by inviting more member voices and perspectives and looking to share curated content from third parties, with the aim of providing a one-stop-destination for high-quality and relevant governance information for New Zealand directors and the wider governance community.

Building the reputation of IoD and the importance of good governance

We are committed to maintaining and building our reputation as the professional body for directors. 2020 marked our 31st year as a New Zealand organisation. Our members are leaders of organisations span the length and breadth of New Zealand – they make decisions that affect our communities, our economy and our country every day. We need to ensure that our reputation as a professional body is strong and that we can continue to build awareness, and share stories of, why good governance matters and what it can achieve.

In 2019, we ran our first brand health survey, which provided valuable feedback from members, stakeholders and customers on our services, our reputation and standing as a professional body. This provided a good benchmark and results were outlined in our 2019 annual report. In 2020 we did a pulse check post the launch of our new website and brand identity, and after refreshing some of our courses and services.

Our reputation score was strong in 2019 at 79, which placed us within the top 20% of organisations worldwide. We were delighted to see this rise in 2020 to 81, a small move but an important one, bringing us closer to our goal of being within the top 10% in the future.

Despite the many challenges delivered by Covid-19 in 2020, we also managed to maintain a consistent overall performance rating among members. And our members were very positive regarding our advocacy efforts, with an approval rating of 83% in 2020 up from 68% in 2019.

Members in rural areas also recorded a more positive experience than in 2019, which likely reflects the range of events, courses and other services available online and therefore more accessible to those members in 2020. We were also pleased to see that 76% of members felt that the current volume of communication was about right. While we will continue to build more relevance and tailoring for members, we are pleased with our positive progress to date.

Speaking up - our voice on governance

The IoD works with the media to grow the profile of good governance and its crucial role in building a strong future for New Zealand. We also look to build wider awareness about the work IoD does to support this. During 2020, our focus sharpened as we sought to shine a light on the importance of strong governance in steering New Zealand through the impacts of the global pandemic.

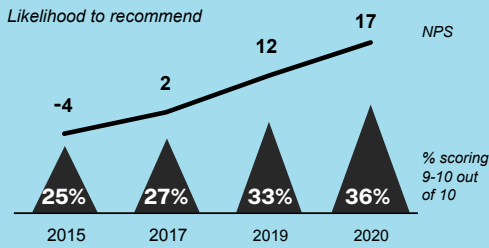
The IoD featured in national print, online and broadcast media more than 360 times in 2020, equivalent to around \$4 million in advertising value (AVE measure). We issued nearly 30 media statements, had five opinion pieces published in Stuff, BusinessDesk, Management Magazine and Umbrellar Connect, and we also provided perspectives on issues and situations relevant to governance in New Zealand. In 2020, we responded to topics as wide-ranging as boardroom diversity, director tenure, the future of work, and the implications of the Debut Homes decision. Meanwhile, our advocacy and topical reports produced with partners proved particularly newsworthy, driving a sharp spike in our public profile.

Chief Executive Kirsten Patterson and General Manager Governance Leadership Centre and Membership, Felicity Caird were regularly quoted in the media. Our General Manager Learning and Branch Engagement, Dr Michael

Key brand health research insights

Last year wasn't as bad we feared. We made some real gains in advocacy, improved rural member satisfaction and maintained our reputation ranking in the top 20% of organisations worldwide.

ADVOCACY

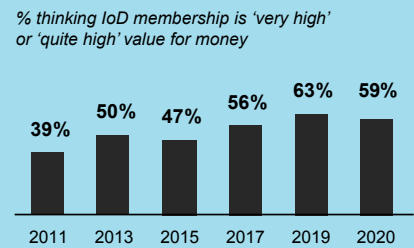


REPUTATION

	2019	2020
Reputation	77%	81%
Favourable opinion	73%	74%
Trust	87%	59%
Meets objectives	69%	71%
Decision making	62%	59%
INDEX SCORE	79	81

(Within top 20% of organisations worldwide)

VALUE FOR MONEY



Members highly value the IOD's advocacy efforts during the Covid-19 pandemic.

- Most important functional attributes
- Raising standard of professionalism **85%**
- Influencing and thought leadership **82%**
- Inspiring and equipping **79%**
- Engaging effective networking **77%**

Progress in 2020

	2019	2020
Building visibility and thought leadership	68%	83%
Streamline member communications		
Volume of emails about right		76%
Satisfaction with boardroom magazine		79%
Build engagement, helping those in the regions connect more		
NPS	0.6	16
Improved satisfaction with the new website being useful/helpful		87%

Feedback also identified some areas for improvement



Customer (non-member) awareness of IoD's range of services could be higher - opportunity to strengthen the engagement with customers.



50% of our members who responded preferred a print option for *Boardroom*. We have since introduced a new and improved quarterly printed publication as well as a digital offering, where we share Boardroom articles as well as other news, views and links to resources.



There is scope for improvement in helping directors build their experience - IoD looking to support directors with realistic board role expectations and understanding of the commitments and accountabilities of being a director.



Fraser and Manager, Governance Leadership Centre Selwyn Eathorne also acted as spokespeople on issues relevant to learning and development and technical and legal issues related to governance, respectively.

In recent years we have focused on building our channels and increasing opportunities to provide our members and customers with useful content; this was particularly useful in 2020 as we moved swiftly to source and develop governance-relevant pandemic-related information. Our content partnerships proved particularly valuable during this time and we will continue to develop these relationships to help our members access a range of thought-provoking and interesting perspectives from New Zealand and globally.

Speaking opportunities at events and partner activities provide an important platform to highlight good governance and to encourage engagement at a leadership level, including senior executives taking on governance roles if appropriate. While Covid-19-related restrictions saw the postponement

or cancellation of a large number of events we were happy to still be able to deliver eight external speaking engagements, including for the New Zealand Marketing Association, Smarter Business Tauranga, CA ANZ's annual conference, and a podcast for Human Resources New Zealand (HRNZ).

Building professional standards

In 2019, we announced we would be undertaking a formal review of the IoD's Rules with the aim of creating an organisation that is modern, agile and sustainable. While this was delayed due to Covid-19, the events of the year demonstrated the importance of the process in further strengthening our organisation. As the professional body for directors, we must uphold best practice and high standards, think about long-term succession planning, and bring diversity of thought to the table. With this in mind, the proposals for change include a review of our own governance arrangements and a review of our Rules and standards framework.

“Chartered Membership is not just an assessment. It’s more than that. It is about being able to demonstrate a certain level of skill but the process is a learning experience in itself. My advice is to read as much as you can, and listen to as many different people’s opinion on different aspects of governance.”

Paula Baker CMInstD



Member engagement began in late 2019 with our branch committees, but we had to pause our activities due to the effects of lockdown and the need to refocus. However, by September 2020 member engagement had resumed, with our formal consultation period taking place between 1 February and 14 March 2021. The vote on the final proposals will take place at our annual general meeting on 29 June 2021.

Recognising excellence

While we are always delighted to welcome new members to the IoD our goal is not to achieve growth at any cost. Our focus is on building the strength and quality of our membership to ensure we are the pre-eminent professional body for directors in New Zealand. With this in mind we are keen to continue to build the uptake of our Chartered Membership Pathway and to grow awareness of its value in the market. The first step on the Chartered journey for

members is to attend the Company Directors Course (CDC). Despite some disruption as a result of Covid-19, we were still able to deliver 20 CDCs during the year. This was testament to the efforts of the IoD team, as well as the support and flexibility of the attendees. We were proud to see 447 leaders complete the course and commit to upskilling themselves for the future.

In 2020, we admitted 116 new Chartered Members and 22 new Chartered Fellows.

All Institute of Directors’ Members, Chartered Members, and Chartered Fellows commit to continuing professional development (CPD) in order to stay up to date and continually build their governance skills. The IoD audits our members’ CPD records to check compliance. We were delighted to see compliance rates rise by 7% from 56% in 2019 to 63% in 2020.

Financial statements





Independent Auditor's Report

To the Members of The Institute of Directors in New Zealand Incorporated

Opinion	<p>We have audited the financial statements of The Institute of Directors in New Zealand Incorporated (the 'Institute'), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.</p> <p>In our opinion, the accompanying consolidated financial statements, on page 42 to 56, present fairly, in all material respects, the consolidated financial position of the group as at 31 December 2020, and its consolidated financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.</p>
Basis for opinion	<p>We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the <i>Auditor's Responsibilities for the Audit of the Consolidated Financial Statements</i> section of our report.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p> <p>We are independent of the Company in accordance with Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners</i> (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for <i>Accountants' International Code of Ethics for Professional Accountants</i> (including <i>International Independence Standards</i>), and we have fulfilled our other ethical responsibilities in accordance with these requirements.</p> <p>Other than in our capacity as auditor, assistance with the cash flow forecasting and modelling and branch sponsorship we have no relationships or interests in the Institute or its subsidiary, except that partners and employees of our firm deal with the Institute and its subsidiary on normal terms within the ordinary course of trading activities of the business of the Institute and its subsidiary.</p>
Other information	<p>The National Council is responsible on behalf of the group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.</p> <p>Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>Our responsibility is to read the other information obtained prior to the date of our audit report, and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.</p>
The National Council's responsibilities for the consolidated financial statements	<p>The National Council is responsible on behalf of the group for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the National Council determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>In preparing the consolidated financial statements, the National Council is responsible on behalf of the group for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the National Council either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.</p>



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2>

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Members, as a body. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Wellington, New Zealand
4 May 2021

Consolidated Statement of Comprehensive Revenue and Expense

For The Year Ended 31 December 2020

	Note	2020 \$	2019 \$
Revenue from Services	2(a)	10,384,966	12,329,605
Revenue from Non Exchange Transaction	2(b)	578,711	-
Cost of Services	2(c)	(8,830,899)	(10,414,904)
Gross Profit		2,132,778	1,914,701
Interest Income		59,515	144,101
Operating Expenses	3(a)	(2,267,303)	(2,043,781)
(Deficit) / Surplus before Income Tax		(75,010)	15,021
Income Tax benefit / (expense) - current period	5	130,897	(169,300)
Income Tax benefit / (expense) - prior periods	5	214,300	(67,769)
		345,197	(237,069)
Surplus / (Deficit) for the year		270,187	(222,048)
Other Comprehensive Revenue and Expense for the year		-	-
Total Comprehensive Revenue and Expense for the year attributable to members		270,187	(222,048)

The attached notes form part of and should be read in conjunction with these financial statements.

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2020

	Building Reserve \$	Technology Reserve \$	General Reserve \$	Total \$
Balance at 1 January 2019	400,000	1,500,000	1,306,320	3,206,320
Total Comprehensive Revenue and Expense for the year	-	-	(222,048)	(222,048)
Transfers / movements	(400,000)	(1,500,000)	1,900,000	-
Balance at 31 December 2019	-	-	2,984,272	2,984,272
Total Comprehensive Revenue and Expense for the year	-	-	270,187	270,187
Balance at 31 December 2020	-	-	3,254,459	3,254,459

Management of liquidity & accumulated funds

The Institute of Directors in New Zealand's (Inc) ("IoD") capital consists of accumulated funds. The IoD's management and Council monitor its liquidity and management of cash on a regular basis. In 2017 we introduced two reserves to separately identify amounts set aside for future identified Technology and Building / Premises requirements. The Technology spend occurred in 2018 and 2019. The Building spend will not be occurring in the foreseeable future.

The attached notes form part of and should be read in conjunction with these financial statements.

Consolidated Statement Of Financial Position

As at 31 December 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash and Cash Equivalents		5,386,233	652,038
Term Deposits		1,210,443	3,856,044
Trade & Other Receivables	8	1,748,298	1,347,852
Deferred Tax Asset	5	130,897	-
Income Tax Receivable		-	16,524
Interest Receivable		7,176	36,900
TOTAL CURRENT ASSETS		8,483,047	5,909,358
NON CURRENT ASSETS			
Property, Plant & Equipment	6	159,999	243,257
Intangible Assets	7	1,574,779	1,714,048
TOTAL NON CURRENT ASSETS		1,734,778	1,957,305
TOTAL ASSETS		10,217,825	7,866,663
CURRENT LIABILITIES			
Trade & Other Payables	9	6,963,366	4,882,391
TOTAL CURRENT LIABILITIES		6,963,366	4,882,391
TOTAL LIABILITIES		6,963,366	4,882,391
NET ASSETS		3,254,459	2,984,272
REPRESENTED BY:			
General Reserve / Accumulated Funds		3,254,459	2,984,272
Accumulated Funds		3,254,459	2,984,272

The Council of the Institute of Directors in New Zealand Inc. authorises these financial statements presented on pages 42 to 56 for issue.



PRESIDENT
4 May 2021



CHIEF EXECUTIVE OFFICER
4 May 2021

The attached notes form part of and should be read in conjunction with these financial statements.

Consolidated Statement Of Cash Flows

For The Year Ended 31 December 2020

	2020	2019
	\$	\$
Cash Flows from Operating Activities		
Subscriptions & Joining Fees	3,851,534	3,701,752
Commercial, Branch Activities & Other	7,906,631	8,672,870
Interest	89,239	135,017
Grants	578,711	-
Supplier payments	(5,289,599)	(7,012,406)
Employees	(5,379,846)	(5,441,595)
Income Tax received / (payments)	231,159	(594,184)
Net GST received	219,587	56,803
Net Cash Flows from Operating Activities	2,207,416	(481,743)
Cash Flows from Investing Activities		
Inflow from Term Deposits	2,679,054	500,000
Outflows from Term Deposits	(33,452)	(926,894)
Acquisition of Fixed and Intangible Assets	(118,823)	(1,217,612)
Net Cash Flows from Investing Activities	2,526,779	(1,644,506)
Net increase / (decrease) in Cash and Cash Equivalents	4,734,195	(2,126,249)
Cash and Cash Equivalents at beginning of the year	652,038	2,778,287
Cash and Cash Equivalents at end of the year	5,386,233	652,038
ANZ Current Account	869,255	631,060
Term Deposits as Cash Equivalents	4,516,978	20,978
Cash and Cash Equivalents at end of the year	5,386,233	652,038

The attached notes form part of and should be read in conjunction with these financial statements.

Consolidated Statement Of Cash Flows (Continued)

For The Year Ended 31 December 2020

Reconciliation of Net Surplus with Net Cash Flow from Operating Activities

	2020	2019
	\$	\$
Net Surplus / (Deficit) as per Statement of Comprehensive Revenue and Expense	270,187	(222,048)
Adjustments for:		
Non-Cash Depreciation and Amortisation	341,350	152,230
Non-Cash (Gain) / Disposal of Fixed Assets	-	(625)
Movements in Working Capital:		
Increase / (Decrease) in Trade and Other Payables	1,966,601	(417,650)
(Decrease) / Increase in Trade, Interest and Other Receivables	(370,722)	6,350
Net Cash Flow from Operating Activities	<u>2,207,416</u>	<u>(481,743)</u>

Cash and Cash Equivalents recognition

Cash and Cash Equivalents include cash on hand, deposits held at call with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash.

Term Deposit recognition

Term Deposits with financial institutions with maturities greater than three months are classified as Term Deposits within the Statement of Financial Position.

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2020

1. General information

The Institute of Directors in New Zealand (Inc) (“IoD”) provides support and education to directors and aspiring directors. The IoD is a New Zealand incorporated society under the Incorporated Societies Act 1908 and is domiciled in New Zealand. The registered office is located at 50 Customhouse Quay, Wellington.

These financial statements have been adopted by the Council on 4 May 2021.

Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with the Public Benefit Entity Standards Reduced Disclosure Regime (“PBE Standards RDR”) as appropriate for Tier 2 not-for-profit entities, for which all reduced disclosure regime exemptions have been adopted.

The Group qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it has had between \$2m and \$30m operating expenditure.

The financial statements of the IoD as at and for the year ended 31 December 2020 incorporate the financial statements of its non-trading subsidiary IoD Limited which was incorporated on 11 November 2013.

These statements are prepared on the historical cost basis, except for financial assets and liabilities which are measured at fair value. The functional and presentation currency is New Zealand dollars.

The financial statements have been prepared on a goods and services tax exclusive basis, except for accounts receivable and payable which include GST as invoiced.

The accounting policies set out in these financial statements have been applied consistently to all periods.

Certain reclassifications have been made to the prior year’s financial statements to enhance comparability with the current year’s financial statements. As a result, certain line items have been amended in the notes to the financial statements. Comparative figures have been adjusted to conform to the current year’s presentation.

2. Revenue and expenses from services, inter alia:

	2020	2019
	\$	\$
(a) Revenue from exchange transactions		
Subscriptions	3,892,968	3,723,512
Director Development Income	5,070,310	6,419,062
Governance Services	611,726	520,831
Branch Activities	467,003	462,973
Other	342,959	1,203,227
Total	10,384,966	12,329,605

2. Revenue and expenses from services, inter alia: (continued)

(a) Revenue from exchange transactions (continued)

Revenue recognition and measurement

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the IoD, and is measured at the fair value of the consideration received or receivable. The following specific recognition criteria in relation to the IoD's revenue streams must also be met before revenue is recognised:

Membership fees and subscriptions

Annual subscriptions are recognised as income in advance when invoiced and recognised as income on a straight line basis over the period of membership.

Governance Development income

Income from Director Development courses is accrued as income in advance and recognised in the month the course is delivered.

Governance Services

Income from Governance Services is recognised in the month of the service being provided.

Branch activities

Income from Branch activities is recognised in the month the activity occurs.

Sponsorships

Income from sponsorship is accrued as income in advance and recognised over the term of the sponsorship.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. The interest rate risk due to possible fluctuations in rates and credit risk is managed by investing with a number of registered banks, for variable terms not exceeding 12 months.

(b) Revenue from non-exchange transactions

	2020 \$	2019 \$
MSD Covid-19 Wage Subsidy	578,711	-

Revenue from non-exchange transactions is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the IoD, and is measured at the fair value of the consideration received or receivable.

Covid-19

The outbreak of novel coronavirus (Covid-19) pandemic in January 2020 has impacted business and economic activity around the world. Effective 23 March 2020 the New Zealand government mandated restrictions on the operations of most businesses and organisations including the IoD and required certain employees to work from home.

The IoD received two tranches of Covid-19 subsidies during 2020 totalling \$578,711. With the expanding financial challenges arising from the cancellation of many face to face courses and reduction of other revenue streams, the IoD reported a deficit before income tax and wage subsidies of \$653,721. The subsidies allowed us to retain a number of roles, however, eight positions were dis-established. In addition to the Covid-19 subsidies the IoD received \$45,000 for tax losses utilised as part of the government's Tax Loss Carry Back scheme.

2. Revenue and expenses from services, inter alia: (continued)

	2020	2019
	\$	\$
(c) Costs of services		
Employee Remuneration	5,599,078	5,388,004
Cost of delivery Governance Services Development Courses (excl. Salaries)	2,453,777	2,883,127
Cost of Commercial Operations development	168,200	192,774
Cost of delivery Branches, Membership, Governance Leadership Centre, Conferences (excl. Salaries)	609,844	1,950,999
Total	8,830,899	10,414,904

3. Operating expenses

	2020	2019
	\$	\$
(a) Operating expenses		
Audit fees	21,400	17,350
Amortisation	235,599	29,159
Bank and Credit card charges	87,932	95,710
Constitution Review	20,551	8,925
Depreciation	105,751	123,071
Directors fees	10,000	20,000
Emerging Director Awards	18,420	15,203
Insurance	43,816	36,439
IT Support and Maintenance	443,422	344,050
(Gain) / Loss on Disposal	-	(625)
Office expenses	127,306	128,257
Printing, Photocopying and Stationery	69,360	100,455
Professional and Contractor fees	412,266	292,147
Rent	232,990	257,703
Telephone, Tolls and Fax	80,585	85,211
Training	17,587	42,880
Travel	64,497	225,361
Provision for Doubtful Debts	59,863	-
Other	215,958	222,485
Total	2,267,303	2,043,781

Audit fees

Deloitte has continued to act as auditors of the IoD. The amount payable to Deloitte for advisory work in 2020 was \$32,000 (2019 Nil) relating to cash flow forecasting and modelling. The Otago Southland branch of the IoD received \$5,000 from Deloitte for sponsorship of the branch during 2020 (2019 \$5,000).

Professional Indemnity Insurance

The IoD has paid a professional indemnity insurance premium on behalf of its councillors, directors, executives, and employees of \$19,690 (2019 \$18,750).

	2020	2019
	\$	\$
(b) Operating leases		
Current	220,521	243,498
1 – 5 years	552,975	763,102
Over 5 years	-	-
Total operating lease commitments	773,496	1,006,600

3. Operating expenses (continued)

(b) Operating leases (continued)

Operating leases recognition and measurement

The IoD leases premises and equipment. Operating leases for the Auckland and Wellington property give the IoD the right to renew the lease subject to a redetermination of the lease rental by the lessor. There are no renewal options or options to purchase in respect of equipment held under operating leases.

Payments made under operating leases are recognised in the statement of comprehensive revenue and expense on a straight line basis over the term of the lease.

4. Employee Remuneration

	2020 \$	2019 \$
Salaries and Wages including Discretionary Payments	5,463,612	5,241,400
KiwiSaver Contributions	135,466	146,604
Total	5,599,078	5,388,004

Employee Entitlements recognition and measurement

Employee entitlements to salaries and wages, annual leave and other benefits are recognised when they accrue to employees. The liability for salaries, sick leave and annual leave is carried at the amount earned for service in the current and past periods.

A number of employees belong to the KiwiSaver scheme. The IoD's obligations as an employer are limited to any agreed contribution levels and these obligations and contributions will cease if the employee leaves the organisation. These contributions are expensed as incurred.

Compensation of key management personnel

Key management personnel of the IoD includes the Chief Executive Officer (CEO) and Leadership Team.

There were six members of the Leadership Team in 2020 (including the CEO) at year-end. For most of the year there was a full complement and they received a total remuneration of \$1,591,900 (2019 six members \$1,315,587). One member of the Leadership Team left the organisation in July 2020.

Remuneration Range \$	No. of key management personnel 2020	No. of key management personnel 2019
100,000-199,999	2	2
200,000-299,999	4	3
300,000-399,999	1	1

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2019 Nil).

Key management personnel remuneration consists of fixed remuneration, discretionary payments and Kiwisaver contributions and is reviewed annually by the Human Resources Committee and the Council.

The IoD did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2019 Nil).

This disclosure of remuneration is on a cash basis.

5. Income Taxation

(a) Income Tax expense

	2020 \$	2019 \$
Surplus before Tax expense	(75,010)	15,021
Tax at 28%	(21,003)	4,206
Tax effect of adjustments:		
Non-assessable income	(1,187,027)	(1,076,211)
Non-deductible expenses	1,077,133	1,241,305
Income Tax (benefit) / expense in respect to current period	(130,897)	169,300
Income Tax (benefit) / expense in respect to prior periods	(214,300)	67,769
Total Income Tax (benefit) / expense reported in the Statement of Comprehensive Revenue and Expense	(345,197)	237,069

As outlined in Note 2(b) the Income Tax (benefit) / expense in respect of prior periods includes \$45,000 for tax losses utilised as part of the government's Tax Loss Carry Back scheme.

(b) Deferred Tax asset

	2020 \$	2019 \$
Recognised in the Statement of Income and Expenditure	130,897	-
Total	130,897	-

Taxation recognition and measurement

Income Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities based on the current period's taxable income.

A Deferred Tax asset is recognised for deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

6. Property, Plant and Equipment

		2020	2019
		\$	\$
Computers and Cabling	Cost	444,412	423,367
	Accumulated depreciation	(403,306)	(324,509)
	Book Value	41,106	98,858
Furniture and Fixtures	Cost	407,646	406,196
	Accumulated depreciation	(303,306)	(283,339)
	Book Value	104,340	122,857
Office Equipment	Cost	95,837	95,837
	Accumulated depreciation	(81,284)	(74,295)
	Book Value	14,553	21,542
Total	Cost	947,895	925,400
	Accumulated depreciation	(787,896)	(682,143)
	Book value	159,999	243,257

Property, Plant and Equipment recognition and measurement

Assets are valued at the aggregate of cost less accumulated depreciation and impairment losses, if any. Cost includes only those directly attributable external costs incurred in obtaining the asset.

Depreciation is calculated on a straight line (SL) basis or diminishing value (DV) basis according to the assets useful life as follows:

Computers and Cabling	40% and 33% SL, 48% and 20% DV
Furniture and Fixtures	10.5% and 8.5% SL, 48% and 20% DV
Office Equipment	21% SL, 48% and 20% DV

Impairment of Non-Financial Assets recognition and measurement

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

7. Intangible Assets

		2020	2019
		\$	\$
Computer Software	Cost	1,847,624	1,751,293
	Accumulated amortisation	(272,845)	(37,245)
	Book Value	1,574,779	1,714,048

Intangible Assets recognition and measurement

Intangible Assets consist of software and development costs. Development costs incurred in the development of new or substantially improved programmes and services are only capitalised if the future economic benefits are certain and the IoD intends to use or sell the service.

Research costs are recognised in the statement of comprehensive revenue and expense in the period in which they are incurred.

Amortisation is recognised in the statement of comprehensive revenue and expense over the estimated useful lives which are as follows:

Software 40%, 33% and 12.5% SL, 48% DV

8. Trade and Other Receivables

	2020	2019
	\$	\$
From exchange transactions		
Trade and Other Receivables	1,420,904	1,084,804
Prepayments	327,394	263,048
Total	1,748,298	1,347,852

Trade Receivables recognition and measurement

Trade Receivables are valued at expected realisable value. A provision of \$60,863 (2019 \$1,000) has been made for any doubtful accounts as a consequence of Covid-19 impacts. Receivables are reviewed on an ongoing basis and debts which are known to be uncollectible are written off. Trade Receivables, Cash and Cash Equivalents and Cash on Deposit are the only financial assets of the IoD and are categorised as loans and receivables.

9. Trade and Other Payables

	2020	2019
	\$	\$
From exchange transactions		
Trade Payables	603,889	671,157
Income Received in Advance	5,495,115	3,785,813
Accruals	135,272	90,747
Employee Entitlements	411,776	236,945
Other Payables	317,314	97,729
Total	6,963,366	4,882,391

Trade and Other Payables recognition and measurement

These amounts represent liabilities for goods and services provided to the IoD prior to year-end which are unpaid. The amounts are unsecured and are generally paid within 30 days. Trade Payables are the only financial liabilities of the IoD.

Income Received in Advance revenue includes subscriptions, training and sponsorship income received in advance of the provision of the service. This revenue is recognised as the IoD provides the related services.

10. Financial Instruments

	Loans and Receivables at amortised cost	Financial Liabilities at amortised cost	Total
	\$	\$	\$
2020			
Cash and Cash equivalents	5,386,233		5,386,233
Term Deposits	1,210,443		1,210,443
Trade Receivables (excl. Prepayments)	1,420,904		1,420,904
Other Accounts Receivable	7,176		7,176
Total	8,024,756		8,024,756
Trade Payables		603,889	603,889
Income Received in Advance		5,495,115	5,495,115
Accruals		135,272	135,272
Employee Entitlements		411,776	411,776
Other Payables		317,314	317,314
Total		6,963,366	6,963,366
2019	\$	\$	\$
Cash and Cash equivalents	652,038		652,038
Term Deposits	3,856,044		3,856,044
Trade Receivables (excl. Prepayments)	1,084,804		1,084,804
Other Accounts Receivable	36,900		36,900
Total	5,629,786		5,629,786
Trade Payables		671,157	671,157
Income Received in Advance		3,785,813	3,785,813
Accruals		90,747	90,747
Employee Entitlements		236,945	236,945
Other Payables		97,729	97,729
Total		4,882,391	4,882,391

Financial Assets recognition and measurement

The IoD classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at the initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the IoD provides money, goods or services directly to a counterparty with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

Loans and receivables are initially recognised at fair value plus transaction costs. They are subsequently carried at amortised cost using the effective interest method. Loans and receivables are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the IoD has transferred substantially all the risks and rewards of ownership.

10. Financial Instruments (continued)

Financial Liabilities recognition and measurement

Financial liabilities include payables under exchange transactions and taxes. Financial liabilities with duration of more than 12 months are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised within surplus or deficit. Financial liabilities with duration of less than 12 months are recognised at their nominal value.

On disposal any gains or losses are recognised within surplus or deficit.

11. Related Parties disclosures

All members, directors, senior management and branch managers are considered to be related parties of the IoD.

Related Party transactions other than remuneration of key management personnel

During the year, various members received remuneration in their capacity as professional development presenters and for their involvement in chartered member assessment and board advisory services, on an arm's length basis.

Details are as follows:	2020 \$	2019 \$
Director Development	970,989	1,064,991
Chartered Member Assessments	61,593	58,961
Course Review	120,520	104,722
Director fees - IoD Limited	10,000	20,000

Council members

All Council members are members of the IoD and pay full subscriptions as members and do not receive any payments for their roles.

The total amount paid for services from Council members in their capacity as directors of IoD Limited, included in the totals above, was \$0 (2019 \$0).

Branch Committee members

The total amount paid to Branch committee members in their capacity as facilitators, trainers, and / or directors for IoD Limited, included in the totals above, was \$16,886 (2019 \$27,929). No amounts remain outstanding as at the end of the reporting period.

All transactions have been undertaken at arms-length under normal commercial arrangements.

All branch committee members are members of the IoD and pay full subscriptions as members and do not receive any payments for their branch committee roles.

12. Contingent Liabilities

The IoD has no contingent liabilities at 31 December 2020 (2019 Nil).

13. Capital Commitments

The IoD has no capital commitment as at 31 December 2020 (2019 \$22,073).

14. Events after balance date

There are no significant events which have occurred subsequent to balance date (2019 Nil).

We note that a number of regional lockdowns have occurred since balance date. The cancellation of courses and events has impacted revenue flows in the early part of 2021 but we forecast the revenue to be recognised later in the year. The financial impact from these 2021 lockdowns has no impact on the 2020 consolidated financial statements.

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