

# By-laws of the Council of the IoD

## 1. Definition of an organisation of substance

**Organisation of substance**, in respect of an application for membership as a Chartered Fellow, means an organisation which meets the minimum of two of the three criteria below for the most recent full financial year in which the applicant was a member of the board:

- i. The consolidated revenue of the organisation and the entities it controls (if any) is \$NZ20 million or more.
- ii. The value of the consolidated gross assets the organisation and the entities it controls (if any) is \$NZ10 million or more.
- iii. The organisation and the entities it controls (if any) have more than 30 (FTE) employees.

Notwithstanding the above criteria, an organisation will not be deemed an organisation of substance if the Council determines that it is not an organisation with governance complexity broadly equivalent to that typically associated with organisations that do meet these criteria (for example, a non-trading holding company, an investment company with one shareholder and/or one director, a small consultancy, or a non-trading trustee company).

## 2.1 Continuing Professional Development

### Definitions:

In these by-laws, words defined in the Rules and not otherwise defined here have the meanings given in the Rules.

**Annual renewal date** means the date on which a member's annual subscription falls due.

**Compliance audit** means an audit in respect of a member conducted by the Institute before the end of the relevant membership year to determine whether that member, having been identified either by the Institute on a Random Audit or by themselves at the time of the renewal of his or her membership as not fulfilling the Mandatory CPD requirement at the last renewal date has subsequently addressed the shortfall via a period of grace.

**CPD** means Continuing Professional Development.

**CPD activities** means those courses, conferences, briefings, programmes or activities prescribed by the CPD Guidelines.

**CPD guidelines** means the guidelines relating to CPD published by the Institute from time to time, appended to these by-laws.

**CPD points** means the number of points ascribed to a particular CPD Activity by the CPD Guidelines.

**Mandatory CPD requirement** means the minimum number of CPD Points required to be accumulated for admission as, or renewal of membership as, a member in a particular category of membership as set out in the CPD Guidelines.

**Random audit** means an audit conducted under by-law 2.5 a).

## 2.2 Mandatory CPD requirement

- a) Any member required to satisfy CPD requirements under the Rules for admission as, or renewal of membership as, a member in a particular category must, on the Annual renewal date have such number of points as is specified in the CPD Guidelines.
- b) A member may obtain the required CPD points from any combination of CPD activities.
- c) Each member required to satisfy CPD requirements:
  - (i) is responsible for keeping his or her own records evidencing his or her compliance with the Mandatory CPD requirement; and
  - (ii) shall indicate at the time of the renewal that they have satisfied the CPD requirement prior to the annual renewal date for the purpose of his or her admission into a different membership category, or the renewal of his or her membership into their existing membership category.

## 2.3 Renewal into existing member category

Subject to by-law 2.5 (random audit) and the fulfilment of any other requirement for membership (including the payment of any membership fee), if at the time of application for renewal of his or her membership in a category a member indicates (in the manner set out in the CPD Guidelines) that he or she has satisfied the Mandatory CPD requirement, his or her membership will be automatically renewed into their existing membership category.

## 2.4 Failure to fulfil the Mandatory CPD requirement

Subject to by-law 2.8, if at the time of application for renewal of membership in a particular category a member indicates that he or she has not fulfilled the Mandatory CPD requirement for that category, then the member will be ineligible for renewal in that category and will instead be automatically renewed into the category of Associate.

## 2.5 Random audit

- a) The Institute may, in its absolute discretion, make enquiries of any member to which the Mandatory CPD requirement applies to determine whether the member has fulfilled the Mandatory CPD requirement.
- b) Any random audit will be conducted according to the procedure set out in the CPD guidelines.
- c) Subject to by-law 2.6, if, following a Random Audit, a member is found not to have fulfilled the Mandatory CPD requirement, then the member will be ineligible to renew his or her membership into their existing membership category and will instead be automatically renewed into the category of Associate.

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## 2.6 Period of grace

- a) If a member indicates at the time of applying to renew his or her membership in a category that he or she has not satisfied the Mandatory CPD requirement, or a member is found not to have satisfied the Mandatory CPD requirement following a random audit, then (subject to by-law 2.6 d):
  - (i) a period of grace will apply during which the member will be renewed into their existing membership category and will have the opportunity to accrue additional CPD points to address the shortfall;
  - (ii) a compliance audit will be performed; and
  - (iii) the period of grace referred to above will continue until the compliance audit is performed.
- b) If as a result of the compliance audit referred to in by-law 2.6 a) the member is found to have:
  - (i) addressed the deficiency in their accumulation of CPD points, then his or her membership will be renewed into his or her existing membership category;
  - (ii) not addressed the deficiency in their accumulation of CPD points, then the member will be ineligible to renew his or her membership into his or her existing membership category and will instead be automatically renewed into the category of Associate.
- c) Each member is entitled to only one period of grace under by-law 2.6 during their membership of the Institute.

## 2.7 Elevation to a different membership category

Where a person who has been renewed as an Associate under any of the by-laws 2.4 to 2.6 seeks elevation to a different membership category, that member must fulfil the Mandatory CPD requirement that would apply to a member seeking renewal of membership in that other category (having been a member of the category for not less than three (3) years) before they will be eligible for renewal into that category.

## 2.8 Cessation or lapsing of membership

- a) If a person's membership lapses for six months or less and is subsequently reinstated, then their CPD history and Mandatory CPD requirement continue as if no such lapse occurred.
- b) A person whose membership has lapsed for more than six months may re-apply for membership of the Institute and in that circumstance the person:
  - (i) must satisfy the membership criteria set out in Annex A, 2. for the category of membership they wish to apply for; and
  - (ii) has no mandatory CPD requirement until the period referred to in by-law 2.9 and on the third anniversary of the member's new membership having been accepted, that member will be subject to an automatic compliance audit unless the IoD Professional Committee otherwise determines.

## 2.9 Foundation period

The Mandatory CPD requirement does not apply to a member in any membership category until the later of:

- a) the third consecutive annual renewal date for that member's membership occurring after 1 October 2014; or
- b) the third consecutive annual renewal date occurring after that member's first admission as a member of a membership category to which any Mandatory CPD requirement applies.

## 2.10 Discretion of the IoD Professional Committee

The IoD Professional Committee, established by Council under Rule 53, may at any time waive (in whole or in part) the Mandatory CPD requirement that would otherwise apply to a member seeking either admission into or renewal of a membership category.

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# Appendix to the by-laws of the Council of the IoD

## Schedule A: CPD Guidelines

### CPD requirement

Members will need to maintain 60 CPD points over a rolling three-year period. All current members at 1 October 2014 will have three years to accumulate their foundation 60 CPD points, starting from their first renewal date after 1 October 2014.

### CPD activities

A wide range of activities count for CPD including:

- professional development offered by IoD
- professional development offered by other organisations, providing it relates to improving your governance performance
- other less formal activities, such as reading governance-related publications, attending branch events, and making voluntary contributions to the development of the director profession (such as participating in mentoring or IoD committees).

### Activities offered by other organisations

Professional development provided by third parties also earns points and the IoD will provide members with a tool to assess the number of points to ascribe to particular activities. In general CPD activities undertaken externally must relate to the practice of directorship and governance in terms of building the core competencies contained within IoD's New Zealand Director Competency Framework. CPD activities undertaken through external providers attract similar points as similar activities offered by the IoD.

### Recording CPD

The IoD will provide an online portal for members to record CPD activity. Points obtained through the IoD will automatically be recorded on completion. Members must keep their own records for all other activity. Members are required to keep sufficient details of their CPD to enable the IoD to determine whether they have fulfilled their CPD requirement. These details may include receipts, papers or a log book for professional reading.

Given the importance of values such as commitment, integrity and accountability within the New Zealand Director Competency Framework, CPD will operate on the basis that members will take personal responsibility for managing their CPD requirements. The Institute places a high level of trust and choice in the hands of members.

### Satisfying the CPD requirement

All members will have three years to accumulate their foundation 60 CPD points, starting from their join date or their first renewal date after 1 October 2014. Once their foundation period is complete, at each annual renewal of membership, members will be asked to confirm that they have fulfilled their CPD requirement of 60 points over three years. It is recommended that members engage in professional development regularly and maintain a record of this throughout their foundation period and beyond.

### Audit

An audit is included in the CPD system to ensure its strength and integrity. From October 2017 onwards an independent audit will be made of a number of randomly selected members. Audit is undertaken to confirm that a member is on track with their CPD, and provides the Institute with an opportunity to assist where necessary. It is not intended to be a punitive process.

### Failure to meet the CPD requirement

There is one 'safety net' opportunity for those who do not meet their CPD requirement. This 'Period of Grace' will allow the member a negotiated period of time to complete the outstanding CPD requirement. If a member has been unable to fulfil their CPD requirement during the Period of Grace, they may continue their association with the IoD as an Associate.

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***The principles and disclosures in the following Charter and Annual Confirmation documents underpin the Chartered Membership pathway. Members will sign a confirmation on admission to and at renewal of the Chartered Member and Chartered Fellow categories.***

## **Charter of the Institute of Directors in New Zealand (Inc)**

### **INTRODUCTION**

The Institute of Directors in New Zealand (Inc) promotes excellence in corporate governance, facilitates directors' professional development, and seeks to enhance the standard and effectiveness of directors through information and education on their legal, moral, financial and general rights and responsibilities.

Chartered Members and Chartered Fellows of the Institute are members of the Institute whose ongoing commitment to these objects; whose qualifications, backgrounds, character and experience; and whose undertaking to uphold the principles of this Charter, make them role models for other members, their organisations and the community as a whole.

### **CHARTER**

A Chartered Member or Chartered Fellow should:

1. At all times conduct himself or herself with the utmost professional and personal integrity and accountability, consistent with the highest ethical standards and recognising the trust and responsibility vested in him or her;
2. At all times exercise the highest degree of skill, care and diligence in the governance roles entrusted to him or her, exercising independent thought and applying an enquiring mind, so as to ensure that each organisation with which he or she is involved obtains the full benefit of his or her expertise, experience and wisdom;
3. Consistently demonstrate leadership in all facets of his or her governance roles, and in the Institute, ensuring that other directors and aspiring directors are provided the opportunity to benefit from his or her expertise, experience and wisdom;
4. Respect always the professional and personal reputations of other directors, aspiring directors, members of the Institute and the Institute itself - and, in particular, not do, or cause or permit to be done, anything which is likely to bring the Institute into disrepute or is otherwise inconsistent with any of the standards and ideals set out in this Charter;
5. Actively support and encourage diversity in the composition of governance bodies;
6. Demonstrate an ongoing commitment to continuing professional development, in order both to retain currency of skills and knowledge and to serve as an example to other directors and aspiring directors;
7. Actively promote, generally, the highest standards of governance; and
8. Demonstrate good character, consistent with his or her role, the prominence of his or her position within the Institute and in the community as a whole, the principles set out in this Charter, and the objects of the Institute.

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# Chartered Member/Chartered Fellow Annual Confirmation

I hereby confirm, for the purposes of [admission as/renewal of my membership as] a [Chartered Member/Chartered Fellow] of the Institute of Directors in New Zealand (Inc) (the Institute), that:

1. I will uphold the principles of the Charter of the Institute.
2. I am of good character\*. [Subject to the disclosures previously made in writing by me to the Council of the Institute], I
  - (a) have not been convicted of any crime in New Zealand or elsewhere;
  - (b) have not been found by a court of competent jurisdiction, whether in New Zealand or elsewhere, to have acted inconsistently with any of my duties as a director or any of my fiduciary duties in any other capacity;
  - (c) have not been found by a court of competent jurisdiction, whether in New Zealand or elsewhere, to have acted (or failed to act) in a manner constituting serious wrongdoing or to have aided, abetted, counseled or procured any other person to do so;
  - (d) have not brought the Institute into disrepute or acted in a manner materially inconsistent with the Charter;
  - (e) have not previously been denied membership of any professional body;
  - (f) am not the subject of any current disciplinary proceedings in respect of any profession or occupation or before any court martial or armed services disciplinary officer, or been found in any such proceedings to have failed to act in accordance with any applicable relevant standard;
  - (g) have not at any time, whether in New Zealand or elsewhere:
    - (i) been prohibited from being a director of any entity or being concerned or taking part in the management of any entity, or
    - (ii) been party to or the subject of any enforceable undertaking or other arrangement with any regulatory body under which I may not be a director of any entity or concerned or take part in the management of any entity; and
  - (h) accordingly am a fit and proper person to be a Chartered [Member/Fellow] of the Institute.
3. I [will satisfy/satisfy] the applicable CPD requirements (as defined in the Rules of the Institute) required for [admission as/ renewal of] my membership as a [Chartered Member/Chartered Fellow] of the Institute.

Signed:

Dated:

\* The Council of the Institute is conferred unfettered discretion over the definition of good character.