

Annual
Report
2021

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The IoD is New Zealand's leading organisation for directors and is at the heart of the governance community. We believe in the power of good governance to create a strong, fair and sustainable future for New Zealand.

Our role is to drive the highest standards of 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.

2021

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

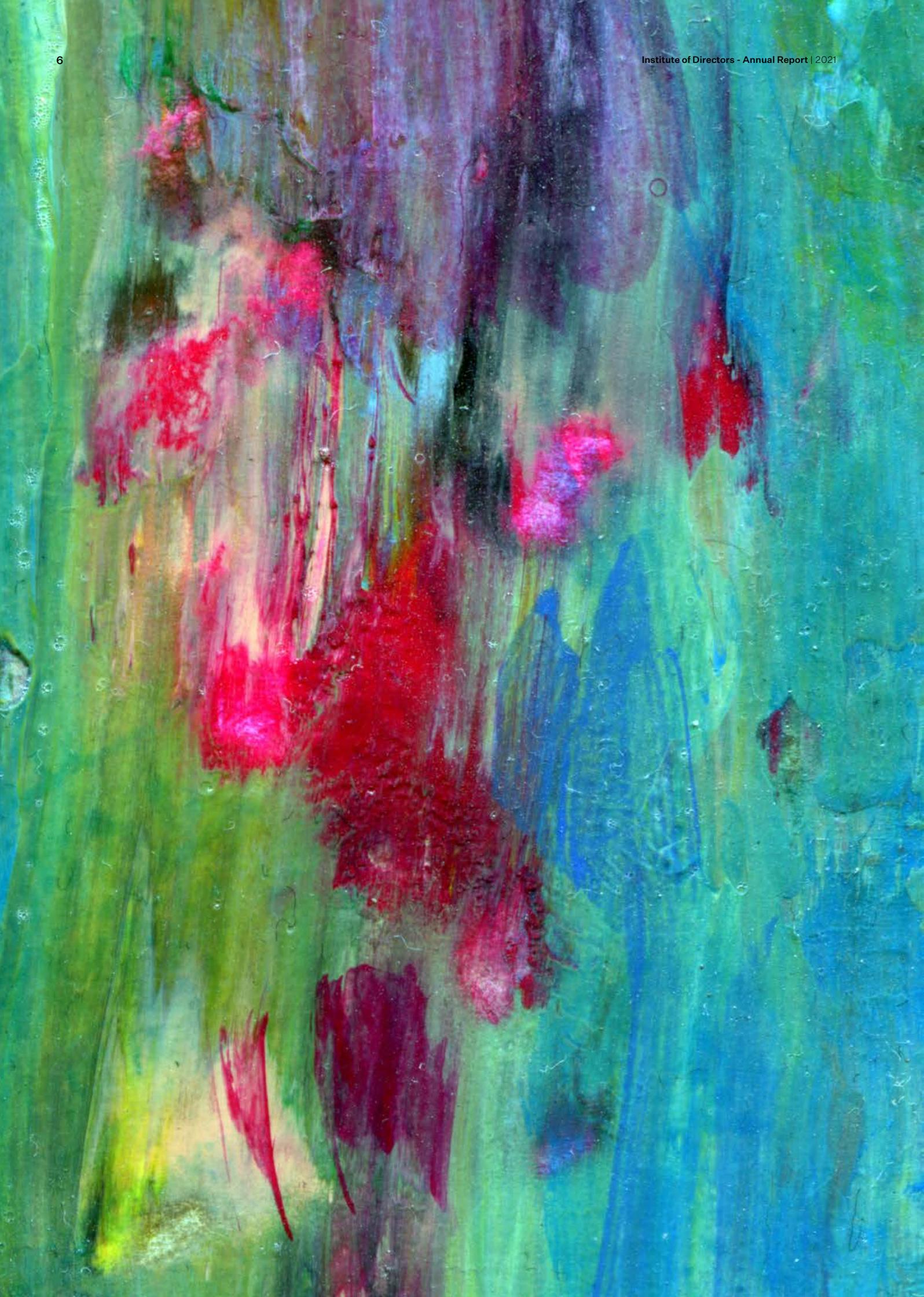
Our values

- 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 Institute of Directors in New Zealand is governed by a national Council. Each year, our branch committees elect representatives to sit on the Council. The Council elects the President and Vice President annually.

The Council advances the purpose laid out in the IoD Rules (Constitution). Its purpose is to promote excellence in corporate governance, facilitate professional development and enhance the standard and effectiveness of directors through information and education on their legal, ethical, financial and general rights and responsibilities.

As examples of the values that we hold as an organisation, the 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, seven meetings of the Council were held. Council positions are voluntary and are not remunerated.

2021 highlights

- The IoD passed the 10,000 member milestone, a 10% rise on the previous year. This is a strong indication that more New Zealanders are recognising the importance of governance excellence. Our members are taking steps to ensure they upskill and embrace their own continuing professional development and play an active part in their professional body.
- Building the organisation for the future (Constitution review): In 2021, a key highlight for the Council was the significant majority support by members for the introduction of the new Rules. These include changes to the governance structure of the IoD moving to an appointed model rather than a representative one.
 - At our AGM on 23 July 2021, members voted strongly in favour of the new Rules, with a 98% margin. The process included a six-week formal consultation period with members which began on 1 February 2021.
- Continued delivery of tools, resources, networking and development opportunities in a year challenged again by Covid-19.
- Our growth in membership has meant that we are in a strong and stable financial position, which provides continued certainty for members and staff.

2021 Council



Julia Hoare

CMInstD | National Council
President (elected 23 July 2021)
Vice President (until 23 July 2021)



Jackie Lloyd

CFInstD | National Council
Vice President (elected 23 July 2021)



Alan Isaac

CFInstD | National Council
President (until 23 July 2021)



Ross Buckley

CMInstD | National Council
(from 19 May 2021)



Rick Christie

CFInstD | National Council
(from 4 Aug 2021)



Craig Hattle

CMInstD | National Council



Simon Lockwood
CMInstD | National Council



Lloyd Mander
CMInstD | National Council



Jonathan Mason
CFInstD | National Council



Trish Oakley
CMInstD | National Council



Jana Rangooni
CMInstD | National Council
(from 17 March 2021)



Anne Urlwin
CFInstD | National Council
(from 4 Aug 2021)



Sarah-Jane Weir
CFInstD | National Council

Councillors who stood down during 2021

- Bryan Graham MInstD (finished 18 Feb 2021)
- Ted van Arkel DistFInstD (finished 19 May 2021)
- Alan Isaac CFInstD (President until 23 July 2021)
- Geoff Dangerfield CMInstD (finished 4 Aug 2021)

Council Committees

Audit & Risk

Craig Hattle (Chair from 31 August)
 Julia Hoare (Chair until 31 August)
 Lloyd Mander (from 18 February)
 Ross Buckley (from 23 July)
 Jonathan Mason

Alan Isaac (until 23 July)
Bryan Graham (until 18 February)

Policy & Practice

Sarah-Jane Weir (Chair)
 Julia Hoare
 Simon Lockwood
 Ross Buckley (from 23 July)

Alan Isaac (until 23 July)

Membership

Rick Christie (Chair from 4 August)
 Trish Oakley
 Lloyd Mander (from 19 May)
 Jonathon Mason (from 31 August)

Sarah-Jane Weir (until 31 December)
Ted van Arkel (until 19 May)
Geoff Dangerfield (Chair until 4 August)

Human Resources and Health & Safety

Jackie Lloyd (Chair)
 Julia Hoare
 Lloyd Mander (from 23 July)

Alan Isaac (until 23 July)

Nominations

(Established 31 August 2021)

Whaimutu Dewes (Chair)
 (from Nov – Independent)
 Alison Barrass (from Nov – Independent)
 Alan Isaac (Past President)
 Julia Hoare (Council appointee)
 Jackie Lloyd (Advisor)

Commercial

Kirsten Patterson (Chair)
 Julia Hoare
 Jackie Lloyd (from 31 August)
 Trish Oakley
 Vincent Pooch
 Craig Hattle

Alan Isaac (until 23 August)

Steering

(Established 31 August 2021)

Julia Hoare (Chair)
 Jackie Lloyd
 Ross Buckley
 Craig Hattle
 Sarah-Jane Weir
 Trish Oakley

Standards

(Established 31 August 2021)

Anne Urlwin (Chair)
 Jana Rangooni
 Sarah-Jane Weir
 Independent (yet to be appointed)

Number of meetings in 2021

National Council	Seven
Audit & Risk	Five
Policy & Practice	One
Membership	Six
Human Resources and Health & Safety	Four
Nominations	Six
Commercial	Five
Steering	Five
Standards	Three

Statement of Service Performance Reporting from 2022

IoD will launch Statement of Service Performance (SSP) reporting as a requirement for our annual report, starting in 2022. The SSP will illustrate the progress made during the reporting year against our strategic goals.

Leadership Team



Kirsten Patterson

CMInstD

Chief Executive Officer



Felicity Caird

MInstD

*General Manager, Governance
Leadership Centre and Membership*



Sarah Deans

*General Manager,
People and Culture*



Chris Fox

*General Manager,
Corporate Services*



Dr Michael Fraser

MInstD

*General Manager, Learning and
Branch Engagement*



Sophi Rose

*General Manager, Brand, Marketing
and Communications*

From the President



I am very pleased to present the IoD's annual report for 2021. It has been a year that has seen New Zealand face an array of challenges.

Organisations and boards of every type and size have had to be constantly nimble and adapt to our changed world, while also continuing to evolve and move forward.

The IoD is no exception. We have looked both inwardly at the best structure to make us fit for the future, and also outwardly to the challenges and opportunities that 2021 has delivered.

The inward evolution we have underway, with the creation of a board and a new standards framework, began under the direction of our immediate past president Alan Isaac. Alan provided both a steady hand on the tiller and a catalyst for change. He steered us through our early response to the challenges posed by the pandemic and his passion for governance was instrumental in getting the forthcoming structural changes underway. His term as president ended before that came to fruition, but he drove the initial process with the goal of ensuring that the IoD's own governance is best practice. Thank you Alan, for your great contribution as president and your continued support of the IoD.

I would also like to take the opportunity to thank my fellow councillors for the enormous contribution each has made to the IoD over the year. The role is a voluntary one and they have been responsible for governing the organisation. Council members give a huge amount of their time to serve our IoD.

They also serve on local branch committees, which focus on bringing the best member experience to all regions of New Zealand. And to all of our branch committee members, thank you also for your ongoing hard work and support.

I am also passionate about excellence in governance. For me, it is about harnessing all of an organisation's resources to get better outcomes for all stakeholders. This is critically important. I believe very deeply that, as directors, we should aim to leave every organisation in a better place than when we joined it.

So, to turn to the inward changes that the IoD is undergoing. We are creating a new governing board and re-orientating the role of the Council. As the leading governance organisation for New Zealand, we need to demonstrate best governance practices at the helm. This is by no means a criticism of the fantastic work by my fellow councillors, and those that have gone before, but rather that our organisation needs a board which can provide continuity around the table and drive our longer term strategic direction. The way the Council currently works is beholden to changes that might take place at branch

level. This means that, although we have a very capable Council, tenure and specific skill requirements have not historically been considered in determining our mix.

By having a board we will be able to focus on our organisation and our stakeholders, and follow through on how we position ourselves for the medium and longer term.

The Council is retained as the guardian of the IoD. Its purpose and the Rules are to focus specifically on member matters. The Council's role will remain critical to the IoD. Recognising geographic differences will continue to be very important. I believe strongly that, under the new structure, having our Council remain and focused on member matters, through their representation of the branch network, will give us the best of both worlds.

The process to establish our new structure is almost complete and the new board will be in place by 1 July 2022. We have taken a best practice approach to appointments to the board. We appointed a Nominations Committee that has managed the appointments. This committee includes two experienced independent directors who have generously volunteered significant time to ensure we establish a strong and credible inaugural board. Our gratitude goes to Whaimutu Dewes (as Chair) and Alison Barrass.

In addition, under our Rules, the composition of the Nominations Committee requires inclusion of a past president or IoD Distinguished Fellow, and Alan Isaac was appointed. In our view, he has been an ideal member of the committee as he was a key part of the original vision. I was the final member of the committee and our IoD Vice President, Jackie Lloyd, has been a valuable advisor.

I will step down in 2023. In my view, a key part of my role is one of continuity – to make sure the issues discussed, debated and considered important by Council are properly transitioned into the mix for the future board to consider.

I am passionate about the IoD and committed to helping ensure the new structure is successful in delivering best practice governance for us all. We must ensure the IoD represents all directors, all organisations and all aspects of governance.

The second part of our inward transition has been focused on the expectation that IoD members, as directors, are fit for governance. Society needs to have confidence in the IoD's designations. When dealing with an IoD member, there should be confidence in the competence of the individual. Our new standards framework will give us a proper roadmap to follow and operate within to ensure best practice standards are upheld.

Looking outwardly, the continuing challenges and opportunities which have arisen in the Covid-19 era remain key areas of focus for us. New ways of working, wellbeing, the new structure of organisations and, importantly, the challenging of old norms are issues which are front of mind. For example, historically, many organisations have worked by 'just in time' principles because this made sense financially. However, for resilience and from a supply chain perspective, these practices may not necessarily be the best approach anymore. We must look at what it takes, in the future, to be more resilient organisations.

We also need to address the 'cadence of governance'. Traditionally, meeting schedules have been set up, at times a couple of years in advance, and these would not change. Today, directors need to be far more available and more nimble, recognising also that some meetings will be in person and others will be remote. The former are likely to be more strategic and the latter more transactional.

“By having a board we will be able to focus far better, in a broader sense, around the organisation and its stakeholders and how we position ourselves in the medium and long term.”

Finally, as directors, we must not simply have a Covid-19 lens. We must not lose sight of the key issues that directors find important. Many of these were identified in our last Directors' Sentiment Survey: demand for talent, engagement on climate issues, overseeing diverse risks, ESG and wellbeing. These key challenges also need focus from directors to successfully move organisations forward.

In conclusion, I would like to also thank our dedicated and effective management team for a successful 2021, and our CEO, Kirsten Patterson, for her strong and very capable leadership throughout a challenging year.

Julia Hoare CMInstD
President

From the CEO



“If you were to ask me about the nature of leadership, in terms of what I’ve learnt, I’d say you’ve got to have fire in your belly for an outcome.”

This quote from Tā Tipene O'Regan, Distinguished Fellow of the IoD and 2022 New Zealander of the Year, seems an appropriate way to open our annual report – because, after two years of unparalleled challenges, the fire is burning brightly for the governance community.

Extraordinary, unheard of, anomalous and, yes, unprecedented – 2021 was all of these things.

But remarkably, from the tumult and uncertainty, the economic anxiety, supply chain challenges, staffing shortages, unusual customer behaviours, lockdowns, vaccine mandates, global inflation worries and Covid-19 variants, a consensus has emerged. Good governance is more important now than ever.

The volatility of the Covid-19 operating environment has driven directors to seek to improve their competence and expand their skill sets.

During 2021 we saw a dramatic lift in interest in the IoD and our mission to support and enable directors.

Demand for information, support and upskilling from directors soared across the full scope of our membership.

Our education team was stretched beyond the limit – and had to be expanded. Our branch networks hosted 248 events – and another 41 online – despite the impact of lockdowns and Covid-19 restrictions. The courses section of our website received 245,000 visits.

We have seen huge interest in joining the organisation. Our membership team has worked tirelessly as applications increased 26% on the previous year. Membership numbers surged past the 10,000 mark to hit a new high, numbering 10,260, a 10% increase on 2020.

We saw a significant rise in the number of boards seeking evaluations and in-house training. Our Governance Services team was so busy that staff had to be seconded in to help them. The team provided 117 tailored advisory services to assist New Zealand boards and it advertised 409 board vacancies.

It was a similar story for our communications team, which observed a 70% increase in media reach from a year earlier. There has never been so much interest in good governance, and its power to create a strong, fair and sustainable future for New Zealand organisations and communities.

Our eighth IoD Leadership Conference – ‘Connect, Discover, Challenge,’ sold out, and featured more than 500 delegates, and domestic and international expert speakers.

After budgeting cautiously in a time of uncertainty, we saw a significant rise in our commercial activity. This has enabled us to build up our strategic reserves and strengthen our resilience to economic shocks, whether that be further twists in the Covid-19 story or other surprises.

Our members are our priority and we are reinvesting our gains back into New Zealand’s governance community, including through the work of our education team and through new course development. A major piece of work during 2021 was the development of our Advanced Directors’ Course, which we are looking forward to delivering in 2022. We also started the review of Better Boards, our online board evaluation system which is another important initiative for our digital future.

In the midst of this frenetic workload, our teams also continued to deliver an increased number of webcasts, articles, guides and other resources for use by our members. Members were able to access sufficient free webcast training and other governance reading content to satisfy their annual CPD requirements at no additional cost beyond their membership fee. This is an initiative that will continue in 2022.

In 2021, we joined the Climate Governance Initiative (CGI) as the host of the national chapter, Chapter Zero New Zealand, with the online launch in March 2022 attracting more than 750 registrations and highlighting the interest across New Zealand’s director community.

Chapter Zero New Zealand will work to mobilise, connect, educate and equip directors to effectively govern New Zealand organisations on the response to climate change and drive the global goal to achieve net-zero carbon emissions by 2050.

The IoD has continued to build on our work around *Māori* strategy and cultural capability. During 2021 this included our inaugural Māori governance forum ‘Te Huarahi Hōu’ and is continuing with initiatives such as our panel discussion, Huri Te Ao, Huri Te Tikanga: As the business landscape transforms so must our governance perspectives.

We continued to develop our resources for Not-for-Profit organisations. This included forming a new partnership with Community Governance NZ, a collaboration which aims to strengthen and support the community governance sector with the best practice expertise of the IoD. As part of that collaboration we launched the Tuakana Teina Chair Mentoring Programme, an opportunity for 25 teina (mentee) not-for-profit chairs to deepen their leadership in a structured, supportive environment with an experienced tuakana (mentor) chair.

Our teams have been working very hard to deliver what the governance community has demanded of us and we have plans in place to increase our capacity to deliver support to directors.

We also continued to submit to government and other organisations on a range of topics that we believe could have implications for the governance community. These included, among others, the Unit Titles Bill, Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill, the Incorporated Societies Bill, the Crown Minerals Amendment Bill regarding proposed director liability and the XRB's consultation on the first stage of their development of climate-related disclosure standards.

We have achieved an enormous amount in very difficult circumstances. The introduction of vaccine mandates and ever-shifting rules around firstly the Delta variant, and then Omicron, have impacted our teams in ways it was difficult to predict. I am proud of the way they have risen to new challenges and continued to support directors through challenging times.

The management team is eager to get working under our new governance structure. Our new governing board is due to be in place by 1 July 2022, with our Council continuing to provide an ongoing strong focus on our members' issues. I am looking forward to working with the board on our commercial programme and ensuring the tools, resources and thought leadership we offer are of maximum use and benefit to our members.

Governance is hot right now. Our governance community does indeed have fire in its belly. Understanding the value of good governance to organisations and communities has never been higher, and continuing to support and enable directors to deliver positive and sustainable outcomes for their businesses, organisations and communities will be our focus in 2022.

We reported a surplus of \$1.4m before income tax expense for the year ended 31 December 2021. Revenue from services for 2021 was \$14.1m, an increase of 36% over 2020. Subscription revenue was up 10% and Governance Development by 51% arising from continuing strong demand for our Company Directors' Course.

Subsequent to the year-end close, the IoD suffered a cybersecurity breach in March 2022 that saw hackers gain access to some credit card and personal information.

The IoD was alerted to the breach by our bank on 24 March and halted all online credit card payment facilities. We immediately began working with our digital asset providers, external cyber security experts and our bank to contain

the situation and discover how/when the breach occurred. Alternative payment options for members were also put in place as soon as possible.

We advised affected members and customers as soon as we had confirmed information we were able to share with them, and they – along with the wider membership and IoD staff – were kept regularly updated from that point.

I would like to extend my warmest gratitude and thanks to all our people for their contribution to the IoD's achievements in this exciting but incredibly busy year. Through the tough times and the resurgent times they continually inspire me with their ability to adapt nimbly to rapidly changing operating environments and to their commitment to deliver on the needs of our members.

Thank you to our valued national partners ASB and Marsh, national sponsors Aura, MinterEllisonRuddWatts, Diligent and KPMG, and all the organisations who support our branches at a local level. We said farewell to MinterEllisonRuddWatts who we enjoyed working with to further good governance – a special thank you to them. We were delighted to welcome DentonsKensingtonSwan as a new national sponsor in 2022 and look forward to working with them as we move forward.

I give my heartfelt thanks also to our IoD President Julia Hoare, Vice President Jackie Lloyd and our Council for their valuable time and ongoing support to me and the entire IoD team.

I give my sincere thanks also to Felicity Caird, who left us in early 2022 after eight years of sterling contribution to the IoD as general manager of our Governance Leadership Centre.

And congratulations to those who have become Distinguished Fellows of the IoD this year: former Governor-General Dame Patsy Reddy, Sir Stephen Tindall, the late Sir Eion Edgar, Ted van Arkel, Alan Bickers, Gill Cox, Graham Kennedy, Peter Masfen, Humphry Rolleston, Acton Smith, Barry Thomas and Rex Williams.

We were delighted to see 25 of our members receive honours this year and, most recently, Sir Tipene's lifetime of dedication and service recognised with the title of New Zealander of the Year.

Last, but most definitely not least, thank you to our members and especially to our branch volunteers for your stellar support and commitment to supporting the IoD.

Noho ora mai.

Kirsten Patterson MInstD
Chief Executive Officer

Our branch network



Our members

10,260 ↑ up 10.06%
the previous year

Branches hosted

248 events in person and
41 events online ↓ Down 16%
on 2020

With the changing alert levels and lockdowns occurring during 2021, branch events were a mix of in-person and online.

Overseas members

66 ↓ Down from 76
in 2020

Chartered membership category breakdown



By membership type



11%
Associate



70%
Member



12%
Chartered Member



3%
Chartered Fellow



1%
Distinguished Fellow



2%
Retired



1%
Retired Fellow

Age trends

	2021	2020	2019	2018	2017	2016
18-29	1%	1%				
30-39	10%	10%				
40-49	26%	26%	26%	27%	27%	27%
50-59	35%	35%	35%	35%	36%	36%
60-69	21%	21%	21%	20%	21%	21%
70+	7%	7%	7%	7%	6%	6%

Gender trends

	2021	2020	2019	2018	2017	2016
Male	65.8%	67.4%	69%	69%	71%	72%
Female	34.0%	32.5%	31%	31%	29%	28%
Gender diverse & unknown	0.2%	0.1%				

Meet our 10,000th member: Jonathan Waecker

Hailing from San Francisco, Jonathon Waecker came to New Zealand on his honeymoon five years ago and fell in love with the country.

While looking for his next career move, he declined to proceed with a CMO opportunity back in the United States, but after an intensive 'values' discussion with his recruiter, the profile for The Warehouse Group popped up. It was an exciting opportunity with the potential to make an impact at a national level.

Before coming to New Zealand, Waecker had worked at Zynga and Yahoo, and had been instrumental in creating the Hannah Montana and High School Musical franchises for the Walt Disney Company.

In his role as Chief Marketing Officer for The Warehouse Group, he is responsible for maximising customer experiences and sales, leading brand strategy and driving customer engagement across a portfolio of brands, which includes Noel Leeming and Warehouse Stationery.

Three years ago, Waecker was also invited to join the board of TheMarket.com.

It was his first foray into New Zealand governance, enabling him to marry his dual finance and marketing backgrounds, while also representing the customer. And he sees the experience as a stepping stone to move into other director roles in the future.

"Most people see things through business metrics as important," he says of those who come to board roles often with financial backgrounds.

"But if you build metrics around customer experience everything else falls into place and once you start to think that way, it's really powerful," he says.

For Waecker, people matter a lot. He is drawn to companies and environments that have people, culture, and innovation at their core. He says one of the best pieces of advice he was ever given was: "It doesn't matter what you say, it matters what people hear."

"Being able to motivate and steer people without making them feel inconsequential is really powerful."

**Jonathon Waecker,
Director**

That piece of advice has been invaluable.

"Being able to motivate and steer people without making them feel inconsequential is really powerful," Waecker says. "When I see people create motivation for others, what they're really saying is, 'don't do this, do that.' But they do it in a way that the teams they're talking to feel inspired. They feel bigger, not smaller - that's an art."

Faces of Governance

Jonathan Waecker is the 10,000th member to join the Institute of Directors. In celebration of achieving this milestone, the IoD launched its Faces of Governance campaign at the end of 2021 to highlight members' diverse perspectives and why good governance matters to them.

iod.org.nz/membership/faces-of-governance



Whole Board Membership

Our Whole Board membership was created to acknowledge boards that show their commitment to governance best practice by joining the IoD en masse as a board. There are many benefits to being a Whole Board member, such as 20% discount on yearly membership, no membership fee and a free advertisement on the Director Vacancies listing page. Below are the boards we welcomed in 2021:

- Anglesea Clinic Accident and Medical Limited
- Argosy Property Limited
- ASAP Finance Limited
- Attainable Trust
- Baygold Limited
- Central North Island Kindergarten Trust
- ConneXu
- Consilium NZ Limited
- CORE Education Limited
- Elemental Group Limited
- Gold Band Taxis (Christchurch) Society Limited
- Grassroots Trust Central Limited
- Health Hawkes Bay Limited
- King Country Trust
- Kō Kollektive Trust
- Manawatu Community Trust
- Medical Sciences Secretariat Limited
- New Zealand Green Investment Finance Limited
- New Zealand Plant Producers Incorporated
- New Zealand Symphony Orchestra
- Ngati Koata Trust
- Ngāti Tama ki Te Waipounamu Trust
- NorthAble Matapuna Hauora
- Physical Education New Zealand Te Ao Kori Aotearoa Incorporated
- Pinnacle Incorporated
- Prendos New Zealand Limited
- Rape and Abuse Support Centre Southland Incorporated
- Rawlinsons Limited
- Seafarers' Welfare Board for New Zealand Incorporated
- Sport Manawatu
- Strategic Pay Limited
- Taranaki Free Kindergarten Association Incorporated
- Te Awhi Whanau Charitable Trust
- Te Korowai o Ngāruahine Trust
- Te Rau Ora Limited
- The New Zealand Nurses Organisation Incorporated
- The Waikato Community Trust Incorporated
- Tuaropaki Trust
- Vaka Tautua Limited

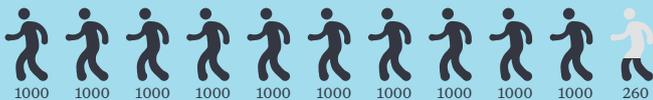
2021: Year at a glance

Relevant and future-focused

Equipping directors for the future

Members

10,260 ↑ up 10.06% on the previous year



Returning members



Chartered members



NZX Top 50 Directors who are IoD members (NZ based)*



* Data at end of May 2021

Membership applications



“I have to say I find the IoD outstanding in terms of professionalism and support.”

Paul Thompson – MInstD

Reputation for quality

Setting the benchmark for governance training



41
held online



11
National online events

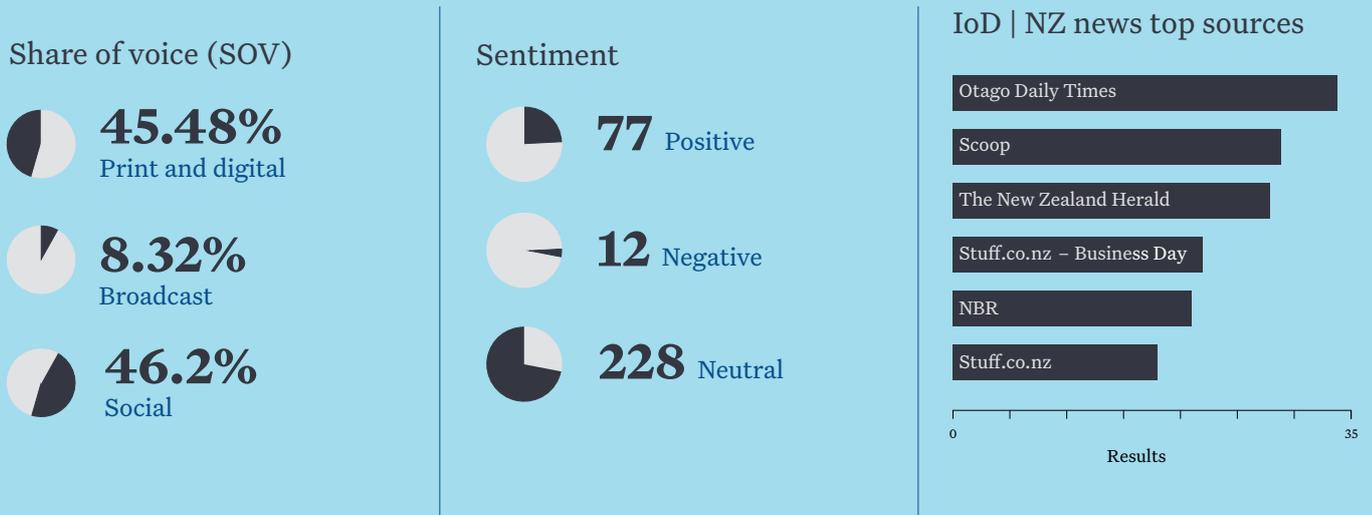
Influence and impact

Growing the profile and standards of governance in New Zealand



Media analysis – 1 Jan 2021 to 31 Dec 2021

Number of mentions of your brand/total number of brand mentions (yours + your competitors') x 100 = SOV



Delivering on our goals



Building a sustainable organisation

Supporting courageous leadership

The IoD's leadership team continued to drive forward the strategic vision for our members and the governance community, working hard to regain ground lost in 2020 through Covid-19 disruptions.

The leadership of the organisation and the hard work, dedication, innovation and talent of the IoD team made 2021 one of our most successful years ever.

“The IoD actively supports leaders in driving forward a culture we can all be proud of – one that is values-led, high performing and innovative.”

We embarked on a four-month Courageous Leaders' Programme and invested in the learning and capability building of our tier three people leaders to ensure they have the confidence, skills and opportunity to work together to advance the organisation's key initiatives. The IoD actively supports leaders in driving forward a culture we can all be proud of – one that is values-led, high performing and innovative. The programme offered the opportunity for our leadership team to focus on connectedness and collaboration, while navigating the uncertainty and challenges of the pandemic.

Building our cultural awareness

Our mid-year staff hui held at Pipitea Marae helped build our knowledge and broaden our understanding of the history of Aotearoa New Zealand. It was a reflective and informative experience for many of our team, and built a much greater appreciation for Aotearoa New Zealand's rich cultural heritage.

The hui welcomed directors of Māori whakapapa from a range of organisations, including iwi-owned, not-for-profit and the commercial sector. They shared their experiences and challenges in their governance roles from a Māori perspective. They challenged the IoD to embrace this way of looking at governance and the reciprocal learning and knowledge-sharing on the different structures of governance within their organisations and communities.

“The grounding workshop was very well presented - a good mix of challenging, insightful, researched information, with a bit of humour! I really felt like I learnt something, even if some of it was confronting/challenging to digest.”

“This session was challenging, thought-provoking and insightful.”

81% of members say the IoD believes in excellence

Kantar Brand Health Index 2021

Building cultural knowledge and capability

Whakatauki

Ehara taku toa i te toa takitahi, engari he toa takitini

My strength is not as an individual, but as a collective

Te Kākano (The Seed) – Nurturing IoD’s approach to working with te ao Māori

The IoD is a big believer in bringing a broader range of skills, experiences and perspectives to the boardroom, thereby increasing the potential for success, effective risk oversight and long-term business sustainability.

We embarked on this work in 2021 with some foundational steps, which included facilitated discussions with the IoD Leadership Team and Council on the proposed purpose and intention for developing a strategy to build our connection and work with rōpū Māori.

“A key strand of this work will be enhancing the way the IoD engages with Māori-owned entities, exploring opportunities for better collaboration and recognition of te ao Māori governance perspectives.”

Following collective input, a draft statement of rationale was created, exploring how Māori models of governance and engagement with rōpū Māori could enhance the effectiveness of governance in New Zealand.

The next phase will continue in 2022 with broad consultation with staff, branch networks and membership and external entities.

A key strand of this work will be enhancing the way the IoD engages with iwi/hapū/whānau and other Māori entities, exploring opportunities for better collaboration and recognition of te ao Māori governance perspectives.

We have called this work Te Kākano (translated as ‘The Seed’), reflecting the long-term process of growth and nurture, rather than a focus on a singular output.

Strengthening our Pacific connections

Over the past 18 months, the IoD has undertaken a collaborative approach to deliver a range of practical activities to strengthen and develop Pacific governors. Following consultation with a group of experienced Pacific directors some key themes emerged for the work, including understanding the value of having Pacific directors at the table, how the IoD can better support, develop and connect Pacific governors (aspiring, emerging and established), and showcasing existing Pacific governance capability.

Building on this, a series of four ‘Introduction to Governance for Pacific People’ events were held in Auckland, Wellington, Christchurch and online, attended by 340 people. This was followed by a training opportunity for 14 emerging directors to complete the online IoD Governance Essentials course. These activities also helped to strengthen the relationship with the Ministry for Pacific Peoples and other Pacific entities, particularly in the Auckland region.

In late 2021, the IoD had the opportunity to explore a more strategic approach through a discussion with the Council, led by prominent directors Mele Wendt and Caren Rangi. This highlighted the work done to date and set the scene for continued focus in this space aligned with the IoD’s strategic plan.

In 2022, we will look to formalise the approach, clarifying the ‘why’ and building out the programme of activities.

New strategies and policies

IoD mandates vaccinations – November 2021

In 2021, the IoD joined directors around New Zealand in navigating the challenges of vaccine mandates and planning for certainty, and the ability to provide members with relevant services under the government's new traffic light system.

The IoD introduced its Covid-19 Vaccination Policy in early November 2021, following assessment and consultation with our people, and taking on board feedback from our members and partners. The process and policy were reviewed by an external Health and Safety consultant and approved by our Council in November.

The policy resulted in all IoD member-facing roles being required to be fully vaccinated. This provided us with some business certainty and enabled us to continue to provide services to our members safely and with minimal disruption, in all phases of the traffic light system.

We also looked to upweight online offerings to ensure we were able to cater for all members to a high standard during a time when changes and disruption had become the norm. The policy was widely supported by our people and members, and provided a stable foundation to help us navigate through 2021 and into the dynamic landscape of 2022.

Given health guidelines are evolving due to strong vaccination rates, community immunity and new tools (such as rapid antigen testing), the policy will be a living document and will be regularly reviewed and updated to ensure the most appropriate controls are in place to keep our people and our members safe.

Strengthening a mobile workforce

The IoD introduced a new Flexible Working Arrangements Policy which has facilitated a shift to a permanent 'hybrid' working environment. Our working framework is based on principles of being flexible by default, trust, integrity, connectedness, reciprocity and the idea of being 'in it together'.

While many organisations grappled with 'return to work', the IoD successfully implemented its new policy and included initiatives to make it easy and comfortable for our people.

Health, safety and wellness

Our health, safety and wellness programme continues to help with staff retention and engagement.

During the ongoing pandemic, keeping our employees healthy, safe and mentally well was a priority, particularly in the

second half of the year, when the country experienced more nationwide lockdowns.

We had an exceptional year with demand for courses and membership numbers growing considerably and much faster than we predicted. This is a positive signal that people are wanting to excel in their governance roles and were making the effort to stay current by joining their professional body.

We place great importance on providing our members with the best service we can, but this did put pressure on our team to deliver. To minimise workload pressure we grew our employee numbers to bring in needed skills and increase our people power in the second half of the year to help us meet demand. In line with many other organisations, we continue to review and adapt our attraction and recruitment strategies to meet the current market.

We also wanted to be more skilled at recognising stress and mental health issues, and equip our people to be able to act quickly and responsibly if they had concerns about their colleagues or were asked for help. With this in mind, our Wholebeing Committee participated in St John's Mental Health First Aid training. We also ran a series of wellbeing webinars and supported our people with wellbeing packs and wellbeing leave. As part of Mental Health Awareness Week, we offered members free access to 'The Board's Role in Mental Health and Wellbeing' online module, with 136 members taking part in this promotion.

Carbon measurement and reporting

We are working towards a smaller carbon footprint. Our goal is to look at how we can have smaller feet, across all of the work we do. While we remain totally committed to providing services and support to our members, we will do so while being mindful of reducing our carbon footprint wherever possible.

In 2021, we launched our 'Small Feet' project which involved teams across the organisation – and support from our members – as we measured a range of activities, including national and branch events, travel, waste and more. This will give us a benchmark and will provide us with a great starting point for looking at how to reduce our impact in the future. We will share our findings in 2022 and will continue to measure in 2022.

Raising standards

Future IoD – Building your professional governance body

At the close of 2021, the IoD was privileged to have more than 10,000 members representing the New Zealand governance community. We are proud to be the professional body for directors and to have continued to grow since we became a New Zealand incorporated society in 1989 with just 500 members. We are proud of our history and the role we and our members continue to play in championing good governance in Aotearoa New Zealand.

Now, with 30-plus years at the heart of governance, our organisation continues to grow and evolve, as has the community we support. To ensure we lead by example and stay relevant, the IoD began the process of reviewing its Rules in 2020 to ensure the organisation was fit for the future, modelled best practice and could build and diversify the roles available to take the organisation forward. The review of the IoD Rules included our governance arrangements and standards framework.

In 2021, the Council discussed proposals for change with its branch committees and members via webcast, information videos and collateral, and at branch events. Members were encouraged to feed back their thoughts and submit any questions during a formal consultation period, which ran from 1 February to 14 March 2021.

“The new Rules, which start rolling out in 2022, seek to enhance the effectiveness of governance in New Zealand, and the interests of the community as a whole.”

The Council considered all feedback and made relevant adjustments which were circulated as the new proposed Rules, along with an explanatory memorandum to allow members to make their decision about whether to vote in favour of the new Rules. The vote took place at the Annual

General Meeting on 29 June 2021. Members were able to vote by proxy or in person, and the Council was happy to confirm a 98% margin in favour of adoption of the new Rules.

The new Rules, which come into effect on 1 July 2022, seek to enhance the effectiveness of governance in New Zealand, and the interests of the community as a whole. The IoD is firmly committed to prioritising best practice governance, upholding standards, thinking about long-term, planned succession and bringing diversity of thought to the table.

The key rule changes include:

Introducing a new governing board – and redefining the role of the Council

The new board will be the governing body of the IoD and its role will be to appoint the Chief Executive and monitor the organisation’s affairs. The Council will be the guardian of the IoD, represent members, appoint board members and oversee membership-related matters including standards.

Updating and enhancing the IoD’s standards framework

This includes amending membership criteria and providing the Council with more flexibility to address member misconduct. The proposed changes will help protect and maintain the IoD’s reputation and uphold professional standards.

Member register

Addressing the requirements of the Incorporated Societies Bill, the member register change allows the IoD to publish an abridged register setting out the name, member category and post-nominal for members. However, no other information will be available to ensure we protect our members’ privacy and comply with privacy laws.

Voting rights

The right to vote at annual general meetings now extends to all members (other than Associates), having previously been limited to Members, Chartered Members and Fellows.

New Council committees

A Nominations Committee, Membership Committee and Standards Committee were established in 2021.

For more information on the IoD rule changes, visit iod.org.nz



Governance services for boards

We support all New Zealand directors and trustees, not just IoD members, with their board performance evaluations, targeted director search and appointments, benchmarking of director fees and robust board remuneration analysis. The services offered help organisations to make decisions that will strengthen their boards' performance and improve outcomes for all New Zealanders.

This year we have provided governance services to a wide range of organisations, including Fonterra, Climate Change Commission, Environment Protection Authority, District Health Boards, Ministry for Pacific Peoples, Presbyterian Support, Te Pukenga Boards, SPCA, Genesis Energy, Te Taiwhenua o Heretaunga, Centreport, Hoketahi Morirori Trust, Southern Cross Healthcare and many more.

How the IoD helped raise standards of governance in 2021:

- We enabled focused and meaningful conversations for approximately 100 boards, with 301 performance evaluations for whole boards, subcommittees, directors and CEOs.
- We enabled 305 organisations to reach our 10,000+ member community of active directors and trustees, helping them fill nearly 500 board roles.
- We saw an increase in the number of clients looking for support for their board appointments, including managing the application process and providing interview panel support.
- With the increase in new listings on our Director Vacancies service, we developed new social media channels dedicated to listings in September 2021. The LinkedIn channel has been performing well with almost 750 followers. In 2022, we will be developing the channel beyond advertising board positions to provide resources and education for members to improve their chances of board selection.
- We worked with more than 30 organisations, assisting with governance appointments through our Director Search programme this year.
- Eighty-five members accessed free guidance provided in our Director Fee Indicator Report to help guide their fee expectations when applying for board roles.
- We are committed to helping our members be at their best when applying for board roles. This year we provided more tools and resources, including articles, tips and insights via our website and social channels. We also continued to provide access to advice and support for building a governance CV.

Chartered Members

In 2021, we offered a number of initiatives, including:

- The creation of a Chartered Member mark, released at the end of November. Members can now promote their Chartered status through the use of this modern post-nominal on social media, their governance CV and email signature.
- Allowing clients using our Director Vacancies service to specify if they prefer Chartered Members as applicants. If this option is selected, the vacancy listing on the website will state Chartered Members are preferred, providing more awareness and value for the designation.
- Various course offerings at a special rate for Chartered Members to recognise their commitment to ongoing professional development.
- Special Chartered Member-only events – at conference and at a branch level.

85% of members and customers believe the IoD raises the standard of governance in New Zealand

Kantar Brand Health Index 2021

2021 Chartered Fellows

Kathryn Ball
Wayne Beilby
Pip Dunphy
Janice Fredric
Craig Greenlees
Pat Heslin
Andrew Hill
Brent Impey
Murray Jagger
Karen Jordan
Ben Kepes
Anthony Leighs
Simon Lockwood
Andrew MacPherson
Sir Rob McLeod
Grant Miller
Hilary Poole
Mark Rogers
Alex Skinner
Scott St John
Hamish Stevens
Mark Todd

2021 Distinguished Fellows

Alan Bickers
Gill Cox
Sir Eion Edgar
Graham Kennedy
Peter Masfen
Dame Patsy Reddy
Humphry Rolleston
Acton Smith
Barry Thomas
Sir Stephen Tindall
Ted van Arkel
Rex Williams



Equipping our members

Supporting the governance journey

Two new initiatives were established in 2021 to help our members on their governance journey.

Our first initiative is designed to help members who are at the start of their journey by raising their profiles in the governance space. We have launched an ongoing campaign that provides guidance on how to be proactive. This focused on promotion of our Director Search service and free board appointment advice for our membership. During the next two years we are working on creating more tools, resources and a clear pathway to help members gain a competitive advantage.

Our second initiative is aimed at our experienced, full-time directors and will allow us to map current value and examine the connection and overlap between our experienced directors and Chartered Members. These long-standing members and full-time professional directors actively contribute through giving back,

80% believe the IoD advocates on behalf of issues which concern members

Kantar Brand Health Index 2021

teaching, facilitating and mentoring. In 2022, we will continue to build knowledge and create value for this group, as well as providing more opportunities for connection at this level. This initiative is still at the development stage and work has begun to establish a focus group for 2022 which will allow greater understanding of this group.



Conference 2021: 'Connect, Discover, Challenge'

We were pleased to deliver the 8th annual IoD National Leadership Conference as an in-person event in 2021, particularly after being forced to cancel our 2020 conference because of Covid-19.

Across the two days of our conference we had more than 550 of New Zealand's leading directors and business leaders in attendance, and more than 60 speakers contributing to the programme. We also livestreamed three international sessions and had one international speaker attend in person.

“Very relevant content, excellent insights and advice from senior world experience.”

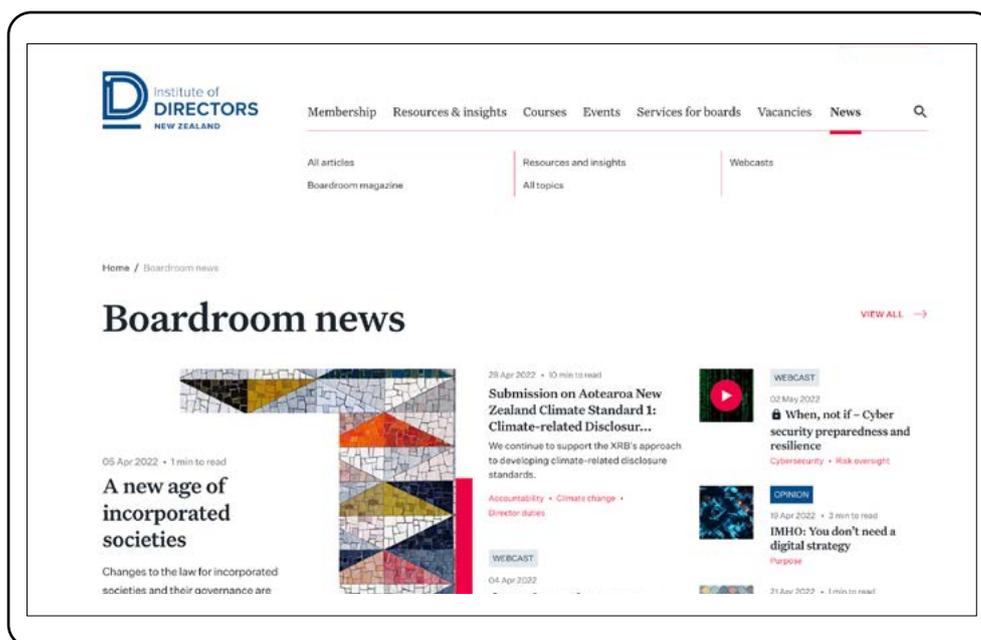
Power Breakfast attendee, Conference 2021

Each year we strive for a conference programme that challenges attendees thinking, shares new perspectives and helps shape the future of governance in New Zealand.

Because the conference is a valuable opportunity to engage with the breadth of our membership, we curate a programme that is topical and resonates with our members.

This is always an exciting challenge given the diverse nature of our governance community and each year we value attendee feedback to help us continue to exceed expectations.

In 2021, we included special focus areas and events for not-for-profit directors, seasoned professionals and our Chartered Members and Chartered Fellows.



IoD website – a one-stop shop for governance

The IoD website continues to be the destination of choice for governance professionals, providing news, resources and a gateway to our courses and events. We are pleased to see visitor numbers to iod.org.nz continue to grow, with a 20% increase to the website in 2021.

iod.org.nz/nfp

We continue to invest in not-for-profit governance content and programmes following the successful launch of the NFP hub in 2020. Over 80 individual resources, guides and articles can be accessed by members focused on not-for-profit governance, with 20 new resources added in 2021.

The most popular content included the Centre for Social Impact's Chairing the Board series, accessed over 2,400 times and an IoD resource on how a not-for profit board works, accessed nearly 2,000 times.

The IoD also worked with Perpetual Guardian to develop a governance resource centre and learning modules to support not-for-profit organisations in New Zealand. The centre was made available to 250 recipients of the Raymond Wilson and Perpetual Guardian Governance Scholarships.

Guides and resources were in high demand in 2021, and we will continue to focus on this area in 2022 – working closely with experts in our Governance Leadership Centre to provide practical tools for directors at all levels.

Launch of Boardroom news

Our Boardroom news hub was launched in April 2021 providing regular news, views and information for the governance community. The introduction of a regular news feed has allowed us to respond to our members' requests for more in-depth articles alongside more timely news and information.

It has also provided opportunities for members to share their expertise and experience through submitted articles and opinion pieces.

Since being launched, content housed on Boardroom news has been accessed more than 74,000 times.

iod.org.nz/news



The Boardroom Autumn 2022 edition featured an insight into doing business in China.

Boardroom magazine continues to inspire and challenge

The IoD’s Boardroom magazine was the most popular resource for members in 2021, with 80% reporting they read it regularly.

The print magazine was relaunched as a quarterly publication with a focus on in-depth, long-form articles, plus some new sections. A refreshed design also made it easier to navigate.

Key themes for the print edition in 2021 were economic recovery, the impact of Covid-19, vaccination mandates and the top five issues identified by our Governance Leadership Centre: business revival, climate urgency, adaptive boards, prioritising people and cyber resilience.

To enhance access, a new online portal for the magazine was launched in the first quarter, alongside the introduction of the Boardroom news channel.

Across digital and print offerings, 43% of members surveyed shared Boardroom content this year – a significant jump from 22% in the previous year.

IoD social channels connect directors across the country

The IoD social media channels continue to grow, reaching 20,000 LinkedIn followers by the end of 2021 (a 33% increase from 2020) and driving 28,481 visitors to the website.

With the growth of Director Vacancies listings, we launched a new LinkedIn channel to advertise board roles. Since launching in the second half of 2022, the channel has gained over 600 followers.

“Boards that can manage complexity are better placed to lead thriving organisations. But it’s not easy. Ethical dilemmas can mean balancing competing values, and rights and obligations.”

Courses and training

Company Directors' Course numbers continue to soar

The IoD's Company Directors' Course (CDC) continues to provide the benchmark training for directors and senior leaders reporting to boards. As well as providing the pre-requisite to becoming a Chartered Member of the Institute of Directors, the CDC explores the director's roles and responsibilities by running board simulation exercises and bringing to life real-world case studies. Other topics covered on the CDC course include risk governance, board dynamics and culture, directors and the law, strategy in the boardroom and best practice corporate governance.

This year, despite pandemic challenges, the IoD had 661 directors and senior executives attend the week-long CDC course. The record number of attendees is symbolic of both the commitment to professional governance growth through formal learning and a strong endorsement of the IoD as an enabler of great learning experiences. This increase represents governance maturing as a recognised discipline and one which increasingly has the wellbeing of New Zealand at its core.

Under the stewardship of our accomplished facilitators and through working closely with other directors, participants leave feeling more confident and with improved decision-making ability in the boardroom.

Increasing the professionalism of directors:



Advanced Directors' Course arriving in 2022



In 2022, the IoD launches its new Advanced Directors' Course (ADC). Purpose-designed for experienced directors looking to take their governance skills to the next level, the ADC addresses a clear industry need for advanced training – promising to drive excellence and innovation for governance.

In 2021, our team began the groundwork, consultation and planning for the new course, which will be designed for experienced directors who have completed the Company Directors' Course (CDC).

Work has continued on the CDC to ensure the learning experience remains contemporary and exceeds the expectations of those undertaking this substantive programme, and providing a suitable platform scaffolding to the ADC programme.

The IoD is working to ensure the ADC is New Zealand's pre-eminent training and development offering for experienced directors looking to take their skills and development to another level.

“I have appreciated the learning experience and feel I am a far more competent and confident director than I was before I started this process.”

Melanie Matthews – CMInstD

Thought leadership and advocacy

The IoD's Governance Leadership Centre (GLC) is our research, policy and thought leadership hub. The GLC monitors national and global governance developments, and advocates on issues affecting the director profession in New Zealand.

In 2021, the GLC made 10 submissions, which included:

- Submission to the International Financial Reporting Standards Foundation (IFRS Foundation) on sustainability reporting
- Submission to the Department of Internal Affairs (DIA) on modernising the Charities Act 2005
- Submission to the Financial Markets Authority (FMA) on proposed financial reporting exemptions for FMC reporting entities in liquidation, receivership or voluntary administration
- Two submissions to the New Zealand Law Commission on the review of the class actions and litigation funding regime.

The GLC also submitted to select committees on the Incorporated Societies Bill, Financial Sector (Climate-related Disclosures and other Matters), and the Unit Titles (Strengthening Body Corporate Governance and Other Matters) Amendment Bill.

Submissions are available at iod.org.nz

2021 Governance resources and reports

Refreshed Four Pillars for 2021



In February, we launched the 2021 edition of *The Four Pillars of Governance Best Practice for New Zealand Directors*, which provides IoD members with essential guidance on governance best practice and global trends.

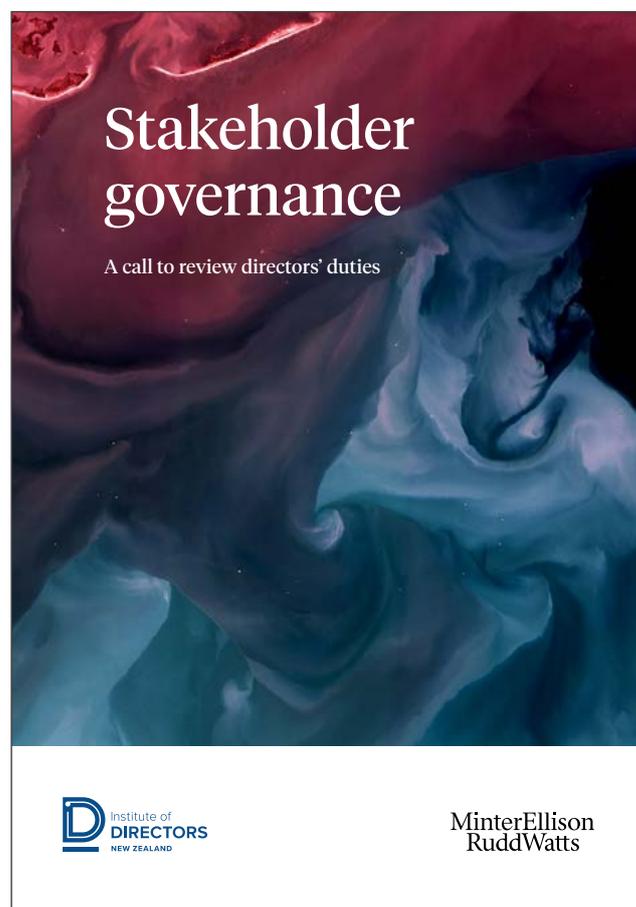
The edition incorporates important developments in a range of key governance areas, including:

- **Stakeholders and purpose** are receiving increasing attention so existing content has been expanded to reflect their importance. This updated section includes

reference to recent initiatives such as the British Academy's future of the corporation project, the US Business Roundtable's *Statement on the Purpose of a Corporation* (2019), and the new *Davos Manifesto: The Universal Purpose of a Company in the Fourth Industrial Revolution* (2020).

- A new section - **Forecasting the future board** - which looks at board leadership, technology and innovation in the boardroom, lessons from Covid-19 experiences, and other challenges and opportunities for tomorrow's directors. The section draws on insights from the IoD and MinterEllisonRuddWatts 2019 call to action paper, *Always on duty: the future board*, urging boards to review how they operate to improve effectiveness.
- **Sustainability and climate action** (a new section title, previously Sustainability) which now includes a new subsection on climate action as boards have a critical role in confronting and responding to climate-related issues. This incorporates key developments over the last few years relevant to boards, including climate legislation, director duties, and guidance on climate-related financial disclosures. An ESG table was also included listing sample ESG considerations for boards.
- The **Not for Profit governance** section now includes information on the Trusts Act 2019, including mandatory and default trustee duties. New content was also added on the future of Not for Profits and the Centre for Social Impact's 2020 *National Action Plan for Community Governance*.
- **Co-operatives** which are a major part of New Zealand's economy and a new section was added that outlines the different types of cooperatives, associated legislation, values and principles and key considerations for co-operative boards.
- **Ethics and organisational culture** (a new section title, previously Ethics) now includes key lessons for boards from the FMA/RBNZ banking and life insurer reviews (in 2018 and 2019) and the Australian Royal Commission into misconduct in the banking, superannuation and financial services industry (2019). The new section drew on the Australian Securities and Investments Commission's (ASIC) corporate governance taskforce's report on director and officer oversight of non-financial risk.
- **The role of the board in crises** reflected the response to the coronavirus pandemic and existing content was expanded to include lessons recorded in the report, *The board's role in a crisis* (2020), by Resilient Organisations in partnership with the IoD and QuakeCoRE.

- **Virtual board meetings** are now a critical part of the governance landscape, with many boards meeting and operating differently as a result of Covid-19. New content includes guidance on how to run effective virtual meetings.
- **Human capital** was added as a new section focusing on the board's strategic role in relation to people/workforce matters such as workforce strategy, culture and conduct, diversity and inclusion, remuneration and performance management, succession planning, and learning and development. The board's role is expanding in line with rising stakeholder expectations.
- **Mental health and wellbeing of workers** was added as a subsection in health and safety governance. Boards have stepped up their focus on the mental health and wellbeing of employees in recent years and new content provides guidance and resources for directors.
- **Modern slavery eradication, including in supply chains**, was highlighted as a focus for boards, especially those with global operations. New content in the Four Pillars highlights types of modern slavery and modern slavery legislation that may be relevant to New Zealand organisations.
- **Directors' duties** received greater attention in 2020 with the introduction of temporary safe harbours and the Supreme Court's decision on Debut Homes. New content in the document covers these matters and our 2020 discussion paper, *Should I stay or should I go? Directors, leave of absence and liability* (developed with MinterEllisonRuddWatts). There is also an update on litigation funding and class actions in New Zealand.
- **External reporting** (a new section title, previously Financial Reporting) now includes new content on continuous disclosure reflecting the addition of constructive knowledge to the test in 2019 (in the NZX Listing Rules). A new subsection was also added on extended external reporting, covering at a high level many of the recent global developments in this space.
- **Board committees** are evolving and new content reflects the expanding responsibilities – with content on sustainability committees, risk committees, and people and culture committees. Guidance was also added on improving committee effectiveness, drawn from the Australian Prudential Regulation Authority's (APRA) 2018 inquiry into the Commonwealth Bank of Australia.



Stakeholder governance - A call to review directors' duties

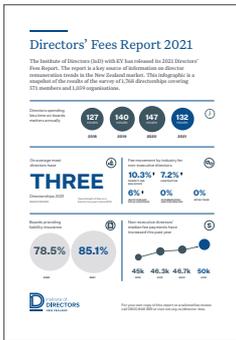
In 2021, the business world was in the midst of a perfect storm with the pandemic, climate change and social inequality presenting business leaders with some of the most extreme economic and social dilemmas in generations.

The need for robust corporate governance and leadership remained a critical priority for navigating the challenges ahead, with an increased need for boards to re-examine how their organisations are operating, and who they serve and why.

To outline the evolving corporate governance landscape in relation to global and national trends, the IoD partnered with MinterEllisonRuddWatts to release a white paper entitled: *Stakeholder governance - A call to review directors' duties*.

The paper generated much feedback and debate as well as proposed amendments to directors' duties under the *Companies Act 1993*.

Directors' Fees Report 2021/22



The annual *Directors' Fees Report* was released to members, and publicly via the media, in August 2021. Produced annually in partnership with Ernst & Young, the report remains a key source of information on director remuneration trends in the New Zealand market, providing insights into the relationship between directors' fees, hours and other

important remuneration trends. The report also provides directors with the information they need to understand trends in board remuneration and to benchmark fees. Fees data for not-for-profits is captured in this report.

Director Sentiment Survey report

Released in partnership with ASB, the 2021 *Director Sentiment Survey (DSS)* provided a valuable snapshot of how directors are feeling about their operational and strategic environments, as well as the broader economy.

The report showed a mounting skills shortage, border restrictions and vaccine efficacy were top of the list of issues causing concern for directors. Boards proactively engaged in taking climate action was also on the rise in 2021.

For the second year, the IoD also released a separate overview identifying the governance issues and challenges that mattered most to the not-for-profit sector.

This year the report received widespread media coverage in print, digital and radio.

“Boards do need to be awake to a range of issues that can drive or impact business performance, including issues like climate change or having a diverse board to identify risks and opportunities. That’s not woke, it’s just good business.”

Kirsten Patterson, CEO IoD – Interview on DSS – Newstalk ZB, 3 Dec, 2021



Top 5 issues for directors

Recognising which of the numerous issues facing directors should be in our annual top five is always a challenge.

This year our published top five issues facing directors in 2022 comprised climate crossroads, reconnecting globally, talent shortage, board character and active regulators.

Guides and resources

The GLC released a *D&O checklist* and new editions of the conflicts of interest and cyber risk practice guides to support and equip our members in their governance roles.

IoD hosts Chapter Zero New Zealand in 2022

For directors who play a critical role in ensuring the long-term resilience of the companies they serve, an understanding of climate governance is imperative.

Recognising that climate change has been a priority concern for New Zealand directors in recent years, the IoD is proud to be the host of Chapter Zero New Zealand in 2022, the national chapter of the Climate Governance Initiative.

With chapters in more than 20 territories worldwide, the Climate Governance Initiative is a global network for directors founded on the Principles of Effective Climate Governance published by the World Economic Forum. The principles are designed to raise awareness and increase board level understanding of current mandatory and voluntary requirements to manage, mitigate and report on the risks and opportunities.

Launched in March 2022, Chapter Zero NZ's mission is to mobilise, connect, educate and equip directors and boards to make and influence climate-smart governance decisions, thereby creating long-term value for shareholders and stakeholders.

Directors will have open access to a range of resources, news and events to grow their skills and knowledge around climate governance.

Chapter Zero NZ is governed by a Steering Committee (appointed in 2021) of experienced corporate, social and scientific leaders, chaired by Dame Therese Walsh DNZM CMinstD. It will be administered by a working group made up of representatives from the IoD, corporate partners, climate change advisory groups and other key stakeholders.

Providing a platform for knowledge-sharing around climate issues on a local and global level will enable directors to advocate for effective, strategic responses to climate issues in the boardroom.

To find out more go to chapterzero.nz

IoD welcomes the Chapter Zero New Zealand Steering Committee

Dame Therese Walsh **(Chair) CMinstD**

Chair Air New Zealand and ASB Bank Ltd. Director Antarctica New Zealand.

Abby Foote CFInstD

Chair Z Energy Ltd. Director Freightways, Sanford Ltd and Kathmandu Holdings Ltd.

Caren Rangi ONZM **MinstD**

Chair Arts Council of NZ and Pacific Homecare Services. Director Radio NZ, Te Papa, Cook Islands Investment Corporation and Pacific Co-operation Broadcasting Ltd.

Dr Charles Ehrhart

Partner, KPMG IMPACT Technical Lead and Lead Climate Change, Decarbonisation, ESG & Sustainability at KPMG New Zealand

James Miller MinstD

Chair NZX Ltd. Director Mercury NZ Ltd, NZ Refining Company, and Vista Group.

Julia Hoare CMinstD

President IoD National Council. Director Auckland International Airport Ltd, Port of Tauranga Ltd, The a2 Milk Company and Meridian Energy Ltd.

Jonathan Mason CFInstD

Chair Vector Ltd. Director Air New Zealand, Westpac New Zealand Ltd and Zespri Group Ltd. Member IoD National Council.

Laurissa Cooney CMinstD

Chair Tourism Bay of Plenty. Director Air New Zealand, Goodman Property Ltd, Accordant Group Ltd, Aotearoa Circle and Ngā Tāngata Tiaki.

Phil Veal MinstD

Chair Kea New Zealand and Magic Memories. Director Natural Habitats Landscapes and Skyline Aviation Ltd.

Scott St John CFInstD

Chair Fisher and Paykel Healthcare. Director ANZ Bank New Zealand Ltd, Fonterra, Mercury Energy and NEXT Foundation.



Tuakana Teina Chair Mentoring Programme

The Tuakana Teina Chair Mentoring Programme was created in partnership between Community Governance NZ and the IoD. Its goal is to strengthen and support the community governance sector with best practice expertise.

The concept of Tuakana Teina is a Māori values-based relationship model, and an important part of traditional Māori society. It recognises the value of an older person or one with more expertise (tuakana – often a cousin, or brother/sister) to help and guide a younger one (teina). The tuakana-teina model values ako (two-way learning), and draws upon shared experience, knowledge and support.

For the programme's inaugural year, 25 applicants from across the community governance sector were selected as teina (mentees) and connected with an experienced tuakana (mentor) chair. The pairs undertake a series of one-to-one mentoring sessions over a 10-month period, creating a structured, supportive environment.

Mentoring sessions will be enhanced through online and in-person events to connect with the other teina (mentees) in the programme and hear from governance experts on relevant topics.

We will follow the progress of the mentoring pairs during the year, providing insights for the community governance sector and feedback to help enhance the role of mentoring in governance.



To launch the programme, we were privileged to have five inaugural chairs with vast experience across the community sector confirmed as participating tuakana: Alan Isaac, Dame Kerry Prendergast, Mele Wendt, Prabha Ravi and Rawiri Bhana.



Tuakana profile –

Mele Wendt MNZM, MInstD

Mele Wendt has extensive experience in leadership, management and governance. Her roles have included being a high school teacher, the founding Pacific Islands liaison officer and manager of the Student Recruitment office at Victoria University of Wellington, and then the executive director of Fulbright New Zealand for 10 years. In the past few years, she has been mixing consultancy work and governance.

She serves on the boards of Te Aho o Te Kura Pounamu (The NZ Correspondence School), Toi Mai Workforce Development Council, the Real Estate Authority, and the Wellington Community Trust. She also chairs the Steering Group which developed and launched the National Action Plan for Community Governance in 2020, and is overseeing its implementation. In the recent past, she served as chair of Massey University's Pacific Student Success Working Group, and chair of the Pasifika Education Centre in Auckland.

She is a member of various professional and community groups and is a White Ribbon Ambassador. In January 2019, she was awarded a Member of the New Zealand Order of Merit (MNZM) for her services to governance, the Pacific community and women.

Building Diversity

Mentoring for Diversity

In 2021, the IoD celebrated 10 years of Mentoring for Diversity. Since the programme began in 2012, 206 mentees have participated in the programme and 77 of our members have dedicated their time and provided their expertise as mentors. This is a milestone for the IoD as we continue to champion the cause and provide members with tangible methods of creating more diverse and inclusive boards and board cultures.

In the early years, the purpose of Mentoring for Diversity was to bring about greater gender equity on large and NZX-listed boards and was only open to female applicants. Since then, gender diversity on boards has become more balanced, particularly on state sector boards.

As a result, the programme has diversified to being open to applicants on the basis of not only gender, but also culture, ethnicity, LGBTQIA+ affinity, disability, skill, experience and background. Mentees come from a range of industries, including health and medical, primary sector, and technology.



While Mentoring for Diversity has been aimed at members who aspire to being appointed to a large company or NZX-listed board, we now encourage applications from members who are seeking to make an impact on a range of boards, including large not-for-profit and private companies and state sector boards.

Of the mentees that have completed the programme, 21% have been appointed to the board of an NZX-listed or Deloitte Top 200 company, 30% have achieved Charter Membership status and 10% are now Chartered Fellows. This is a testament to the quality and standard members who participate in the programme and their achievements upon completing it.

Members have told us the benefits for mentees include strengthening their governance desire, giving them skills and greater confidence, and creating governance opportunities. The programme's high profile also builds awareness in the governance community of the value and benefit of having diversity on boards. It also drives a more inclusive board culture and makes the diverse talent more visible.

The IoD sincerely thanks the expertise, support, insight and time of our mentors. This programme is not possible without your support.

Congratulations to the 2021 Mentoring for Diversity mentees:

- Aimee Kaio MInstD
- Amit Prasad MInstD
- Annabel Davies MInstD
- Caroline Christie CMInstD
- Daniel Wong MInstD
- Karen Coutts MInstD
- Katie Bhreatnach CMInstD
- Meleane Burgess CMInstD
- Michael Quirke MInstD
- Michael Wallmannsberger CMInstD
- Peter Fa'afiu MInstD
- Stephen Broad-Paul MInstD
- Virginia Nicholls CMInstD
- Ziena Jalil MInstD

Celebrating member success

Emerging Director Award

The award recognises leadership, integrity and enterprise. Recipients are chosen by the IoD's branch network.

- Anchali Anandanayagam MInstD, Auckland branch
- Fiona Bradley MInstD, Wellington branch
- Ash-Leigh Campbell MInstD, Canterbury branch
- Allison (Alli) Copland MInstD, Canterbury branch
- Logan Hanifin MInstD (First Steps in Governance award), Canterbury branch
- Brad Hurdell CMInstD, Otago Southland branch
- Greg Johnston MInstD, Waikato branch
- Jerome Ng, Bay of Plenty branch
- Siobhan O'Malley MInstD, Canterbury branch
- Nicole Robinson MInstD (First Steps in Governance award), Canterbury branch
- Audrey Scheurlich CMInstD, Waikato branch
- Alison van Polanen MInstD, Canterbury branch
- Morgan Walker MInstD (First Steps in Governance award), Canterbury branch
- Anna Wilson MInstD, Canterbury branch

2021 Future Director Placements

The Future Directors' programme aims to develop the next generation of directors and prepare them to positively transform their organisations, communities and New Zealand. The programme continues to provide talented executives and up-and-coming directors with the opportunity to gain real-life experiences as an observer on a board. Through Future Directors, host boards also gain the benefit of tapping in to a diverse range of skills, experiences and backgrounds and helping to develop the next generation of director talent. In 2021, 17 talented people started their journey. The IoD thanks the following boards for their support of the programme and congratulates the 2021 Future Directors cohort.

Cooperative Business NZ – Stefan Azzopardi MInstD, Chief Finance and Risk Advisor, Southern Cross Health Society

Earthquake Commission, Jacqueline Apiata-Coyne MInstD, Health Safety and Environment Manager, Northland Waste

Halberg Foundation – Tom Smith MInstD, National Grants Manager, The Lion Foundation

Hawke's Bay Airport Ltd – Jonathan Norman MInstD, Partner, Sainsbury, Logan and Williams

Horticulture New Zealand – Jamie Moutier, Senior Project Manager, Craigmore Sustainables

Inframax – Kristy Christensen MInstD, Director and Female Inclusion Expert, Shesfreetobe

The Lion Foundation – Karl Rosnell MInstD, Chief Executive Officer, Devoli

New Zealand Symphony Orchestra – Dr Margaret Harris MInstD, Manager-Strategy, Information Technology, and Innovation, ContainerCo Management Ltd

Noku Ora, Soraya Umaga-Jensen, Physiotherapist and Athlete

NZ Post – Meleane Burgess CMInstD, Managing Director, Dynamic Advisory

NZX Ltd – Victoria Newman, Lead of New Ventures, The Warehouse Group

Mercury – Kim Gordon MInstD, Partner, MinterEllisonRuddWatts

Pharmac – Dr Elizabeth Zhu, Medical Officer, Southern Cross Health Society (reappointed)

Scales Corporation – Kelly Brown MInstD Founder and Director, The Hunt Club Ltd

Spark New Zealand – Sylvia Ding MInstD, General Manager – Reporting and Insights at Xero

Southbase Construction Ltd – Leesah Murray MInstD, CEO for the Independent Māori Statutory Board and Llori Valenzuela MInstD, General Manager E-commerce & Digital with Fonterra

The Warehouse Group Limited – Caroline Rainsford MInstD, Country Director Google NZ

TVNZ – Ben Forman, Co-founder, Wrestler and Wrestler Studios

Our IoD branch network



A standout event was held in Auckland with a panel of experienced Pacific directors who generously shared their journey into governance. With support from the Ministry for Pacific Peoples, the event was taken to Wellington and Christchurch and attracted 210 attendees across the three events. Another highlight of 2021 was the Māori Governance event: Te Huarahi Hōu|The new pathway. Held in Auckland and live-streamed to 10 branch satellite events around the country, the panel discussion featured special guests Dr Jim Mather, Precious Clark, Hinerangai Raumati and Sir Rob McLeod. The panel explored the role Māori governance plays in the success of the wider economy of Aotearoa New Zealand and what can be learnt from these leadership approaches.

Our branches and branch committees are a vital part of the IoD's relationships with our members, and form a key function in ensuring we are visible and engaging with directors on the ground in every region around the country.

In 2021, the pandemic impacted the ability of branches to hold in-person events, particularly in Auckland with the prolonged lockdown. To maintain continuity for our members and attendees, the branches adapted quickly and were able to host a mix of online and in-person events where possible. A total of 248 in-person branch events were held nationwide, with 41 held online.

Despite the challenges, a variety of topics were delivered by the branch networks with the support of their committees, whose contribution as volunteers to governance and the IoD in their region is highly valued.

We are committed to ensuring directors can access a range of viewpoints and information on diversity and inclusion to drive better governance outcomes, and this was an important focus for many events in 2021.

“The panel explored the role Māori governance plays in the success of the wider economy of Aotearoa New Zealand and what can be learnt from these leadership approaches.”

This new format enabled members in the regions to come together to hear the panel and then facilitate their own discussions afterwards at a local level. The success of this has paved the way for content sharing between branches, and we look forward to utilising livestreaming further in 2022.

Building reputation and influence

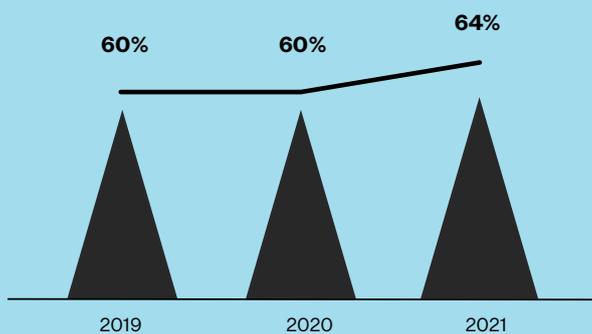
Key brand health research insights

Overall ratings of the IoD’s performance remained relatively stable in 2021. The IoD retains high levels of trust and strong perceptions of professionalism among members. Below and throughout the report are some key results from our 2021 brand health research undertaken by Kantar.

Power in the mind

Power in the Mind is Kantar’s globally validated measure of emotive brand equity.

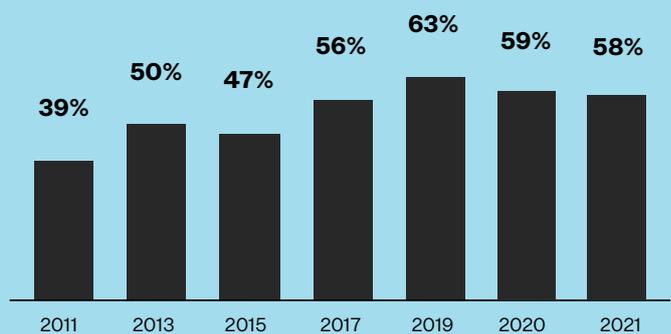
Power in the mind has increased over the last year among members, indicating successful actions over 2020 and 2021 and a good prediction of growth.



Value for money

There is a distinction between the measures for value for money and membership benefit value.

% who think IoD membership is ‘very high’ or ‘quite high’ value for money.



Feedback also identified some areas for improvement



While most customers (non-members) had a good understanding of the IoD, 73% wanted to know more about the services and resources the IoD offers that are relevant to their business.



Opportunity to provide more targeted resources and training for members who are new to being a director.



Greater focus on smaller businesses and not-for-profit entities.

2021 report on the second GNDI Global Director Survey

The IoD takes an active role internationally with major governance organisations under the GNDI umbrella. This provides access to a depth of understanding and analysis across a wide range of governance issues.

The Global Network of Director Institutes is a network of leading director institutes from around the world. A global programme of reciprocity helps directors, and their boards, to unlock access to director resources.

The GNDI comprises 22 institutes representing more than 150,000 directors and other governance professionals. The Institute of Directors New Zealand is a founding member. Chief Executive Kirsten Patterson was appointed Co-Deputy Chair and Chair of the conference organising committee.

One product of this partnership is the 2021 report on the second GNDI Global Director Survey (carried out in 2020). The survey provides global insights into business confidence; social, economic and environmental issues and risks; technology and data governance; core governance practices and how boards can improve effectiveness and director capability. This report also looked at the impacts of Covid-19 on governance and how resilient boards were across the globe.

Shaping the conversation

Kirsten Patterson (KP) continues to be a respected spokesperson on governance issues. She spoke at 16 external industry events, 13 branch events and provided insight into a range of governance issues via media opportunities, including opinion articles and media interviews. Topics covered in this year's speaking engagements included diversity, authentic leadership, the role of governance in not-for-profit sectors, trends in governance and the future of governance in a Covid-19 world.

Our Governance Leadership Centre plays a key role in ensuring we remain aware of the full range of current and emerging governance issues, and in touch with the needs and views of key stakeholders. GLC is often called on to provide best-practice thinking when governance issues are a focus of media or public attention. This leadership role helps to raise our profile, and to reinforce the importance of good governance and the value directors provide in building stronger organisations, communities and the country as a whole.

Governance in the news

In 2021, the IoD had a strong presence in conversations affecting New Zealand's governance community. We achieved an impressive 70% increase in media reach across the year – 738.11 million in 2021 compared with 433.20 million in 2020 – with stories generated across regional and national media platforms.

“When faced with a crisis we know that often your stakeholders will be more forgiving and supportive if you have sound values – and you live by them.”

Kirsten Patterson, IoD CEO, RNZ 3 December 2021

This highlighted IoD's leadership position within the business and governance space, showing we are across topical issues affecting many aspects of New Zealand society.

Topics included climate risk, data and cyber security management, boardroom diversity, indigenous business and a shift in director's obligations to address and speak up on social issues.

Chartered Membership was highlighted across new board appointments and award-related profile stories in the media, as was the ever-present pandemic's impact on company directors, their organisations and the wider community.

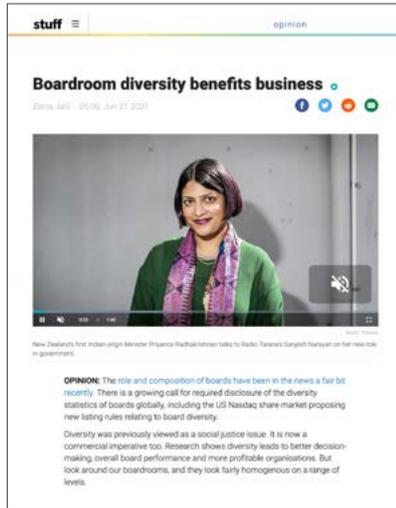
IoD media bites



Bullying in the boardroom a common problem, survey shows

RNZ, 9 June, 2021

“Research that came out of Massey University last year ... indicated that of the broader workforce, 40 percent have either seen or experienced bullying, so I think our boards are reflective of our business community,”
Kirsten Patterson said.



Boardroom diversity benefits business

Stuff, 21 June, 2021

Opinion: Ziena Jalil

“Our current structures are trying to make a monocultural system of governance work in a country that has bicultural foundations and is now incredibly multicultural.”

- Ziena Jalil (Mentoring for Diversity participant).



Directors recognise talent, contributions

Otago Daily Times, 1 December, 2021

Brad Hurdell received his Institute of Directors’ Otago Southland branch emerging director award for 2021 at a function at Deloitte in Dunedin.

The selection panel said Mr Hurdell’s seeking novel opportunities to strengthen an organisation’s position was a valuable asset and his experience brought creative and diverse thinking to the board table.

77%

feel the IoD provides membership benefits they value

Kantar Brand Health Index 2021

88%

believe the IoD increases the professionalism of directors

Kantar Brand Health Index 2021



Directors should not go to prison for failing to report climate risks

Opinion piece, Felicity Caird

We all need to take action to tackle the often devastating effects of climate change that, left unchecked, will have consequences for our social, economic and environmental ecosystems.



Business leaders more aware of social issues outside workplace

Newstalk ZB, (Early Edition with Kate Hakesby).

3 December, 2021

“Boards do need to be awake to a range of issues that can drive or impact business performance, including issues like climate change or having a diverse board to identify risks and opportunities. That’s not woke, it’s just good business.”

“All of us in leadership roles are a lot more visible now and I think directors are not immune to that. They’re never off duty.”

- Kirsten Patterson, CEO IoD



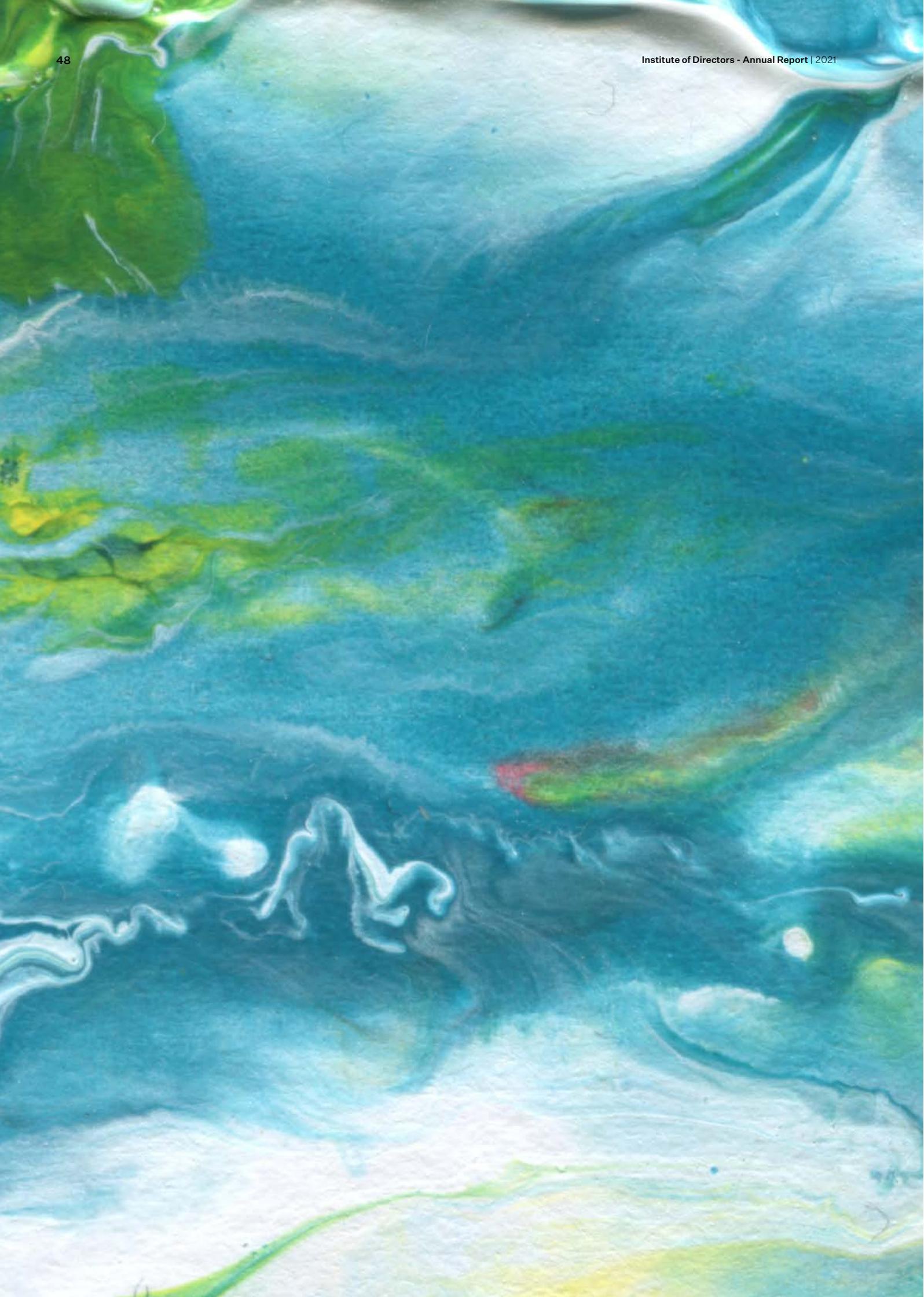
Skills shortages top challenge facing company bosses - survey

RNZ, 3 December, 2021

“For organisations, some financially challenged by the pandemic, there now seems to be a volatile labour force, increasing salary expectations and a gap for some of the key skills needed.”

“When faced with a crisis we know that often your stakeholders will be more forgiving and supportive if you have sound values - and you live by them.”

- Kirsten Patterson, CEO IoD



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') and its subsidiary (the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2021, 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 52 to 66, present fairly, in all material respects, the consolidated financial position of the group as at 31 December 2021, 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 Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i>, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</p> <p>Our firm provides branch sponsorship and carries out other assignments for the group in the area of cash flow forecast modelling. These services have not impaired our independence as auditor of the group. In addition to this, partners and employees of our firm deal with the entity and its subsidiary on normal terms within the ordinary course of trading activities of the Institute and its subsidiary. The firm has no other relationship with, or interest in, the Institute or 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 are 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 are 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>

Deloitte.

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-7>

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 2022

Consolidated Statement Of Comprehensive Revenue And Expense

For The Year Ended 31 December 2021

	Note	2021	Restated 2020
		\$	\$
Revenue from Services	3(a)	14,127,932	10,384,966
Revenue from Non Exchange transaction		-	578,711
Cost of Services	3(b)	(10,546,110)	(8,889,661)
Gross Profit		3,581,822	2,074,016
Interest Income		47,924	59,515
Operating Expenses	4(a)	(2,277,706)	(2,109,848)
Surplus before Income Tax		1,352,040	23,683
Income Tax (Expense) / Benefit	6	(289,574)	331,933
Surplus for the year		1,062,466	355,616
Other Comprehensive Revenue and Expense for the year		-	-
Total Comprehensive Revenue and Expense for the year Attributable to members		1,062,466	355,616

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

Refer Note 2 for explanations on the restatement of the 2020 Consolidated Statement of Comprehensive Revenue and Expense.

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2021

	General Reserve	Total
	\$	\$
Balance at 1 January 2020 (Restated)	2,260,662	2,260,662
Total Comprehensive Revenue and Expense for the year	355,616	355,616
Balance at 31 December 2020 (Restated)	2,616,278	2,616,278
Balance at 1 January 2021	2,616,278	2,616,278
Total Comprehensive Revenue and Expense for the year	1,062,466	1,062,466
Balance at 31 December 2021	3,678,744	3,678,744

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.

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

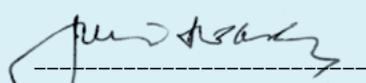
Refer Note 2 for explanations on the restatement of the 2020 General Reserve.

Consolidated Statement Of Financial Position

As At 31 December 2021

	Note	2021	Restated 2020
CURRENT ASSETS		\$	\$
Cash and Cash Equivalents		3,761,079	5,386,233
Term Deposits		6,396,129	1,210,443
Trade & Other Receivables	9	1,172,542	1,748,298
Deferred Tax Asset	6	84,799	229,986
Interest Receivable		19,745	7,176
TOTAL CURRENT ASSETS		11,434,294	8,582,136
NON CURRENT ASSETS			
Property, Plant & Equipment	7	180,802	159,999
Intangible Assets	8	709,840	837,509
TOTAL NON CURRENT ASSETS		890,642	997,508
TOTAL ASSETS		12,324,936	9,579,644
CURRENT LIABILITIES			
Trade & Other Payables	10	1,364,796	1,468,251
Income Received in Advance	11	7,137,009	5,495,115
Income Tax Payable		144,387	-
TOTAL CURRENT LIABILITIES		8,646,192	6,963,366
TOTAL LIABILITIES		8,646,192	6,963,366
NET ASSETS		3,678,744	2,616,278
REPRESENTED BY:			
General Reserve / Accumulated Funds		3,678,744	2,616,278
Total Accumulated Funds		3,678,744	2,616,278

The Council of the Institute of Directors in New Zealand Inc. authorises these financial statements presented on pages 52 to 66 for issue.



 PRESIDENT

4 May 2022



 CHIEF EXECUTIVE OFFICER

4 May 2022

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

Refer Note 2 for explanations on the restatement of the 2020 Consolidated Statement of Financial Position.

Consolidated Statement Of Cash Flows

For The Year Ended 31 December 2021

	2021	Restated 2020
Cash Flows from Operating Activities	\$	\$
Subscriptions & Join Fees	4,918,602	3,895,373
Governance Development and Services, Branch Activities & Other	11,302,188	7,906,633
Interest Received	35,355	89,239
Grants Received	-	578,711
Payments to Suppliers	(6,880,700)	(5,286,853)
Payments to Employees	(5,542,789)	(5,379,846)
Income Tax Received	-	231,159
Net GST (Paid) / Received	(165,018)	166,973
Net Cash Flows from Operating Activities	3,667,638	2,201,389
Cash Flows from Investing Activities		
Inflow from Term Deposits	-	2,679,054
Outflows to Term Deposits	(5,185,686)	(33,452)
Acquisition of Fixed and Intangible Assets	(107,106)	(112,796)
Net Cash Flows (used in)/from Investing Activities	(5,292,792)	2,532,806
Net (decrease) / increase in Cash and Cash Equivalents	(1,625,154)	4,734,195
Cash and Cash Equivalents at beginning of the year	5,386,233	652,038
Cash and Cash Equivalents at end of the year	3,761,079	5,386,233
ANZ Current Account	646,464	869,255
Term Deposits as Cash Equivalents	3,114,615	4,516,978
Cash and Cash Equivalents at end of the year	3,761,079	5,386,233

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

Refer Note 2 for explanations on the restatement of the 2020 Consolidated Statement of Cash Flows.

Consolidated Statement Of Cash Flows (Continued)

For The Year Ended 31 December 2021

Reconciliation of Net Surplus with Net Cash Flow from Operating Activities

	2021	Restated 2020
	\$	\$
Net Surplus as per Statement of Comprehensive Revenue and Expense	1,062,466	355,616
Adjustments for:		
Non-Cash Depreciation and Amortisation	213,971	236,630
Movements in Working Capital:		
Increase in Trade and Other Payables and Income in Advance	1,828,014	1,979,865
Increase / (Decrease) in Trade, Interest and Other Receivables	563,187	(370,722)
Net Cash Flow from Operating Activities	3,667,638	2,201,389

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 2021

1. General information

The Institute of Directors in New Zealand (Inc) (“IoD”) is the professional body for directors and is at the heart of New Zealand’s governance community. The IoD supports and enables directors to add value to their organisations and wider communities and prepares directors to positively transform the future. 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 2022.

2. Summary of significant accounting policies

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand.

These consolidated financial statements of the IoD as at and for the year ended 31 December 2021 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.

(b) Statement of compliance

These financial statements 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 IoD 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 IoD has applied the accounting policies set out in these financial statements consistently to all periods, with the exception of the change in accounting policy outlined below.

Change in accounting policy – Software as a Service (“SaaS”) arrangements

During the year, the IoD revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements. This was in response to the International Financial Reporting Standards Interpretations Committee (IFRIC) agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The IoD’s accounting policy has historically been to capitalise all costs relating to SaaS arrangements as Intangible Assets in the Consolidated Statement of Financial Position. The new accounting policy accounting policy is presented below.

2. Summary of significant accounting policies (continued)

(b) Statement of compliance (continued)

Change in accounting policy (continued)

SaaS arrangements are service contracts providing the IoD with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

(c) Restatement of prior periods

The IoD has reviewed its computer software assets to ensure that costs capitalised are in line with PBE IPSAS 31 Intangible Assets, which is to recognise costs as intangible assets only if the activities create an intangible asset that the IoD controls and the intangible asset meets the recognition criteria. Costs incurred to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received. This has resulted in a reclassification of some previously capitalised intangible assets to be recognised as an operating expense in the Consolidated Statement of Comprehensive Revenue and Expense in the period the services were received.

The following table summarises the impact, before tax, of this change in accounting policy. The change in accounting policy has been applied retrospectively and comparative information has been restated. A deferred tax asset has also been recorded as a result of the restatement as outlined in Note 6(b).

Financial Statement item	2020 DR/(CR) \$	2019 DR/(CR) \$
(a) Consolidated Statement of Financial Position		
Intangible Assets	98,693	(835,963)
Total Assets	98,693	(835,963)
General Reserve / Accumulated Funds	(98,693)	835,963
Total Accumulated Funds	(98,693)	835,963
(b) Consolidated Statement of Comprehensive Revenue and Expense		
IT Related Expense	6,026	844,556
Amortisation	(104,719)	(8,593)
(Surplus) / Deficit before Income Tax	(98,693)	835,963
(c) Consolidated Statement of Cash Flows		
Payments to Suppliers	(6,026)	(844,556)
Net Cash flows used in Operating Activities	(6,026)	(844,556)
Acquisition of Intangible Assets	6,026	844,556
Net Cash Flows from Investing Activities	6,026	844,556

3. Revenue and expenses from services, inter alia:

	2021	2020
	\$	\$
(a) Revenue from exchange transactions		
Subscriptions	4,287,766	3,892,968
Governance Development	7,679,816	5,070,310
Governance Services	847,359	611,726
Branch Activities	420,412	467,003
Conference	592,983	-
Other	299,596	342,959
Total	14,127,932	10,384,966

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 from Governance 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 and Conferences

Income from Branch Activities and Conferences 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.

Other income

Other revenue includes interest income, sales of publications and other income.

	2021	2020
	\$	\$
(b) Costs of services		
Employee Remuneration	5,554,312	5,599,078
Cost of delivery Governance Development & Services (excl. Salaries)	3,259,509	2,453,777
Cost of Commercial Operations development (excl. Salaries)	326,103	168,200
Cost of delivery Branches, Membership, Governance Leadership Centre, Conferences (excl. Salaries)	1,406,186	668,606
Total	10,546,110	8,889,661

4. Operating expenses

	2021	Restated 2020
	\$	\$
(a) Operating expenses		
Audit Fees	28,000	21,400
Amortisation	135,579	130,879
Bank and Credit Card Charges	119,183	87,932
Constitution Review	34,311	20,551
Depreciation	78,393	105,751
Directors Fees	-	10,000
Emerging Director Awards	26,018	18,420
Insurance	41,337	43,816
IT Expenses	584,349	537,124
Office Expenses	93,724	116,853
Printing, Photocopying and Stationery	45,025	51,971
Professional and Contractor fees	242,378	329,066
Rent	246,294	232,990
Strategic Projects	70,758	-
Telephone, Tolls and Fax	80,623	80,585
Training	48,181	17,587
Travel	95,156	64,497
Provision for Doubtful Debts	31,267	59,863
Other	277,130	180,563
Total	2,277,706	2,109,848

Audit fees

Deloitte has continued to act as auditors of the IoD. The amount payable to Deloitte for advisory work in 2021 was \$4,000 (2020 \$32,000) 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 2021 (2020 \$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 (2020 \$19,690).

	2021	2020
	\$	\$
(b) Operating leases		
Current	242,176	220,521
1 – 5 years	406,625	552,975
Over 5 years	-	-
Total operating lease commitments	648,801	773,496

Operating leases recognition and measurement

The IoD leases premises and equipment. The operating leases for the Wellington property gives 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.

5. Employee Remuneration

	2021	2020
	\$	\$
Salaries and Wages including Discretionary Payments	5,415,132	5,463,612
KiwiSaver Contributions	139,180	135,466
Total	5,554,312	5,599,078

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 as at 31 December 2021 (including the CEO) and they received total remuneration of \$1,448,260 (as at 31 December 2020 six members, with one member of the Leadership team leaving the organisation July 2020. They received total remuneration of \$1,591,900).

Remuneration Range	No. of key management personnel 2021	No. of key management personnel 2020
\$		
100,000-199,999	2	2
200,000-299,999	3	4
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 (2020 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.

This disclosure of remuneration is on a cash basis.

6. Income Taxation

(a) Income Tax Expense	2021	Restated 2020
	\$	\$
Surplus before Tax Expense	1,352,040	23,683
Tax at 28%	378,571	6,631
Tax effect of adjustments:		
Non-assessable income	(1,194,553)	(1,187,027)
Non-deductible expenses	1,091,266	1,077,133
Income Tax Expense / (Benefit) in respect to current period	275,284	(103,263)
Income Tax (Benefit) in respect to prior periods	-	(241,934)
Deferred Tax Expense in respect to current period	14,290	13,264
Total Income Tax Expense / (Benefit) reported in the Statement of Comprehensive Revenue and Expense	289,574	(331,933)

(b) Deferred Tax Asset	2021	Restated 2020
	\$	\$
Carry forward tax losses	-	130,897
Intangibles & Provisions	84,799	99,089
Total	84,799	229,986

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.

As disclosed in Note 2, the IoD revised its accounting policy in relation to SaaS arrangements during the year resulting from the implementation of agenda decisions issued by the IFRIC but there has been no change to the tax treatment of the SaaS arrangement. A Deferred Tax Asset has been recognised for the deductible temporary difference. Refer to Note 2 for further background information.

7. Property, Plant and Equipment

	Computers and Cabling \$	Furniture and Fixtures \$	Office Equipment \$	Total \$
Cost				
Balance at 1 January 2021	444,412	407,646	95,837	947,895
Additions	97,421	1,775	-	99,196
Balance at 31 December 2021	541,833	409,421	95,837	1,047,091
Accumulated Depreciation				
Balance at 1 January 2021	(403,306)	(303,306)	(81,284)	(787,896)
Depreciation	(53,462)	(18,518)	(6,413)	(78,393)
Balance at 31 December 2021	(456,768)	(321,824)	(87,697)	(866,289)
Book Value at 31 December 2021	85,065	87,597	8,140	180,802
Book Value at 31 December 2020	41,106	104,340	14,553	159,999

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
Furniture and Fixtures	10.5% and 8.5% SL, 48% and 20% DV
Office Equipment	21% and 17% 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).

8. Intangible Assets

	Computer Software \$	Total \$
Cost		
Balance at 1 January 2021 (Restated)	997,041	997,041
Additions	7,910	7,910
Balance at 31 December 2021	1,004,951	1,004,951
Accumulated Depreciation		
Balance at 1 January 2021 (Restated)	(159,532)	(159,532)
Depreciation	(135,579)	(135,579)
Balance at 31 December 2021	(295,111)	(295,111)
Book Value at 31 December 2021	709,840	709,840
Book Value at 31 December 2020 (Restated)	837,509	837,509

8. Intangible Assets (continued)

Intangible Assets recognition and measurement

Intangible Assets consist of software and website development costs. An intangible asset arising from development is only recognised if future economic benefits are certain and the IoD intends to complete and use the intangible asset. 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% and 12.5% SL

As disclosed in Note 2, the IoD revised its accounting policy in relation to SaaS arrangements during the year resulting from the implementation of agenda decisions issued by the IFRIC. Refer to Note 2 for explanation and impact of the change in accounting policy.

9. Trade and Other Receivables

	2021	2020
	\$	\$
From exchange transactions		
Trade and Other Receivables	902,295	1,420,904
Prepayments	270,247	327,394
Total	1,172,542	1,748,298

Trade Receivables recognition and measurement

Trade Receivables are valued at expected realisable value. A provision of \$92,130 (2020 \$60,863) has been made for any doubtful accounts. Receivables are reviewed on an ongoing basis and debts which are known to be uncollectible are written off. Trade and Other Receivables, Cash and Cash Equivalents, Interest Receivable and Term Deposits are the only financial assets of the IoD and are categorised as loans and receivables.

10. Trade and Other Payables

	2021	2020
	\$	\$
From exchange transactions		
Trade Payables	632,425	603,889
Accruals	228,141	135,272
Employee Entitlements	423,300	411,776
Other Payables	80,930	317,314
Total	1,364,796	1,468,251

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 and Other Payables are the only financial liabilities of the IoD.

11. Income Received in Advance

	2021	2020
	\$	\$
From exchange transactions		
Income Received in Advance	7,137,009	5,495,115
Total	7,137,009	5,495,115

Income Received in Advance recognition and measurement

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

12. Financial Instruments

	Loans and Receivables at amortised cost	Financial Liabilities at amortised cost	Total
	\$	\$	\$
2021			
Cash and Cash equivalents	3,761,079		3,761,079
Term Deposits	6,396,129		6,396,129
Trade Receivables (excl. Prepayments)	902,295		902,295
Other Accounts Receivable	19,745		19,745
Total	11,079,248		11,079,248
Trade Payables		632,425	632,425
Accruals		228,141	228,141
Other Payables		80,930	80,930
Total		941,496	941,496
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
Accruals		135,272	135,272
Other Payables		317,314	317,314
Total		1,056,475	1,056,475

Financial Assets recognition and measurement

The loD 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 loD 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 loD has transferred substantially all the risks and rewards of ownership.

12. 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.

13. 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:

	2021	2020
	\$	\$
Governance Development	1,295,591	970,989
Chartered Member Assessments	68,220	61,593
Course Review	147,602	120,520
Director fees – IoD Limited	-	10,000

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 (2020 \$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 \$48,666 (2020 \$16,886). 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.

14. Contingent Liabilities

The IoD has no contingent liabilities at 31 December 2021 (2020 Nil).

15. Capital Commitments

The IoD has no capital commitments as at 31 December 2021 (2020 Nil).

16. Events after balance date

There are no significant events which have occurred subsequent to balance date (2020 Nil).

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