

Annual
Report

20
22

The Institute of Directors is Aotearoa 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 excellence and high standards in governance. We support and equip our members, and the broader governance community, who lead a range of organisations from listed companies, large private organisations, state and public sector entities to small and medium enterprises, not-for-profit organisations and charities.

Our

Vision

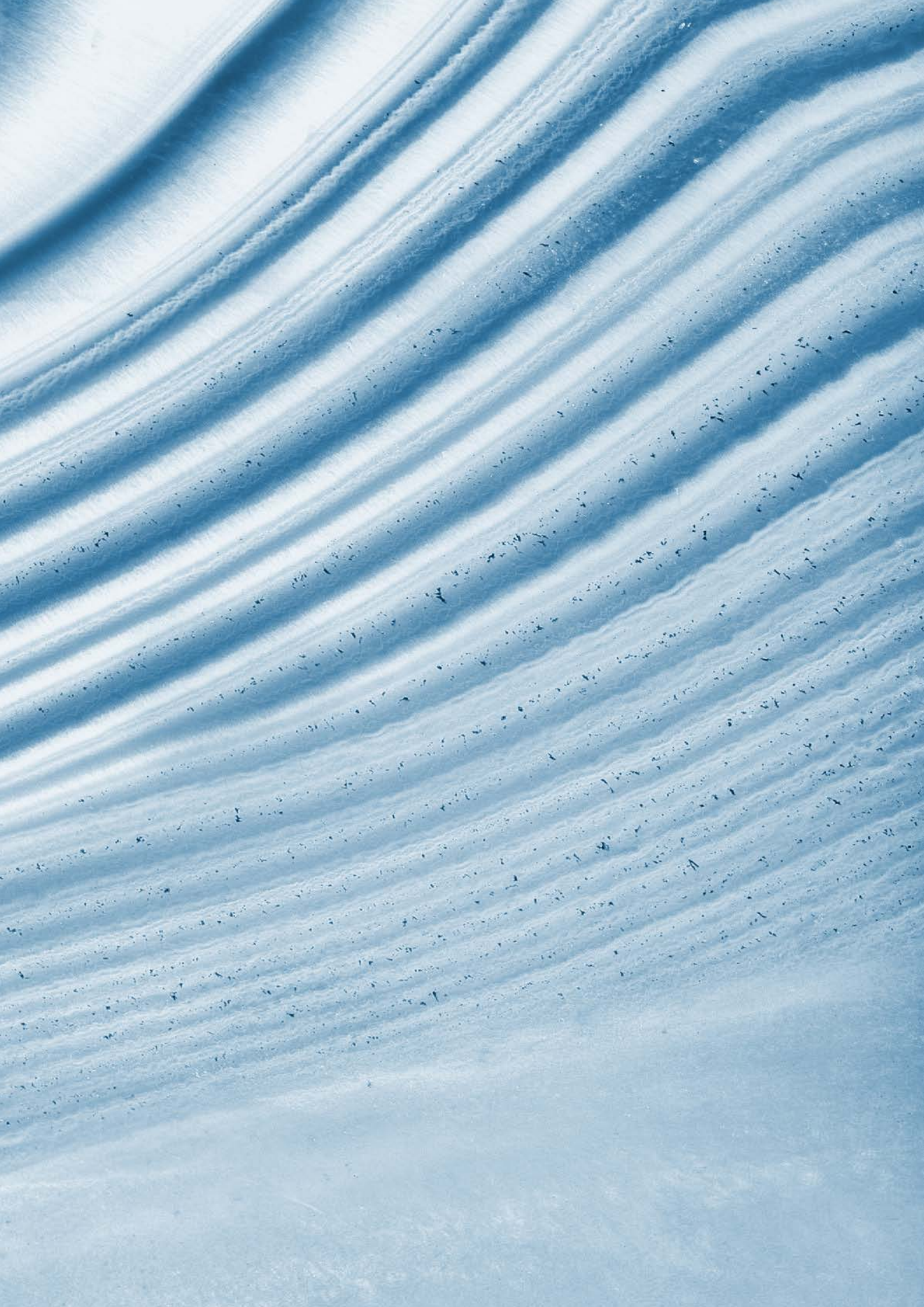
A strong, fair and sustainable future for New Zealand, powered by best-practice governance.

Mission

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

Values

- We are bold and have the courage to do the right thing.
- We embody manaakitanga, hospitality and welcome.
- We respect the value that each individual brings.
- We embrace kaitiakitanga.
- We are learners for life and seek to share knowledge.



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This report covers the activities of the Institute of Directors in New Zealand for the year 1 January 2022 to 31 December 2022. This is the first of our annual reports to incorporate a Statement of Service Performance, which is included with the Financial Report.

Our organisation



From the Chair and President

This was an historic year for the IoD as we worked through our governance transition, established a new Board and embedded a new Constitution. It has been a huge privilege to work with so many people who are truly committed to ensuring the organisation is on a sound footing and leading with best-practice governance, and will remain so into the future.

This is the first – and possibly the last – time this column will come from someone who has served simultaneously as both Chair of the Board and President of the Council. When I stand down in 2023, the transition to our new governance arrangements will be complete and a new era for the IoD will truly begin.

So where have we come from and what does that tell us about the new model we are embracing?

We started 2022 with a Council that had an eye to the future and a mandate for change, endorsed by a member vote. We were aware that increasing interest in the value of good governance had led to our own rapid membership growth. It was crucial that our Constitution and structure kept pace with the needs of our membership. We finished 2022 with a new Board, a reimagined Council, a new Constitution embedded, and new ideas for keeping our organisation relevant.

It is not hyperbole to say this really does signify a new era for the IoD. Let me take you back to our beginnings, in 1989. David Lange was succeeded by Geoffrey Palmer as prime minister. The Berlin Wall fell. The initial concept plan for what would become the World Wide Web (aka the internet) was developed. Sunday trading began. And the

Institute of Directors in New Zealand was formed, with just 500 members and few formal structures, splitting from its parent organisation in the UK.

Come forward to 2022 and we have more than 10,500 members who lead a range of organisations from listed companies, large private businesses, State and public sector agencies, iwi groups, to small and medium enterprises, schools, sporting clubs, not-for-profit organisations and charities. It truly is a broad church of governance and the role of the IoD is relevant to all these varied organisations.

We ask our members to adhere to high ethical standards, to commit to continuous learning and to take a long-term view on behalf of their organisations, while still keeping an eye on the here and now. We expect them to aspire to the highest standards of governance best practice. With the new Constitution and the creation of our new Board, the IoD is demanding the same of itself.

We remain the leading voice for governance best practice, and we are now also a model of governance best practice. We are determined to ensure we are delivering for our members today, and that we can deliver for them effectively tomorrow.

I offer my thanks to Council members, both past and present, for all the hard work undertaken to make this transition successful, particularly to Alan Isaac CFInstD, who preceded me as President and was instrumental in developing our new governance model. The Nominations Committee, including its two independent members, Whaimutu Dewes and Alison Barrass, also deserves recognition for their efforts to ensure our new Board features directors with a diverse range of skills, experience and points of view.

Our new Board comprises volunteer members. Knowing how much time and effort goes into being on our Board, the passion they have for the organisation and how busy many of them are in their other roles, I must offer thanks on behalf of our entire membership for their efforts.

Council is also made up of member volunteers who freely give their time and energy to ensure this organisation is the best it can be for all of us. Our branch committees comprise member volunteers focussing their attention on members in their local areas. Thank you all.

Last but not least, I would like to express my sincere personal appreciation for the sterling work by our management team, both in National Office and the branches, and in particular the continuing outstanding leadership displayed by Chief Executive Officer Kirsten (KP) Patterson. It has been a privilege and a pleasure working closely with KP throughout my tenure.

Our Board will face many challenges and needs to remain “agile”, as our Top Five Issues for Directors in 2023 puts it, as they seek to anticipate, and stay ahead of, a fast-changing world of governance.

If our Board is the brains of the organisation, our Council is its heart. While our Board is setting strategy and holding management to account, our Council is casting a member lens over everything we do and championing the member voice every step of the way.

That is how our new governance arrangements have been envisaged, how they are now, and how they should be.

My own role has been one of providing continuity through this final phase of transition, as a leader of both Board and Council, providing a linkage between head and heart.

Of course, this work is not just about governance structure or change. Underneath the new arrangements the IoD’s purpose remains the same. We exist to help directors and governors be the best they can be in their chosen roles. We exist to ensure that business and society has access to governance professionals dedicated to excellence. We exist to support our members help their organisations, and in doing so help their communities. We exist to help directors positively transform the future.

“We remain the leading voice for governance best practice, and we are now also a model of governance best practice. We are determined to ensure we are delivering for our members today, and that we can deliver for them effectively tomorrow.”

On that note I would like to highlight a few pieces of work from the past year that, for me, point to where this new era of the IoD might take us.

One is strengthening our international connections. Governance is of global importance and there is much we can learn from – and share with – our global colleagues.

I had the good fortune to attend the US National Association of Directors Conference in October 2022 and was reminded that our global

connections are a wonderful source of knowledge and experience.

Having KP as a co-deputy chair of the Global Network of Director Institutes demonstrates the strength of our relationship with a network that collectively represents more than 150,000 directors worldwide.

Also bringing the world to our doorstep is Chapter Zero New Zealand. Launched in 2022, it is a source of climate knowledge and advice for our members that draws on the resources of 22 director bodies around the world. It is very satisfying to see the very large number of members attending the various Chapter Zero initiatives.

Closer to home, our work to promote diversity in governance was extended in 2022 through expressing support for the Human Rights Commission's Project Mobilise, and Be.Lab on its governance programme. Both these

initiatives aim to build awareness of the abilities that exist in the disabled community and identify the barriers disabled people face when they are seeking board roles.

This complemented our ongoing work to bringing younger directors into governance, more women into governance, and engaging with the Pacific and Māori communities, all of which strengthens New Zealand's governance community.

One thing will not change in this new era for the IoD: the value in being part of a strong community of directors. As directors we need to be bold in our decision making, wise in our thinking and always be hungry for new knowledge and new ideas. There is nowhere better to receive that courage, good sense and inspiration than from each other.

Thank you for your support during my terms as both President and Chair. It has been a privilege to serve you and be part of reshaping IoD to be fit for the future.

Ngā mihi

Julia Hoare CMInstD
Chair and President

Our Board

The Board sets strategy, governs and oversees the performance of the IoD, holding management to account for delivering on strategy. It holds legal responsibility for the IoD and is comprised of appointed directors.



Julia Hoare

CMIInstD (Chair)

Also involved with:

- A2 Milk Company Limited, Deputy Chair
- Auckland International Airport Limited, Director
- Meridian Energy Limited, Director
- Port of Tauranga, Chair



Chris Day

CMIInstD

Also involved with:

- CentrePort Limited, Director
- CentrePort Properties Limited, Director
- CW & CR Day Trust, Trustee and Beneficiary
- Datacom Group Limited, Director
- Fairholm Farming Limited, Director and Shareholder



Ian Fitzgerald

CFInstD

Also involved with:

- Marlborough Hospice Trust, Trustee
- Matavai Niue Limited, Chair
- Ministry of Foreign Affairs and Trade, Audit & Risk Committee
- Niue Development Bank, Chair
- Public Trust, Chair
- Telecom Niue, Director

Note: Board members' involvements are listed as at 1 December.



David Glover

CMIInstD

Also involved with:

- Bay of Plenty Education Trust, Trustee
- Biozone, Director
- Brightstar, Chair
- Creative Strategies, Owner/Director
- Dev Academy Aotearoa, Co-Chair
- Development Enterprises, Chair
- Eastbay REAP, Director
- Synapsys, Chair
- Toi EDA, Trustee
- Trust Horizon, Chair



Trish Oakley

CFInstD

Also involved with:

- Financial Services Council, Strategic Research Committee Chair
- Forsyth Barr Limited, Shareholder
- New Zealand Lotteries Commission, Member
- University of Otago Council, Pro Chancellor
- University of Otago Holdings Limited, Director



Karen Price

CMIInstD

Also involved with:

- Aqualinc Research Limited, Director
- BGT Structures Limited, Chair
- Bream Tail Residents Association, Chair
- Jasmax Group, Chair
- NZ Energy Certificate System, Advisory Board Member
- The Learning Wave, Chair



Aliesha Staples

MInstD (From 1 October)

Also involved with:

- Click Foundation, Chair
- Creative Coworking Limited, Director
- New Zealand Football Foundation, Trustee
- Strong Public Media Interim Establishment Board, Director
- Television New Zealand, Director

Note: CEO of Staples Productions Ltd/Staples VR, which is undertaking work for the IoD's virtual boardroom simulation project

Board committees

Audit and Risk (From 19 August)

- Chris Day CMIInstD (Chair)
- Julia Hoare CMIInstD (Ex officio)
- Trish Oakley CFInstD
- Karen Price CMIInstD
- Aliesha Staples MInstD
(From 1 October)

Policy and Practices (From 19 August)

- Karen Price CMIInstD (Chair)
- Ian Fitzgerald CFInstD
- David Glover CMIInstD
- Trish Oakley CFInstD
- Aliesha Staples MInstD (From 1 October)

Human Resources, Health and Safety (From 19 August)

- Ian Fitzgerald CFInstD (Chair)
- David Glover CMIInstD
- Julia Hoare CMIInstD
- Trish Oakley CFInstD

Number of meetings in 2022 (From 1 July)

- Board: Four
- Audit and Risk: Two
- Human Resources, Health & Safety: One
- Policy and Practices: Nil
(This committee conducts its business by circulating material rather than in meetings)



Our Council

The Council sits at the heart of the IoD acting as the guardian of the organisation. It has a focus on members and ensuring they are well supported now and in the future. The Council is comprised of branch representatives, a President and a Vice President.



Julia Hoare
CMIInstD (President)



Jackie Lloyd
CFInstD (Vice President)



Ross Buckley
CMIInstD



Rick Christie
CFInstD



Craig Hattle
CMIInstD



Simon Lockwood
CFInstD



Dr Jim Mather
CMIInstD (From 19 August)



Lloyd Mander
CMIInstD



Sam Fellows
MIInstD (From 6 September)



Trish Oakley
CFInstD



Sarah-Jane Weir
CFInstD



Anne Urlwin
CFInstD

Councillors who stood down during 2022

- Jonathan Mason CFInstD (Finished 31 August)
- Jana Rangooni CMIInstD (Finished September 5)

Council committees

Audit and Risk (Until 1 July)

- Craig Hattle CMIInstD (Chair)
- Julia Hoare CMIInstD
- Lloyd Mander CMIInstD
- Ross Buckley CMIInstD
- Jonathan Mason CFInstD

Human Resources, Health and Safety (Until 1 July)

- Jackie Lloyd CFInstD (Chair)
- Julia Hoare CMIInstD
- Lloyd Mander CMIInstD

Nominations

- Whaimutu Dewes CFInstD (Chair)
- Alison Barrass CFInstD
- Julia Hoare CMIInstD
- Alan Isaac CFInstD
- Jackie Lloyd CFInstD (As an observer)

Standards

- Anne Urlwin CFInstD (Chair)
- Gillian Coumbe KC (From 31 August, independent)
- Jana Rangooni CMIInstD (Until 5 September)
- Sarah-Jane Weir CFInstD

Number of meetings in 2022

- National Council: Seven
- Audit and Risk: Two
- Commercial: Three
- Human Resources, Health and Safety: Four
- Membership: Seven
- Nominations: Three
- Policy and Practice: Nil (This committee conducts its business by circulating material rather than in meetings)
- Standards: Five

Commercial (Until 1 July)

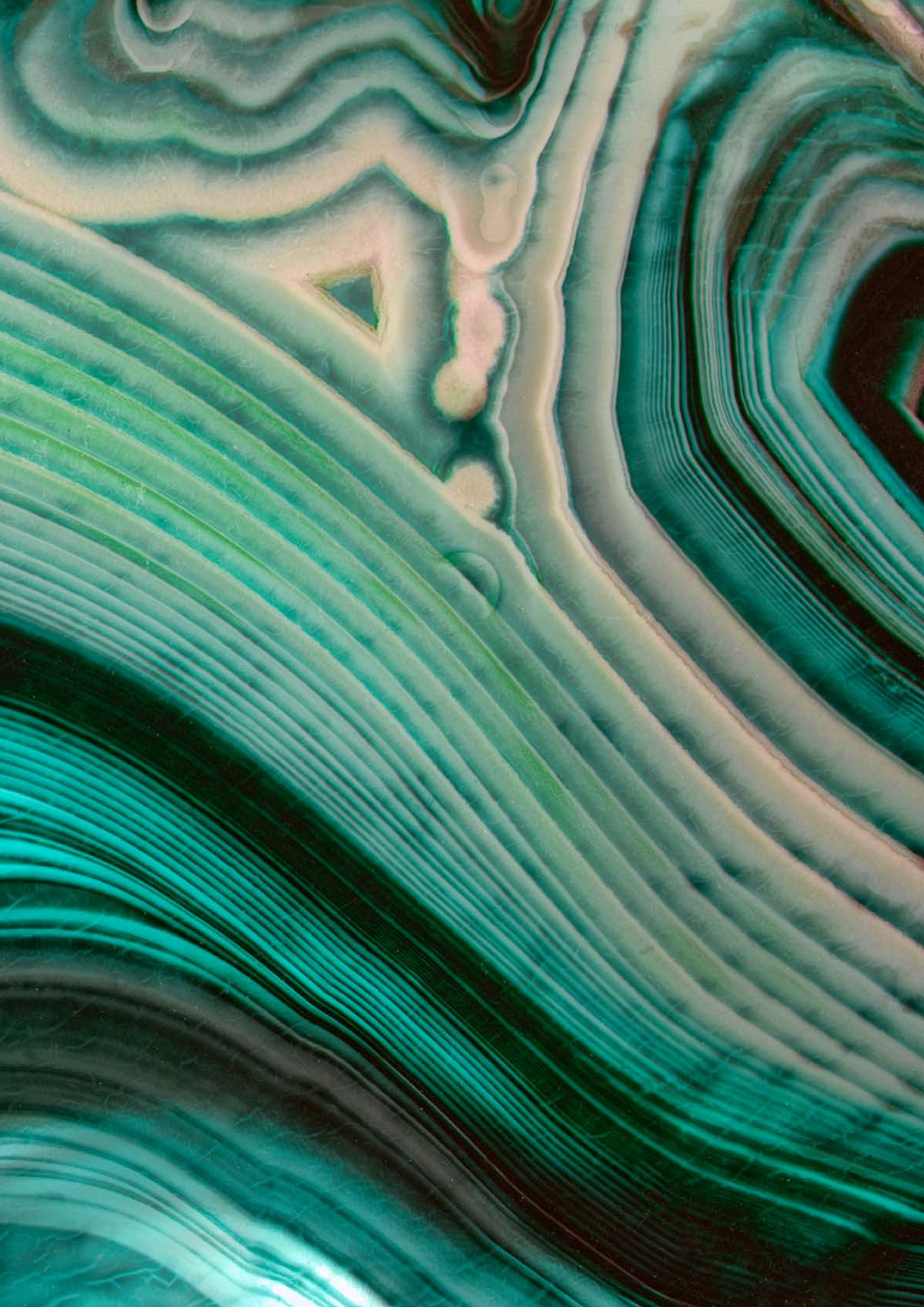
- Kirsten Patterson CMIInstD (Chair)
- Julia Hoare CMIInstD
- Jackie Lloyd CFInstD
- Trish Oakley CFInstD
- Vincent Pooch CFInstD
- Craig Hattle CMIInstD

Membership

- Rick Christie CFInstD (Chair)
- Trish Oakley CFInstD
- Lloyd Mander CMIInstD
- Jonathan Mason CFInstD (Until 19 August)

Policy and Practice (Until 1 July)

- Sarah-Jane Weir CFInstD (Chair)
- Julia Hoare CFInstD
- Simon Lockwood CFInstD
- Ross Buckley CMIInstD



Our branch network



Our members



10,548 members

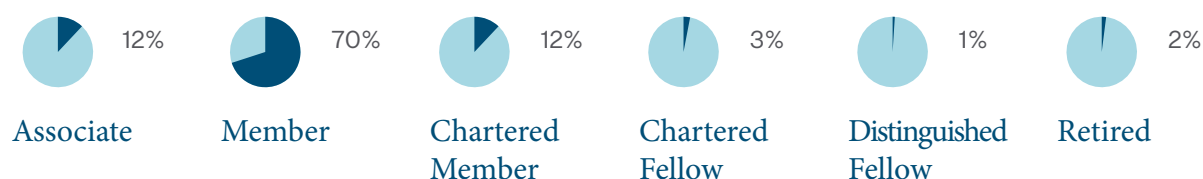
up 3% from 2021



69 overseas members,

up from 66 in 2021

Membership type



Age trends

	2017	2018	2019	2020	2021	2022
18-29				1%	1%	1%
30-39	10%	10%	11%	10%	10%	10%
40-49	27%	27%	26%	26%	26%	25%
50-59	36%	35%	35%	35%	35%	36%
60-69	21%	20%	21%	21%	21%	22%
70+	6%	7%	7%	7%	7%	7%

Perhaps reflecting these age trends, the most common names among our members are:

Male:

John
David
Mark



Female:

Sarah
Jo
Jane



Gender trends

	2017	2018	2019	2020	2021	2022
Male	71%	69%	69%	67.4%	65.8%	64.7%
Female	29%	31%	31%	32.5%	34.0%	35.0%
Gender diverse				0.1%	0.0%	0.1%
Undisclosed					0.2%	0.2%

Distinguished Fellows (DFInstD)

Distinguished Fellow awards are made twice annually to IoD members who have had a prominent career as a director and have contributed positively to business and society. This is the highest honour the IoD can bestow. During 2022, the following members were awarded Distinguished Fellow status.

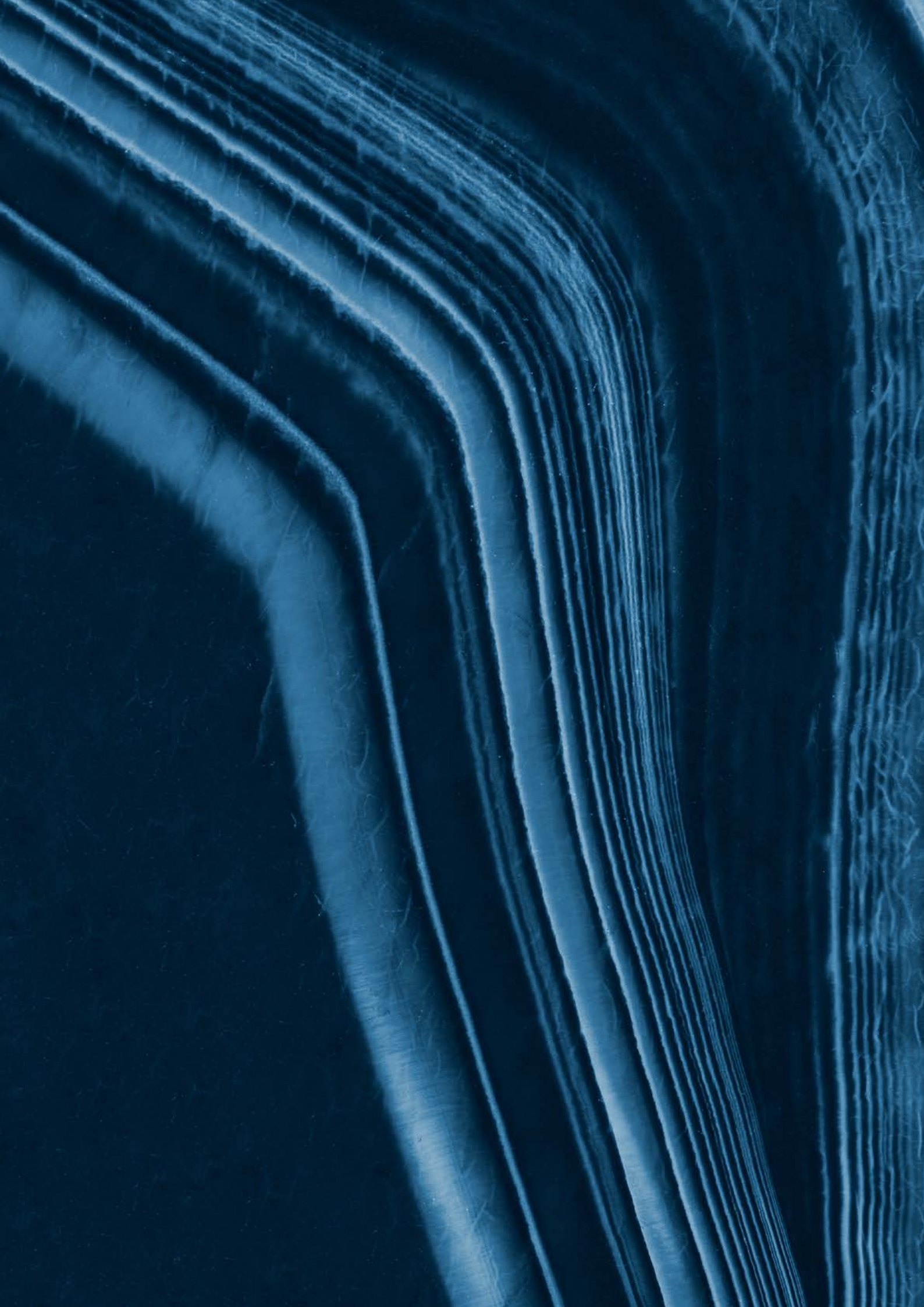
- Hon David Caygill CNZM
- Roger France ONZM
- Geoff Ricketts CNZM*
- John Ward
- Ken Williamson KStJ QSM

*Geoff Ricketts passed away in March 2023. Our condolences to his family.

Chartered Fellows (CFInstD)

Chartered Fellow is the highest designation on our Chartered pathway, which provides directors with the opportunity to test themselves against the highest standards of governance. During 2022, the following members were awarded Chartered Fellow status:

- John Barr
- Alison Barrass
- Carl Bates
- Paul Bennett
- Albert Brantley
- Carol Campbell
- Rod Carr
- Melissa Clark-Reynolds ONZM
- Jen Crawford
- Jo Cribb
- Chris Dennison
- Catherine Drayton
- James Gough
- Sarah Haydon
- Ant Howard
- Stuart Leck
- Steve Lewis
- Scott Mason
- Doug McKay ONZM
- Paul Morgan CNZM
- Paul Munro
- Kevin Murphy
- Trish Oakley
- Craig Olsen
- Bill Osborne
- Mike Pohio
- Dawn Sangster
- Graham Shaw
- Grant Stapleton
- Gráinne Troute
- Dame Therese Walsh DNZM



Building a strong organisation

While the main focus of our work is on supporting members, we also seek to build our internal capability to be able to continue to deliver the services and advocacy that members expect. We are not immune to the pressures of the times - the tight labour market, growing importance of climate action and ongoing risks of cyberattack were among our focuses this year.

Prioritising our people

A tight labour market and increasing cost of living were themes of 2022. As an NFP SME, we rely on the quality of our staff to deliver the range of services, information and support the governance community demands.

We undertook a review of our reward and recognition strategy to ensure we could attract and retain high-quality staff, and refreshed our remuneration policy. Employee surveys helped us craft a “total rewards” approach that includes financial rewards, career development, team culture and social benefits.

Cultural competency was a new strand of our staff capability work during the year. We partnered with Kāpuhipuhi Wellington Uni-Professional to deliver te reo and te ao Māori training to our team, establishing a strong foundation for more advanced learning. This supports our people’s own understanding, confidence and capability, and aligns with our Te Kākano work to build stronger connections with Māori directors and governance.

Knowing our number

He Pou a Rangī – Climate Change Commission has urged all businesses to “know your number”, that is to take stock of their greenhouse gas (GHG) emissions and the broader carbon footprint of their operations.

The IoD has undertaken a carbon benchmarking process to understand our footprint and to find ways to reduce it.

Alongside our corporate footprint, we have sought to understand how our outside activities impact our “number” (for example, we measure events

and courses). This has meant assessing our scope 1, scope 2 and scope 3 emissions. Scope 1 covers emissions that are a direct result of operations, for example heating a building or operating vehicles. Scope 2 covers emissions from the production of the energy that our organisation uses. Scope 3 covers indirect emissions by customers or suppliers. The aim is to minimise (in some cases with the help and support of our members) all of our impact. This will mean our number may be higher than if we limited the scope of our assessment but it has allowed us to consider how we reduce the full range of our emissions.

Our 2022 “number” of GHG emissions has been provisionally estimated by carbon consultancy Ekos at 561.85 tonnes of carbon dioxide equivalent, up 5% on 536.17 in 2021. It should be noted that 2021 was affected by Covid-19 travel restrictions, which means the portion of our emissions generated by travel (both staff and course attendees) was less than we would usually expect. We believe that 2022 was a year which will allow us to get a better sense of what our footprint is when we are operating more normally.

As part of this project we have engaged with our staff as they understand the need to reduce our footprint where we can. Their thinking has also been incorporated into our reduction plan for the future. Our focus is very much on reduction rather than a reliance on offsetting.

As a small, non-profit organisation our work to learn how to model and track our carbon footprint may provide useful learnings for other New Zealand SME organisations, and we hope to be in a position to share our experience in the future.

This is an ongoing project. Like many New Zealand organisations, we are committed to understanding our “number”, working to reduce it where possible and preparing to report on it annually.

Initiatives in cybersecurity

Cybersecurity is a constantly evolving field. We regularly review our digital operations and cyber risks because cyber criminals are always “on” and innovating in their attempts to gain access to secure systems.

During 2022 we undertook an extensive review of our cybersecurity systems and capabilities and introduced a number of new initiatives.

An IoD website breach in March, which was resolved in consultation with our cybersecurity partners,

was a reminder that cybersecurity is an ongoing and constantly developing challenge for most organisations. This was a “when, not if” scenario that was not traceable to a lack of vigilance. We apologise to those members who were affected and we continue to take cybersecurity very seriously.

This was our second website breach in three years, despite upgraded security after the 2019 event. Our cybersecurity partners have undertaken a review of our systems in response and we will constantly evolve our defences.

Our year



From the CEO

It has been a year of firsts for us – a year of launching new programmes, new courses and new initiatives that will help strengthen the governance community and give it the resilience to manage the major challenges facing organisations and their directors, and seek out, and realise, new opportunities.

To recap a few highlights: 2022 saw the first meeting of our new Board, the establishment of the Council’s Standards Committee, the first delivery of the Advanced Directors’ Course, the launch of our Chapter Zero NZ climate initiative, the launch of our Hautū app to assist with some facets of Māori protocol and te reo, the release of our inaugural governance podcast and our first virtual Leadership Conference.

While these “firsts” have all been different, they have shared the goal of supporting our members’ development, building capability in our organisation, and providing good-governance guidance to the broader governance community. Which is, of course, not a first. That is what we are here for – to support good governance and to help directors deliver high-quality leadership for their organisations and their communities.

Of course there was another “not first” with 2022 being another year impacted by the pandemic. The achievement of vaccine targets, the easing of border restrictions and, finally, the lifting of the Covid-19 Protection Framework eventually delivered us into the much-anticipated “new normal” but the lingering sense of disruption is still with us.

Interestingly for the IoD, the spread of the Omicron variant during 2022 was disruptive in ways that were less predictable than the comparative operational simplicity of lockdowns.

Our member-facing teams, particularly our branches, faced unpredictable impacts on events as Covid-19 waves swept through communities and we saw a resulting impact on absences

and course and event cancellations. Against a background of regular changes to the rules on gatherings, this encouraged a cautious approach to in-person events. The most visible impact of this was the decision to make our Leadership Conference a virtual event.

Across the organisation, at unpredictable intervals, staff went into isolation due to illness or becoming a close contact. Like many organisations, we had to adapt our work plans, and our leave policies, to reflect this reality. It was wonderful to see the way team members supported members and each other as absences impacted. It was also impressive to see, in times of disruption, creative and pragmatic solutions come to the fore. I am proud of what we achieved through determination and resilience.

The uncertainty generated by the lingering effects of the pandemic also had to be factored into our budgeting for 2022. We had important investments to make in building services for our members, some of the “firsts”, and starting important and ongoing projects that will be delivered in 2023 and beyond – particularly creating our new learning platform, and investing in improved IT, which will allow us to continue to improve our service to members.

Despite budgeting to use our reserves we were able to achieve a surplus of \$121,000, thanks to a strong financial performance, alongside investment in, and delivery of, new services and support. This puts us in a good position to continue the development of our membership offerings as we attempt to anticipate, or at least keep pace with, the evolving governance landscape.

One of the biggest governance challenges of today – and into the future – is climate action. So the launch of the IoD’s Chapter Zero NZ governance initiative was a very important first in 2022. This programme gives directors the opportunity to share their concerns and solutions, to learn from the experiences of their peers overseas and to ensure their boards have the climate competency to effectively manage climate risks and opportunities.

Another personal highlight for me was the launch of our Hautū app. This is a simple way for directors who are unfamiliar with te reo, Māori protocol or tikanga to upskill themselves. The app has been downloaded more than 4,500 times. Requests have been received for us to share this app, so you may see it become available through other organisations.

In May we launched the Advanced Directors’ Course. This delivers what our most experienced members have been asking for – a chance to stretch their minds and build their skills further. Feedback on the course has been very positive. While we will continue to fine-tune this programme (as will all new offerings), we are delighted with the feedback. Some of the insights shared – this is as much a chance to learn from each other as from the course facilitators – will find their way back into our other continuing professional development modules.

In 2022 we delivered the highest number of Company Directors’ Courses (CDC), ever, and the quality of the people coming through is very impressive. It gives me confidence that the future of New Zealand governance is in good hands. A major part of our work over the past few years has been to raise awareness of the importance of good governance and the positive difference directors can make. It feels like this message is starting to take hold with a wide cross-section of New Zealanders.

It was not all plain sailing in 2022, of course. Covid-19 aside, the cost of living crisis and tight labour market put pressure on us, as it did on many organisations. This was a reminder that good people are one of your greatest assets. We experienced a cyber breach – a reminder that

cyber criminals never stand still. As the experts say, an attack is more likely a matter of “when” not “if”. It is a constant burden for organisations to continue to invest in cyber awareness and security, but a constant necessity. I would like to again apologise to members who were affected by the breach. We take the security of personal data very seriously and continue to evolve our cyber defences.

“While these ‘firsts’ have all been different, they have shared the goal of supporting our members’ development, building capability in our organisation, and providing good-governance guidance to the broader governance community.”

Other challenges eased as the year progressed. For me, the opportunity to reconnect internationally was welcome. Our international alliances are integral to our ability to deliver world-class services and support to members. I have learned a lot from serving as co-Deputy Chair of the Global Network of Director Institutes and greatly appreciate the guidance and encouragement received from colleagues overseas.

This is my fifth annual report for the Institute of Directors. Reflecting on that, it has been a truly astonishing five years.

One of my first ever *Boardroom* magazine meetings when I started in 2017 was to mediate between two teams over whether climate change was a governance issue and if the director community was ready for a climate-focused edition of *Boardroom*. That conversation simply wouldn’t be necessary today.

Covid-19 caused us to reimagine how we delivered value to members. Necessity allowed us to reconfigure our approach and think differently, and more creatively, about how we deliver value. It also revolutionised the way we all work. Online meetings and working from home are business as usual now. But it required a truly incredible shift for us to deliver a successful Leadership Conference entirely virtually.

Growth in the membership has kept up at pace. I remember celebrating 9,000 members a few years ago – by 2021 we had topped 10,000 and this stretched to more than 10,500 in 2022. This is a significant achievement as we know many people have been reconsidering their professional memberships since the onset of the pandemic. Five years ago we would not have attempted to create a professionally produced, broadcast-standard governance podcast. Today we have two, which between them exceeded 10,000 downloads in 2022.

The past five years has delivered many challenges and many opportunities for our small organisation to learn how to morph and change at speed in order to continue to deliver for members. This year of “firsts” is the result – an organisation prepared to try new things in order to deliver new value to our directors and the broader governance community.

A few words of thanks are in order. Thank you to our 2022 partners ASB and Marsh, and our

national sponsors Diligent, KPMG, Dentons Kensington Swan and Kordia, and to all the organisations that supported our branches at a local level.

To President and Chair Julia Hoare, Vice President Jackie Lloyd and all Council, committee, Board, Chapter Zero Steering Committee, Chapter Zero Working Group, and Branch Committee volunteers and facilitators - thank you for your time and your support for the management team. Your insight and knowledge is essential for, and integral to, everything the IoD seeks to achieve.

Congratulations to our 2022 Distinguished Fellows. This is the highest accolade the IoD can confer and you should rightly be proud of your contributions to business, governance and New Zealand communities. Our Chartered Fellows and Chartered Members also deserve thanks for choosing to commit to achieving the highest standards of governance.

And finally, thank you to you, our members, for what you bring to the director community, your organisations and communities all over New Zealand. We are delighted to be part of the global director community and to be a uniquely New Zealand professional body run by, and for, its members. Thank you for your support, your loyalty and the perspectives you have shared as we continue to evolve the organisation on your behalf.

Ngā mihi

Kirsten (KP) Patterson CMInstD
Chief Executive Officer

Leadership Team



Kirsten Patterson

CMIInstD
Chief Executive Officer



Guy Beatson

MInstD
General Manager,
Governance Leadership Centre
(From 1 February)



Felicity Caird

CMIInstD
General Manager,
Governance Leadership Centre
(to 10 February)



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,
Strategy and Engagement



Setting and driving standards of best practice in governance

Of note this year:

- **Launch of the Advanced Directors' Course**
- **Introduction of the Council's Standards Committee**
- **Ongoing provision of governance services to boards**

Good governance underpins the continuing success of New Zealand's major industries, the growth of its emerging industries and the start-up sector, its sporting bodies at national and local levels, schools and an array of community organisations delivering services and support that are vital to our society. Our role is to drive excellence in governance by supporting directors across the breadth of their roles and responsibilities.

The majority of our work, and the biggest use of our operational expenditure, is on helping boards and individual directors achieve the highest governance standards. This sees us deliver a range of courses focussed on continuing professional development for directors, from one-day courses to our flagship five-day Company Directors' Course. Provision of courses is a focus area because it underpins our organisational vision: A strong, fair and sustainable future for New Zealand, powered by best-practice governance.

Maintaining high standards

Governance never stands still and today's directors expect to be learners for life, constantly developing their skills and knowledge in the face of new challenges, while recognising new opportunities and bringing them into their organisational strategy.

A landmark piece of work for us this year was the launch of our Advanced Directors' Course (ADC). This builds on the legacy of our popular five-day Company Directors' Course which provides a grounding for those interested in succeeding in governance.

The ADC is an immersive three-and-a-half-day course designed for highly-experienced directors. This was introduced to provide a "next step" for

experienced directors who want to take on new ideas and expand their current abilities. It aims to help them tackle complex contemporary governance challenges, and to hone their leadership skills.

The ADC facilitators are skilled directors themselves, and the experience is structured to allow all participants to share knowledge and ideas on topics such as climate awareness and cultural competency.

One of the by-products of the course was the opportunity for those attending to share their governance experience with others more broadly via our Board Matters podcast, which featured interviews with the first batch of ADC attendees.

One of the consistent themes we hear in feedback from our membership is the importance of continuing to champion high standards in governance and preserving the reputation of the organisation and its designations.

Our members pride themselves on their ethics, their open-mindedness and their willingness to do what is not only best for their organisations, but what is right for their organisations.

As part of the reorganisation of our governance structure, various committees that had previously formed part of our Council transferred

to the new Board. This provided our Council an opportunity to reconsider how it delivered value to members by upholding the reputation of the IoD and of the professionalism of directors. A significant innovation was the introduction of a Standards Committee.

While the IoD is a voluntary membership organisation, not a regulator, we promote professional standards for directors to ensure our members maintain appropriate standards of conduct. The Standards Committee is empowered under our standards framework to hear and resolve complaints against our members.

In 2022, two complaints were heard and resolved by the full Council prior to the Standards

Committee forming. The Standards Committee considered and resolved three complaints. This compares with no complaints being heard in 2021.

Our members have chosen to go beyond the legal minimums and operate under our Constitution, Continuing Professional Development Code and Code of Practice to maintain the highest professional standards. Our Chartered Members are subject to additional requirements set out in the Charter of the Institute of Directors.

The obligations of directors more generally are found in legislation, or documents that set out how their organisations should operate. Breaches of those duties may be pursued through the courts by regulators such as the Companies Office or the Financial Markets Authority.



Rachel Afeaki-Taumoepeau CMIInstD is one of several members interviewed for our Board Matters podcast. Hosted by Steven Moe MIInstD, it features interviews with the first cohort to undertake the Advanced Directors' Course. In each episode, Moe and his guests discuss their governance journey, what motivates them and their vision for the future of governance. You can hear it at iod.org.nz

At a glance



Advanced Directors' Course

launched and three courses delivered



New Standards Committee

resolved three complaints against IoD members



Chartered membership

numbers up 159 - bringing the total membership committed to the higher-standards path to 15%



455 roles

available to members through Director Vacancies



2,220 directorships

surveyed in our Directors' Fees Report to help boards understand and compare fee structures

Disqualification as a director (of a company) or an officer (of an incorporated society) means that IoD membership will be withdrawn. Other matters that may impact on the reputation of the IoD may see a director referred to our Standards Committee.

A professional pathway

Our Chartered Membership pathway provides directors with a structured programme of learning and covers in depth the key elements that directors need to excel in their governance roles. Chartered Members and Chartered Fellows commit to keeping up to date with best-practice governance and upholding the rigorous principles of the IoD Charter.

This is a voluntary programme only available to members who serve on the board of a qualifying organisation. In 2022, our Council updated the entry criteria for the pathway to make it more straightforward for directors from the NFP community to join. Over the year, 159 members upgraded to the Chartered designation, up from 133 in 2021. This brought the percentage members on the Chartered pathway to 15 per cent.

We introduced a Chartered Member mark they can include on LinkedIn or business cards and we began highlighting Chartered Members in our Director Vacancies and Director Search services. We also provided exclusive access to content, events and profile opportunities tailored to suit those on the Chartered pathway.

As additional support for our Chartered Members, we began reaching out to recruitment agencies to help them understand what the designation involves and the value they can bring to board roles. We will continue to work to increase recognition of the additional commitments our Chartered Member and Chartered Fellows make to good governance.

Governance services for boards

When directors are concentrating so much on the needs of their organisation, it can be difficult for them to reflect on the needs of the board itself. We

offer a suite of services that help boards become more innovative in their thinking, more balanced in their composition and more effective on behalf of their organisations.

Through our Governance Services team we offer support that includes board appointments (helping boards find directors, and helping directors find boards), remuneration reports to benchmark appropriate fee levels for directors, and evaluations to assist boards to identify skills gaps or areas for improvement.

Support is available to all directors and trustees in New Zealand, not just our members, to help them understand good governance and how to deliver it for their organisations.

To help boards understand and improve their performance, we undertook 107 evaluations across 59 boards, ranging from a full board review to committee evaluations and individual assessments.

Board performance can often be improved by

filling skills gaps or tweaking board composition. During 2022, we helped 25 boards find the right directors for them through our Director Search service. In addition, there were 455 roles advertised through our Director Vacancies service for 303 organisations, with the majority being not-for-profit organisations.

To help our members find roles that suit them at an individual level, our team developed a CV review service. This enables directors to put their best foot forward when seeking appointments.

Understanding industry benchmarks and trends is invaluable when boards are considering changes to director fees. Our fees service completed 24 Director Fee Tailored Fee Review Reports, 27 Director Fee Snapshot Reports and 81 Director Fee Indicator reports, enabling organisations, boards and individual directors to understand market conditions and set fee levels appropriate to their specific circumstances. This work is buttressed by our annual Directors' Fees Report (produced with EY), which in 2022 took a snapshot of 2,220 directorships across 1,413 organisations.

Supporting boards to deliver effective leadership

Of note this year:

- **Launch of the Chapter Zero New Zealand climate governance initiative**
- **More opportunity for members to access content digitally**
- **A focus on supporting not-for-profit directors**

Delivering content and training that is relevant to our members and other customers – and delivering it in a way they want to receive it – is key to achieving our organisational mission statement: To support and enable directors to add value to their organisations and wider communities, and prepare them to positively transform the future. This is an ongoing focus that has many strands. In 2022, that included improvements in our capacity to deliver content digitally in response to member feedback, and the development of our dedicated support for the not-for-profit sector and on the key issue of climate action.

Chapter Zero New Zealand

The IoD's Chapter Zero New Zealand is part of a global climate governance initiative that spans 50 countries and is focused on supporting directors to take action on climate change at board level.

This worldwide community of directors shares ideas, tools and expertise and is committed to the climate governance principles developed by the World Economic Forum. It provides an opportunity for our members to share problems and solutions with their colleagues in other countries on an issue that requires global coordination.

Chapter Zero NZ has a Steering Committee chaired by Dame Therese Walsh CFInstD and featuring directors from a range of sectors: energy (Mercury, Meridian, Vector); banking and finance (ANZ, ASB, Westpac, NZX); the primary sector (a2 Milk, Fonterra, Sanford, Zespri); transport (Air New Zealand, Auckland Airport, Freightways); health (Fisher & Paykel Healthcare) as well as the tourism and creative sectors (Museum of New Zealand Te Papa Tongarewa, Arts Council of New Zealand Toi Aotearoa).

Since its launch in March 2022, the IoD's Chapter Zero NZ has hosted speakers such as UK climate expert Sir Jonathan Porritt, Australian sustainability advisor Sam Mostyn, head of the Climate Change Commission Dr Rod Carr, Minister of Finance Hon Grant Robertson, and Minister for Climate Change Hon James Shaw.

More than 850 directors signed up as supporters during 2022, a community of more than 1,000 LinkedIn followers has been established and the chapterzero.nz website has received more than 81,000 page views.

Chapter Zero NZ is indebted to the volunteers on its Steering Committee and Working Group. It will continue to mobilise, connect and educate directors to make climate-smart governance decisions. This is vitally important in order to create long-term value for shareholders and stakeholders while protecting communities from the worst potential impacts of climate change.

Chapter Zero NZ Steering Committee

- Dame Therese Walsh DNZM CFInstD (Chair)
- Laurissa Cooney CMIInstD
- Dr Charles Ehrhart
- Abby Foote CFInstD
- Julia Hoare CMIInstD
- Jonathan Mason CFInstD
- James Miller CFInstD
- Caren Rangi ONZM MIInstD
- Scott St John CFInstD
- Phil Veal MIInstD

Chapter Zero NZ Working Group partners

- Ākina
- Anthem
- The Aotearoa Circle
- Deloitte
- Dentons Kensington Swan
- EY
- Hobson Leavy
- KPMG
- NIWA
- Reserve Bank
- Sustainable Business Council
- Toitū Tahua: the Centre for Sustainable Finance



Rod Carr, chair of He Pou a Rangi Climate Change Commission, has urged directors to look beyond carbon offsets when developing climate strategies. Carr made the comments at a Chapter Zero NZ event in August.

Digital development

In 2022, we ran our first entirely virtual Leadership Conference, a move forced upon us by uncertainty around Covid-19 rules on gatherings. The event attracted 460 online attendees.

Broadcast live from Avalon Studios in Wellington, and featuring speakers streamed in from around the world, the event was a success with members – although feedback was clear that an in-person event would be preferred when circumstances allowed. We plan to return to an in-person event in 2023, which will allow members to once again network and engage in Chatham House-rule type discussions on important issues – aspects of our Leadership Conferences that are highly valued.

Key international speakers included John Carreyrou, a Pulitzer Prize-winning investigative journalist who presented governance lessons from his investigations of the Theranos health start-up scandal, Singaporean director Su-Yen Wong, who offered a new perspective on climate action and supply chain issues, and BlackRock's APAC Co-Head of Sustainable Investing, Emily Woodland, who noted investors are aware climate risk is going to reshape the world economy and our societies.

More availability of digital delivery is something our members have asked for, and something we are seeking to integrate across our events, training and development activities.

Of note during 2022, we saw a lift in member engagement with Boardroom news online at iod.org.nz that reflected both the convenience of the digital channel for members and the quality of the content.

Launched in 2021, the section received 106,533 page views in 2022, up from 94,568 a year earlier. This represents an almost 13 per cent lift in the reach of our digital resources and articles.

The online news section delivers expert opinion, governance updates and technical advice and incorporates digital delivery of our *Boardroom magazine* (which was awarded a gold medal at the Pride in Print Awards 2022, recognised for

exceptional design), alongside easy access to our resources and content – from submissions to toolkits to opinion pieces by our members. It is integrated with our fortnightly Director Download email update and our social media presence on LinkedIn (where IoD followers hit 24,200, up 21 per cent from a year earlier).

Improved digital channels give members the choice of how they want to interact with our information, our training and our events. These options will continue to develop in line with member feedback during 2023.



Su-Yen Wong, chair of the Singapore Institute of Directors, was one of the international speakers at our first virtual conference.

Prioritising NFP directors

Many of our members serve on not-for-profit (NFP) boards, often in unpaid positions, giving their time and expertise in order to give back to their communities.

Our support for governance in the NFP sector today has been informed by the onset of the pandemic, when it became clear NFP organisations were facing unprecedented challenges to their business models.

We developed an NFP hub at iod.org.nz featuring resources, articles and guidance for NFP directors. During 2022 this hosted key information including a dedicated webinar series on NFP governance, explanations of legislative change (and proposed change) to the Incorporated Societies Act and the Charities Act, and articles detailing the experience of senior directors who have been involved in the NFP sector.

This work is supported by our Governance

Leadership Centre, which makes submissions on regulations and legislation related to the NFPs, and dedicated training offered through our continuing professional development team.

For 2022, an NFP-specific report was created from our flagship Director Sentiment Survey to provide NFP directors with insights into the experiences of their colleagues in the governance community.

A significant innovation for 2022 was the introduction of a mentoring programme for the chairs of NFP organisations. Due to the challenges of working in the sector, many directors with limited experience find themselves chairing a board. The Tuakana/Teina programme, run in partnership with Community Governance NZ, matches NFP chairs with experienced chairs from the for-profit and NFP sectors to assist them to drive their organisations forward while learning the skills necessary to effectively chair a board.

Twenty-four Tuakana/Teina pairs participated in the programme during 2022.



Our not-for-profit hub provides practical advice for directors involved in the non-profit sector. It hosts a range of IoD resources and updates, plus links to further information at relevant organisations in sectors such as sport, charitable works, law and the arts.

At a glance



850 directors

commit to climate action as supporters of the IoD's Chapter Zero NZ



106,533 page views for Boardroom news

up 13% from 2021 as members increasingly engage through digital channels



77 awards and mentorships

to support good governance



Governance training shared with our neighbours

in Papua New Guinea, the Solomon Islands and Vanuatu



119 face-to-face courses delivered,

up from 87 in 2021

Building governance

While membership is our main focus, we also undertake work to enhance the knowledge, diversity and capability of the broader governance community. This is important if New Zealand is to take full advantage of the range of people who are engaged, or who could be engaged, in governance.

We advanced our Te Kākano (the seed) activities to help us grow our connections and better engage with an aspect of governance unique to New Zealand – Māori perspectives and boards serving organisations in te ao Māori.

The project progressed in 2022 as we aimed to explore how Māori models of governance and engagement with rōpū Māori (associations, groups) could enhance the effectiveness of governance in New Zealand.

During the year we launched the Hautū (to lead, or guide) app, which provides interactive tools to assist with te reo pronunciation, guidance on common Māori greetings, and on formal openings and closings for meetings.

The tool also provides a range of useful information on tikanga (customs and values), waiata (songs) and a kupu (glossary) of key terminology. This has had more than 4,500 downloads.

We launched a new course, Kotahitanga – Principles of Māori Governance, to widespread member interest. The initial pilot course was repeated throughout 2022 in response to member demand and it is now a part of our core continuing professional development programme.

This work is ongoing and will be developed during 2023. We have offered programmes to staff that teach te reo, share te ao Māori perspectives and improve our own cultural competency.

In 2022 we established a Pacific Advisory Group and created our Pacific Engagement Strategy. This project supports greater involvement of New Zealand's Pacific peoples in governance, to enhance board diversity and to build the capability of the governance community. It will include consultation with stakeholder

groups, the development of a national Pacific governance event and other targeted training, and investigation of scholarship opportunities.

Our education team worked with a number of organisations across the Pacific to deliver IoD’s Governance Essentials courses. Countries worked in included Papua New Guinea, the Solomon Islands and Vanuatu, primarily with organisations seeking to develop women in governance roles.

With Oceania Rugby, we developed a multi-year programme to build strong female directors and leaders throughout the Oceania rugby unions. This programme is supported by the World Rugby Capgemini Women in Rugby Leadership Programme.

We worked with Be.Lab on its governance programme, which aims to build governance capability in the disability and access community. Our support was to present ideas on what the barriers are to participation in governance and on ways to overcome them. We also connected with the Human Rights Commission on this topic, offering our support for the Commission’s Project Mobilise, which also seeks to change attitudes towards disability in Aotearoa.

As a supporter of the OnBoard programme, we assisted start-up boards to source and upskill directors with an understanding of the unique challenges faced in the start-up sector.

We ran online workshops in association with the Social Change Collective to encourage more understanding among young people about the value of governance, and how they can get involved. These workshops covered topics such as the purpose and structures of boards, how to recognise if a board is right for you, and the new perspectives young people can bring into the governance community on climate action, organisational purpose and modern slavery.

This aligned with our ongoing projects to bring fresh faces into governance. At the entry level, our Emerging Directors’ programme provides an opportunity for new directors to be mentored by an established director and/or gain board experience in an observer role.

Our Future Directors programme is aimed at aspiring directors who have shown an aptitude for governance but have limited board experience. Future Directors are placed with host boards for up to 18 months and participate in all aspects of board work, but do not have voting rights. Eighteen people participated in our Future Directors programme this year.

Backed by an understanding of the benefits of diversity of thought around the board table, our Mentoring for Diversity programme matches directors from a range of backgrounds with experienced mentors. This programme provides practical experience at board level while allowing the mentee to build a relationship with an experienced mentor that, in many cases, lasts much longer than the year of the mentorship. Twenty-one mentee and mentor partnerships were formed under the programme in 2022.



IoD councillor Dr Jim Mather CMIInstD facilitated the popular Kotahitanga – Principles of Māori Governance course, which was launched in June.

In 2022, our Continuing Professional Development team delivered 119 face-to-face courses, up from 87 in 2021.

These included:



3

Advanced Directors' Courses

(new for 2022) delivered to 65 attendees



42

Company Directors' Courses

delivered, up from 30 in 2021, with 879 attendees



74

other courses

delivered to help members upskill across the country, up from 57 in 2021, with 1,456 attendees



174

in-person branch events

down from 248 in 2021



23

online branch events

down from 41 in 2021

Personalised CPD

A key focus of our training teams in 2022 was improving the personalisation of our continuing professional development (CPD) offering. The aim was, and is, to ensure our members are offered courses that match their interests and the level of governance experience, in the way they learn best.

A lot of work went on behind the scenes to understand what our members need at different stages of their governance pathway and to ensure we were offering courses that could meet the need of the entire membership – whether they were just starting out in governance or had decades of experience on significant boards.

Our Continuing Professional Development team also ran 41 online courses and webinars on demand, up from 37 in 2021.

To assist members to meet their learning needs, we ensured that 20 CPD points could be achieved through courses and activities included as part of the membership fee.

Branch events

The total number of branch events in 2022 was slightly lower than in 2021 in part due to a decision to have fewer, higher-quality events. The other significant factor was the impact of Omicron. As this variant of the Covid-19 virus spread through the community we noted unusual numbers of no-shows at courses and a rise in staff absences. The unpredictable nature of self-isolation in response to the virus – either as a close contact or due to contracting Covid-19 – and the potential for rules on gatherings to change at short notice led to a conservative approach to scheduling events.

Protecting and enhancing the standing of IoD members

Of note this year:

- **Media profile keeps member issues to the fore**
- **New podcast Across the Board highlights contemporary governance issues and debuts in the NZ top 100**
- **Directors’ Fees Report, Director Sentiment Survey and the Top Five Issues for Directors in 2023 shine a light on New Zealand directors’ activities and views**

Our work at home and internationally is effective because our members, our government and our global colleagues continue to recognise the value of our reports on, our advocacy for and our insights into governance in New Zealand. Members expect us to continually extend the reach of, and update the relevance of, their voice as expressed to us, and shared by us.

Advocacy and support

Our Governance Leadership Centre (GLC) made 12 submissions during the year (up from 10 in 2021) covering topics as diverse as the NZX Corporate Governance code, modern slavery and climate-related disclosures.

Of particular note in 2022 were the Ministry of Business, Innovation and Employment briefing paper *The Future of Business for Aotearoa New Zealand* (which looked at purpose-led businesses and at blockchain technology), and the Companies (Directors Duties) Amendment Bill.

Our submissions and advocacy work is an important means to ensure that a governance perspective is heard in the development of law and policy. The GLC also fielded 111 member enquiries in 2022, down from 143 in 2021, ensuring New Zealand directors have up-to-date guidance on regulations, best practice and other issues.

This was alongside the development of tools and support on a range of issues.



Trending in 2022: the five most popular online articles

1. New tax reporting requirements for trusts in NZ may have unintended positive effects
2. The top five issues for directors in 2022
3. An ace in the pack – interview with Dr Ashley Bloomfield MInstD
4. Board Matters podcast
5. Board appointments checklist

Sharing governance perspectives

Our media voice continued to be strong in 2022, ensuring governance perspectives and member concerns were a part of key public debates. We continued to see strong coverage across newspaper, radio and television, including of our major research such as the Directors' Fees Report and the Director Sentiment Survey, D&O Insurance: A Rising Sea of Change and on topical issues relevant to directors that have an impact on governance.

Media coverage also allows us to increase understanding of the importance of good governance to the economy and our communities, not just to organisations that have a board of directors.

Our spokespeople were also sought out by media on numerous occasions to provide a governance perspective on issues including conflicts of interest, corporate greenwashing, money laundering, maternity leave, diversity, legislative change, business confidence and New Zealand's digital capability.

We switched our media monitoring service to a New Zealand-owned and specific service. Owing to the change in our media monitoring service, data is only available from 1 July. This shows a "total volume" of 261 media mentions between 1 July and 31 December. This total includes mentions of all our programmes, including Chapter Zero NZ.

This total volume leads to "total potential impressions" of 9.2 million (1 July to 31 December). Total potential impressions is a measure of potential readership calculated by combining newspaper readership, Facebook followers or broadcast audience figures for radio and television, when the IoD is mentioned.

On social media, we achieved a "social engagement" score of 2,600. Social engagement covers a range of interaction including likes, favourites, comments, replies, shares and retweets.

Our use of social media to share governance insights increased, with a focus on LinkedIn as a professional channel. By the end of 2022 our LinkedIn following had risen to 24,200, up 21 per cent from 20,000 in 2021.

Our Chapter Zero NZ climate initiative also saw growing social media interest, gaining 1,030 LinkedIn followers during 2022 from its launch in March.

Website usage dropped off slightly. Total page views at **iod.org.nz** were 1.58 million for the year, compared with 1.63 million in 2021.

The most read article on the site was “New tax reporting requirements for trusts in NZ may have unintended positive effects” – by our legal partner Dentons Kensington Swan – which received 3,344 reads.

The next two most popular articles were originally published in *Boardroom* magazine – “The top five issues for directors in 2022” at 1,907 website reads, and the “An ace in the pack” interview with Dr Ashley Bloomfield MInstD at 1,503 website reads.

Podcast success

We launched two podcasts in 2022 that provided new insights into governance issues for New Zealand directors.

Our first podcast, *Board Matters*, featured Steven Moe MInstD in conversation with leading directors who had completed our *Advanced Directors’ Course*. The series saw 6,113 downloads.

Across the Board, our second podcast, distributed in association with the *New Zealand Herald*, debuted at number 78 on New Zealand’s top 100 podcasts in December. This ranking includes international podcasts and the popularity of *Across the Board* suggests that governance perspectives are of interest to directors and non-directors alike. *Across the Board* was produced internally by one

of our former RNZ staff. It is a highly produced documentary series that explores a range of contemporary governance topics including diversity, technology, climate, modern slavery and mental health. The podcast saw a total of 9,923 audio downloads between 5 December and 17 January.

Global networking

We are a member of, and IoD’s Chief Executive Kirsten Patterson CMInstD is a co-deputy chair of, the Global Network of Directors Institutes (GNDI).

The GNDI comprises 25 director institutes that are recognised as the leading institute for directors and governance in their respective countries. GNDI collectively represents more than 180,000 directors.

As part of our work with GNDI we facilitated local participation in the world’s first global (virtual) governance conference, held over two days in July. Fresh from hosting our own first virtual Leadership Conference, Patterson chaired the steering committee of GNDI’s global event.

Membership of GNDI allows us to tap into overseas governance expertise on behalf of our members. In 2022 we published the *GNDI Digital Transformation Quick Guide* in New Zealand. This draws on expertise and insights from among the vast resources available within the global network.

It is a useful tool to help directors in the digital transformation process, based around five major principles to help boards successfully govern the digital transformation journey.

At a glance



9.2 million opportunities to engage

with articles and advice across digital, print and broadcast media



IoD LinkedIn followers

reach 24,200, up 21% from a year earlier



2 podcast series developed

and reach more than 10,000 people



111 member enquiries

resolved by our Governance Leadership Centre, down from 143 in 2021

Understanding directors' concerns

Our unique access to more than 10,000 New Zealand directors allows us to shine a light on the thinking, concerns and attitudes of the governance community.

Our annual Director Sentiment Survey, Directors' Fees Report and "Top Five Issues for Directors" (looking ahead to the coming year) reflect the state of New Zealand's governance thinking at a particular time.

This year the *Director Sentiment Survey* revealed a high level of pessimism about the economy, with 68 per cent of directors expecting New Zealand's economic performance to decline, which surpassed the survey's previous high of 63 per cent in 2020, and was a significant jump from 51 per cent in 2021. Directors were concerned about labour quality and capability, supply chain disruption and immigration, keeping a close eye on developments around climate, water infrastructure and the resource consent process.

Director fees appeared to have returned to a normal pattern after two years of seesaw movements caused by the impacts of Covid-19. The median non-executive directors' annual fee rose 3.1% to reach \$51,529 in 2022, up from \$50,000 in 2021. This was less than the 7.1 per cent fee growth seen in 2021, which was itself a rebalancing after fees stalled in 2020 (due to an average one per cent rise and widespread reports of fee cuts).

Reflecting the concerns expressed by directors in our *Director Sentiment Survey* and other feedback, we compile an annual top five issues that directors should be paying attention to.

This is not, of course, an exhaustive list of governance issues in 2023. These, and many other governance topics were, and continue to be, covered in thought leadership, columns, blogs and speeches delivered by members of our leadership team.

This “top five” is intended to help directors add value to their organisations by thinking over the horizon, anticipating developments and supporting management to be responsive to the changing operating environment.

This list gives directors and their boards a sense of where potential opportunities and future strategic challenges may arise. Considering these issues in 2023 will help to minimise surprises, support good decision making and help boards and management prepare for the future (in ways that can be anticipated now).



Five scoops of ice cream represented the Top Five Issues for Directors on the cover of the summer edition of Boardroom. The top five issues are identified through a combination of member surveys and trend analysis. Boardroom was awarded a gold medal at the Pride in Print awards 2022.

Top five issues

Looking ahead to 2023, the top five issues in governance were anticipated to be:

1. Climate change transformation – urgent action towards a low emissions economy, reporting progress and decision making.
2. Shared value – from organisations to people; from profit to shared value; from “me” to “we”.
3. Financial resilience – managing inflationary pressures, high interest rates and economic uncertainty.
4. Digital reality – securing the cyber future now and into tomorrow.
5. Board agility – lead with courage, develop trust and build dynamic capabilities.

Financials

The background of the image is a topographic map rendered in shades of blue. The map features numerous contour lines that curve and flow across the frame, creating a sense of depth and movement. The lines are more densely packed in some areas, suggesting steeper terrain, and more widely spaced in others. The overall effect is a textured, abstract representation of a landscape, which in this context likely symbolizes the complex and layered nature of financial data.



Independent Auditor's Report

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

Opinion

We have audited the general purpose financial report ('financial report') of The Institute of Directors in New Zealand Incorporated (the 'Institute') and its subsidiary (the 'Group'), which comprise the consolidated financial statements on pages 50 to 64, and the statement of service performance on pages 47 to 49. The complete set of consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive revenue and expense, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial report presents fairly, in all material respects:

- the financial position of the Group as at 31 December 2022, and its financial performance and cash flows for the year then ended; and
- the service performance for the year ended 31 December 2022 in accordance with the Group's service performance criteria

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ('PBE Standards RDR') issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'), and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard NZ AS 1 *The Audit of Service Performance Information* ('NZ AS 1'). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm provides branch sponsorship. This has not impaired our independence as auditor of the Group. In addition to this, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. The firm has no other relationship with, or interest in, the Group.

Other information

The Board of Directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the financial report and the audit report.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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 financial report 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.

Board of Directors' responsibilities for the financial report

The Board of Directors are responsible on behalf of the Group for:

- the preparation and fair presentation of the financial statements and the statement of service performance in accordance with PBE Standards RDR;
- service performance criteria that are suitable in order to prepare service performance information in accordance with PBE Standards RDR; and
- such internal control as the Board of Directors determine is necessary to enable the preparation of consolidated financial statements and the statement of service performance that are free from material misstatement, whether due to fraud or error.



In preparing the financial report, the Board of Directors are responsible 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 Board of Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the statement of service performance 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 (NZ) and NZ AS 1 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 decisions of users taken on the basis of this financial report.

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

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-13/>

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
12 April 2023

Financial Report for the year ended 31 December 2022

INSTITUTE OF DIRECTORS IN NEW ZEALAND (INCORPORATED)
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

The Statement of Service Performance illustrates progress made during 2022 towards achieving our vision.

Our mission is:

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

Who we are:

We are New Zealand’s professional body for directors.

We promote excellence in corporate governance, facilitate professional development and enhance the standard and effectiveness of directors through information and education.

Our vision is:


A strong, fair and sustainable future for New Zealand, powered by best-practice governance.

Our objectives	Our 2022 performance																									
<p>Engaged members and customers accessing the most relevant and up-to-date governance insight and support</p>	<p>Branch and national events held in-person and online (excluding courses) 234 (2021: 302)</p> <p>Websites visits 1,664,332 (2021: 1,632,652)</p>	<p>Members who attended at least one event in person or online 2,721 (2021: 3,001)</p> <p>Chapterzero.nz visits 81,054* (2021: Nil)</p> <p>Directors today need to navigate a range of complex, diverse and evolving issues. The Institute of Directors (IoD) curates up-to-date information, insight, guidance, tools and resources relevant to New Zealand directors, assisting them to be successful in their roles. These resources can be accessed via our IoD and Chapter Zero websites. In 2022 we saw engagement with these two websites grow to 1,664,332 visits. Key topics accessed were not-for-profits, governance, board practices, risk, ESG, culture and behaviour, board meetings, health and safety, director remuneration and conflicts of interest.</p> <p>Our national conference and events programme provides opportunities for our community of more than 10,500 directors to connect with each other, share governance experiences and learn from one another. In 2022 we held 234 events (2021: 302), fewer than the prior year with the aim of holding fewer, higher quality events.</p>																								
<p>A sustainable and effective organisation able to innovate and deliver value to its members and the broader governance community</p>	<p>Number of members 10,548 (2021: 10,260)</p> <p>Growth in the number of Chartered Members 5% (2021: 6%)</p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="526 1429 925 1747"> <p>Members who identify as Māori or Pasifika</p> <table border="1"> <caption>Members who identify as Māori or Pasifika</caption> <thead> <tr> <th>Group</th> <th>2022 (%)</th> <th>2021 (%)</th> </tr> </thead> <tbody> <tr> <td>Māori</td> <td>8.6%</td> <td>8.1%</td> </tr> <tr> <td>Pasifika</td> <td>2.3%</td> <td>1.1%</td> </tr> </tbody> </table> </div> <div data-bbox="957 1429 1388 1747"> <p>Membership by gender</p> <table border="1"> <caption>Membership by gender</caption> <thead> <tr> <th>Gender</th> <th>2022 (%)</th> <th>2021 (%)</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>35%</td> <td>34%</td> </tr> <tr> <td>Male</td> <td>65%</td> <td>66%</td> </tr> <tr> <td>Gender diverse</td> <td>0.1%</td> <td>0.04%</td> </tr> <tr> <td>Unknown</td> <td>0.2%</td> <td>0.2%</td> </tr> </tbody> </table> </div> </div> <p>Evidence shows that diversity of thought and experiences on boards makes a positive difference to the success of organisations because boards are able to make more informed decisions reflecting broader perspectives. The IoD is committed to helping build diversity and inclusion on boards and among our members. We have a range of initiatives to help build relevance to a broader range of directors, future directors and to help boards build their strength in achieving a more diverse range of perspectives and experience. Our female membership, now comprises 35% of total membership. Some key initiatives this year to support diversity and inclusiveness on boards and for directors were the newly developed “Kotahitanga – Principles of Māori Governance” course and “Hautū” - a Māori cultural intelligence mobile app to support members on their journey with te ao Māori/the Māori world.</p>		Group	2022 (%)	2021 (%)	Māori	8.6%	8.1%	Pasifika	2.3%	1.1%	Gender	2022 (%)	2021 (%)	Female	35%	34%	Male	65%	66%	Gender diverse	0.1%	0.04%	Unknown	0.2%	0.2%
Group	2022 (%)	2021 (%)																								
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Unknown	0.2%	0.2%																								

* Data is not for a full year. The Chapter Zero NZ website was launched on 3 March, 2022.

Financial Report for the year ended 31 December 2022

INSTITUTE OF DIRECTORS IN NEW ZEALAND (INCORPORATED)
STATEMENT OF SERVICE PERFORMANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Our objectives	Our 2022 performance												
<p>Setting and driving standards of best-practice governance</p>	<div style="display: flex; justify-content: space-around;"> <div style="width: 45%;"> <p>Public courses held in person and online 146 (2021: 111)</p> <p>Net Promotor Score of public courses 70 (2021: 65)</p> <p>CPD audits completed of eligible members 1% (2021: 1%)</p> </div> <div style="width: 45%;"> <p>Participants on our five-day Company Directors' Course and Advanced Directors' Course 944 (2021: 661)</p> <p>Live and resolved complaints received about members investigated by the Standards Committee or Council 5 (2021: Nil)</p> </div> </div> <p>The IoD has always been focused on building and maintaining good standards in governance, and supporting directors to continually build the skills they need for their roles. We encourage directors to stay up to date on critical governance issues, legal obligations, and developments in contemporary society, technology and best practices. This enables governors to be more effective, giving the organisations they govern the best opportunity to create enduring value.</p> <p>In 2022, we offered 146 public courses across a range of relevant topics in governance. We have also seen solid uptake for our foundation Company Directors' Course which provides a strong grounding for directors in a range of aspects of good governance. We have seen a steady completion by members of their Continuing Professional Development (CPD) requirements, which is a good indicator that directors are fulfilling the required standards of their membership.</p> <p>We take governance standards seriously and in July 2022 we formally established the Standards Committee. This year we received and resolved five complaints regarding members.</p>												
<p>Recognised locally and globally as the leading organisation and the authority on good governance in Aotearoa NZ</p>	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Submissions 12 (2021: 10)</p> <p>Distribution of 22 Director Download emails (2021: 22) and 4 Boardroom magazines per annum (2021: 4)</p> <p>Media reach 9.2 million* (2021: n/a)</p> </div> <div style="width: 45%;"> <p>Media sentiment</p>  <table border="1"> <caption>Media Sentiment Data</caption> <thead> <tr> <th>Sentiment</th> <th>2022</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Positive</td> <td>51.7%*</td> <td>24.3%</td> </tr> <tr> <td>Neutral</td> <td>43.1%*</td> <td>71.9%</td> </tr> <tr> <td>Negative</td> <td>5.2%*</td> <td>3.8%</td> </tr> </tbody> </table> </div> </div> <p>As the leading professional body for directors in New Zealand, the IoD ensures its voice is heard on the issues that matter for directors and for good governance. We advocate for the things that are important for good governance and we raise awareness of the work directors do and why it matters to building a stronger, fairer and more sustainable New Zealand.</p> <p>We are continually building our networks and providing insight on directors' perspectives, and best-practice governance in Aotearoa. We also play an active role as part of the Global Network of Director Institutes which is focused on good global governance.</p> <p>The IoD's dedicated Governance Leadership Centre advocates on issues affecting the director profession in New Zealand. Media reach and sentiment are important to the IoD because they demonstrate our visibility in the media which enhances our effectiveness communicating with our stakeholders and the governance community.</p> <p>This year we made 12 submissions to select committees, government departments and other entities (2021: 10). We raised awareness of a range of issues and insights in governance via our fortnightly update Director Download. We delivered four issues of our quarterly Boardroom magazine and Boardroom News, our online governance news platform, served up a number of governance articles throughout 2022. We had a strong media presence with a reach of 9.2m and a high positive sentiment. Reach refers to the 'opportunities to see' the content published via a range of channels including online portals, websites, social media and news outlets.</p>	Sentiment	2022	2021	Positive	51.7%*	24.3%	Neutral	43.1%*	71.9%	Negative	5.2%*	3.8%
Sentiment	2022	2021											
Positive	51.7%*	24.3%											
Neutral	43.1%*	71.9%											
Negative	5.2%*	3.8%											

* 2022 data is not available for a full year. Due to a change in our provider, media data is from 1 July 2022 to 31 December 2022.

Financial Report for the year ended 31 December 2022

INSTITUTE OF DIRECTORS IN NEW ZEALAND (INCORPORATED)
STATEMENT OF SERVICE PERFORMANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Judgements

In preparing the service performance information for the period the IoD has made a number of significant judgements about what information to present, based on an assessment of what information would be most appropriate and meaningful to users when assessing performance against the entities' objectives.

The selection of key activities to report was initially based on an assessment of the IoD's value chain and problem statements. This created the foundations for an investment logic map allowing management to select measures of most relevance related to each activity.

Our measures have focused on delivery of public courses, events and conferences because these services are key to delivering our objectives and reaching a higher number of members and customers.

Comparative information

The Statement of Service Performance has been presented for the first time this year. As such, the 2021 comparative information has not been audited.

Financial Report for the year ended 31 December 2022

INSTITUTE OF DIRECTORS IN NEW ZEALAND (INCORPORATED)
CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		\$000	\$000
Revenue from Services	3(a)	16,496	14,128
Cost of Services	3(b)	(12,875)	(10,546)
Gross Profit		3,621	3,582
Interest Income		189	48
Operating Expenses	4(a)	(3,432)	(2,278)
Surplus before Income Tax		378	1,352
Income Tax Expense	6	(257)	(290)
Surplus for the year		121	1,062
Other Comprehensive Revenue and Expense for the year		-	-
Total Comprehensive Revenue and Expense for the year			
Attributable to members		121	1,062

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

Financial Report for the year ended 31 December 2022

INSTITUTE OF DIRECTORS IN NEW ZEALAND (INCORPORATED)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Accumulated Funds Total
	\$000
Balance at 1 January 2021	2,617
Total Comprehensive Revenue and Expense for the year	1,062
Balance at 31 December 2021	3,679
Balance at 1 January 2022	3,679
Total Comprehensive Revenue and Expense for the year	121
Balance at 31 December 2022	3,800

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

Financial Report for the year ended 31 December 2022

INSTITUTE OF DIRECTORS IN NEW ZEALAND (INCORPORATED)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022	2021
CURRENT ASSETS		\$000	\$000
Cash and Cash Equivalents		1,928	3,761
Term Deposits		7,220	6,396
Trade and Other Receivables	9	1,864	1,173
Deferred Tax Asset	6	86	85
Interest Receivable		73	19
TOTAL CURRENT ASSETS		11,171	11,434
NON CURRENT ASSETS			
Property, Plant and Equipment	7	240	181
Intangible Assets	8	583	710
TOTAL NON CURRENT ASSETS		823	891
TOTAL ASSETS		11,994	12,325
CURRENT LIABILITIES			
Trade and Other Payables	10	1,377	1,365
Income Received in Advance	11	6,815	7,137
Income Tax Payable		2	144
TOTAL CURRENT LIABILITIES		8,194	8,646
TOTAL LIABILITIES		8,194	8,646
NET ASSETS		3,800	3,679
REPRESENTED BY:			
Accumulated Funds		3,800	3,679
Total Accumulated Funds		3,800	3,679

The Board of the Institute of Directors in New Zealand Inc authorised these financial statements presented on pages 47-64 for issue.



BOARD CHAIR
12 April 2023



AUDIT AND RISK COMMITTEE CHAIR
12 April 2023

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

Financial Report for the year ended 31 December 2022

INSTITUTE OF DIRECTORS IN NEW ZEALAND (INCORPORATED)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
Cash Flows from Operating Activities	\$000	\$000
Subscriptions and Join Fees	4,743	4,919
Governance Development and Services, Branch Activities and Other	10,918	11,302
Interest Received	136	35
Payments to Suppliers	(9,701)	(6,881)
Payments to Employees	(6,518)	(5,543)
Income Tax Received	(400)	-
Net GST Paid	(19)	(165)
Net Cash Flows (used in) / from Operating Activities	(841)	3,667
Cash Flows from Investing Activities		
Inflow from Term Deposits	2,714	-
Outflows to Term Deposits	(3,538)	(5,185)
Acquisition of Fixed and Intangible Assets	(168)	(107)
Net Cash Flows (used in) Investing Activities	(992)	(5,292)
Net (decrease)in Cash and Cash Equivalents	(1,833)	(1,625)
Cash and Cash Equivalents at beginning of the year	3,761	5,386
Cash and Cash Equivalents at end of the year	1,928	3,761
ANZ Current Account	577	646
Term Deposits as Cash Equivalents	1,351	3,115
Cash and Cash Equivalents at end of the year	1,928	3,761

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

Financial Report for the year ended 31 December 2022

INSTITUTE OF DIRECTORS IN NEW ZEALAND (INCORPORATED)
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Reconciliation of Net Surplus with Net Cash Flow from Operating Activities

	2022	2021
	\$000	\$000
Net Surplus as per Statement of Comprehensive Revenue and Expense	121	1,062
Adjustments for:		
Non-Cash Depreciation and Amortisation	236	214
Non-Cash Disposal of Fixed and Intangible Assets	1	-
Movements in Working Capital:		
(Decrease) / Increase in Trade and Other Payables and Income in Advance	(455)	1,828
(Increase) / Decrease in Trade, Interest and Other Receivables	(744)	563
Net Cash Flow (Outflows) / Inflows from Operating Activities	(841)	3,667

Cash and Cash Equivalents recognition

Cash and Cash Equivalents include cash on hand and 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.

Financial Report for the year ended 31 December 2022

INSTITUTE OF DIRECTORS IN NEW ZEALAND (INC)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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.

On 1 July 2022 the IoD’s governance structure changed and the Board was appointed. The Board is responsible for setting the strategy, governance and overseeing the performance of the IoD.

These financial statements were adopted by the Board on 12 April 2023.

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 2022 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.

(c) Changes in significant accounting policies and disclosures

There have been no changes in the significant accounting policies of the IoD in the year ended 31 December 2022, other than the adoption of the following new PBE standards:

PBE FRS 48 Service Performance Reporting – the IoD applied, for the first time, *PBE FRS 48 Service Performance Reporting* which is effective for annual periods beginning on 1 January 2022 and establishes requirements for reporting on an entity’s service performance for a reporting period.

PBE IPSAS 41 Financial Instruments – the IoD applied, for the first time, *PBE IPSAS 41 Financial Instruments* which is effective for periods beginning on 1 January 2022 and replaces *PBE IPSAS 29 Financial Instruments: Recognition and Measurement*. Financial assets previously classified as loans and receivables are now classified as amortised cost with impairment measured using an expected credit loss model.

3. Revenue and Expenses from Services:

	2022	2021
(a) Revenue from exchange transactions	\$000	\$000
Subscriptions	4,566	4,288
Governance Development	9,913	7,680
Governance Services	708	847
Branch Activities	405	420
Conference	246	593
Insurance Proceeds	114	-
National Events and Programmes	137	9
Other	407	291
Total	16,496	14,128

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:

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, Conferences, National Events and Programmes - income from Branch Activities, Conferences, National Events and Programmes 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.

Insurance proceeds - income from insurance proceeds is recognised when there is an unconditional right to receive the compensation.

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

	2022	2021
(b) Costs of services	\$000	\$000
Employee Remuneration	6,617	5,554
Governance Development and Services (excl. Salaries)	4,449	3,260
Course review and development (excl. Salaries)	559	326
Branches, Membership, Governance Leadership Centre, Conferences, National Events and Programmes (excl. Salaries)	1,250	1,406
Total	12,875	10,546

Costs of services are incurred in the year of expenditure. The IoD does not capitalise development costs that relate to course enhancements or improvements to retain relevance to members. Course review and development expenses (excl. salaries) includes spend required to ensure course offerings remain fit for purpose. In 2022 this included the launch of the Advanced Directors Course of \$377,000 (2021: \$222,000) and Learning Management System of \$95,000 (2021: \$11,000).

4. Operating Expenses

	2022	2021
	\$000	\$000
(a) Operating expenses		
Audit	43	28
Amortisation	135	136
Bad Debt	1	-
Bank and Credit Card	85	119
Constitution Review	14	34
Depreciation	101	78
Emerging Director Awards	32	26
Insurance	46	41
Loss on Disposal	1	-
Office	111	94
Printing, Photocopying and Stationery	56	45
Professional and Contractors	737	242
Rent	254	246
Strategic Projects	78	71
Subscriptions and License Fees	150	96
Technology	878	584
Telephone, Tolls and Fax	96	81
Training	87	48
Travel	233	95
Provision for Doubtful Debts	75	31
Other	219	279
Total	3,432	2,278

Audit fees

The amount payable to Deloitte for advisory work in 2022 was Nil (2021: \$4,000 relating to cash flow forecasting and modelling). The Otago Southland branch of the IoD received \$10,000 from Deloitte for sponsorship of the branch during 2022 (2021: \$5,000).

	2022	2021
	\$000	\$000
(b) Operating leases		
Current	334	242
1 – 5 years	320	407
Over 5 years	-	-
Total operating lease commitments	654	649

Operating leases recognition and measurement

The IoD leases premises and equipment. On 1 July 2022 the IoD entered into a three-year lease for the Auckland office at 34 Shortland Street. The operating leases for the Auckland and Wellington properties give the IoD the right to renew the lease subject to a redetermination of the lease rental by the lessor. There are no renewal options or options to purchase in respect of equipment held under operating leases.

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

5. Employee Remuneration

	2022	2021
	\$000	\$000
Salaries and Wages including Discretionary Payments	6,439	5,415
KiwiSaver Contributions	178	139
Total	6,617	5,554

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 at 31 December 2022 (including the CEO) and they received total remuneration of \$1,586,413 (at 31 December 2021 there were six members who received total remuneration of \$1,448,260).

Remuneration Range \$	No. of key management personnel 2022	No. of key management personnel 2021
100,000-199,999	2	2
200,000-299,999	3	3
300,000-399,999	-	1
400,000-499,999	1	-

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2021: 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 Board.

This disclosure of remuneration is on a cash basis.

6. Income Taxation

(a) Income Tax Expense	2022	2021
	\$000	\$000
Surplus before Tax Expense	378	1,352
Tax at 28%	106	379
Tax effect of adjustments:		
Non-assessable income	(1,309)	(1,194)
Non-deductible expenses	1,461	1,091
Income Tax Expense in respect to current period	258	275
Deferred Tax (Benefit) / Expense in respect to current period	(1)	14
Total Income Tax Expense reported in the Statement of Comprehensive Revenue and Expense	257	290
(b) Deferred Tax Asset	2022	2021
	\$000	\$000
Intangibles and Provisions	86	85

Taxation recognition and measurement

The IOD delivers both membership and commercial activities. Membership activities are not subject to income tax under The New Zealand *Income Tax Act 2007*. Commercial activities are taxed at the prevailing income tax rate.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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.

7. Property, Plant and Equipment

	Computers and Cabling	Furniture and Fixtures	Office Equipment	Total
Cost	\$000	\$000	\$000	\$000
Balance at 1 January 2022	542	409	96	1,047
Additions	129	30	2	161
Disposals	-	-	(26)	(26)
Balance at 31 December 2022	671	439	72	1,182
Accumulated Depreciation				
Balance at 1 January 2022	(457)	(321)	(88)	(866)
Depreciation	(74)	(21)	(6)	(101)
Disposals	-	-	25	25
Balance at 31 December 2022	(531)	(342)	(69)	(942)
Book Value at 31 December 2022	140	97	3	240
Book Value at 31 December 2021	85	88	8	181

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% SL
Furniture and Fixtures	20% to 7% 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.

8. Intangible Assets

	Computer Software
Cost	\$000
Balance at 1 January 2022	1,005
Additions	8
Disposals	(1)
Balance at 31 December 2022	1,012
Accumulated Depreciation	
Balance at 1 January 2022	(295)
Amortisation	(135)
Disposals	1
Balance at 31 December 2022	(429)
Book Value at 31 December 2022	583
Book Value at 31 December 2021	710

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 expensed 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

9. Trade and Other Receivables

	2022	2021
From exchange transactions	\$000	\$000
Trade and Other Receivables	1,493	902
Prepayments	371	270
Total	1,864	1,173

Trade Receivables recognition and measurement

Short-term trade receivables are recorded at the amount due, less an allowance for credit losses. The IoD applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. A provision for expected credit losses of \$160,650 (2021: \$92,130) has been recorded. Trade and Other Receivables, Cash and Cash Equivalents, Interest Receivable and Term Deposits are the only financial assets of the IoD.

10. Trade and Other Payables

	2022	2021
From exchange transactions	\$000	\$000
Trade Payables	600	632
Accruals	145	228
Employee Entitlements	491	423
Other Payables	141	82
Total	1,377	1,365

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

	2022	2021
	\$000	\$000
From exchange transactions		
Income Received in Advance	6,815	7,137

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 IoD provides the related services.

12. Financial Instruments

	Financial Assets measured at amortised cost	Financial Liabilities measured at amortised cost	Total
2022	\$000	\$000	\$000
Cash and Cash equivalents	1,928		1,928
Term Deposits	7,220		7,220
Trade Receivables (excl. Prepayments)	1,493		1,493
Other Accounts Receivable	73		73
Total	10,714		10,714
Trade Payables		600	600
Accruals		145	145
Other Payables		141	141
Total		886	886
2021	\$000	\$000	\$000
Cash and Cash equivalents	3,761		3,761
Term Deposits	6,396		6,396
Trade Receivables (excl. Prepayments)	902		902
Other Accounts Receivable	19		19
Total	11,078		11,078
Trade Payables		632	632
Accruals		228	228
Other Payables		81	81
Total		941	941

Financial Instruments recognition and measurement

Financial instruments are recognised initially when the IoD becomes a party to the contractual provisions of the instruments. Financial instruments are initially measured at fair value including transaction costs.

After initial recognition, financial assets are measured at amortised cost. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when it is transferred, and the transfer qualifies for derecognition. Allowance for expected credit loss in financial assets carried at amortised cost were recognised in surplus or deficit.

Financial liabilities include payables under exchange transactions and taxes. 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.

Management of liquidity and accumulated funds

The IoD's capital consists of accumulated funds. Management of cash is monitored on a regular basis.

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:	2022	2021
	\$000	\$000
Governance Development	1,786	1,296
Chartered Member Assessments	90	68
Course Review	136	148

All Board, Council and Branch Committee 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 Board and Council members in their capacity as directors of IoD Limited, included in the totals above, was \$0 (2021: \$0).

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 \$113,111 (2021: \$48,666). No amounts remain outstanding as at the end of the reporting period.

14. Contingent Liabilities

The IoD has no contingent liabilities at 31 December 2022 (2021: Nil).

15. Capital Commitments

The IoD has no capital commitments as at 31 December 2022 (2021: Nil).

16. Events after balance date

There are no significant events which have occurred subsequent to balance date (2021: Nil).



Thank You

The Institute of Directors relies on the support of member volunteers to deliver on our mission to support and enable directors helping them to add value to their organisations and wider communities and preparing them to positively transform the future.

Members drive our success, from those who sit on the Board and Council, to those who contribute to our branch network and events.

We would like to acknowledge all the members who have given their time, their expertise and their advice to help make this an organisation driven by members, for members. Thank you all.

We could not deliver all the work we do without the help of our national partners and sponsors. We greatly appreciate their assistance and look forward to working together in 2023.

National Partners:



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