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Tēnā koe Kristin

Director independence: IoD submission on NZX consultation paper

This submission responds to the May 2023 NZX Director Independence Consultation Paper and the specific questions posed.

Overall, we support boards having independent directors on boards, see qualified and capable directors generally as important for high functioning boards and caution against too much precision in the specification of independence.

The latter is because of mixed evidence on the impact of director independence on firm strategy, operations and short and longer-term financial performance. Much of this is situation and circumstance specific, and is dependent on where and when the research was undertaken, jurisdictional differences, and ongoing changes in legislation, rules and codes, including on the definition of and approach to director independence.

We also note that director independence is one issue among a suite of matters that have to be considered including:

- Board appointment processes.
- Wider management and disclosure of interests and conflicts.
- Extent and nature of shareholders and their shareholdings.

We are happy to talk further with the NZX and/or the Corporate Governance Institute if that would be helpful.

Ngā mihi nui



Guy Beatson
General Manager - Governance Leadership Centre

About the Institute of Directors

The Institute of Directors (IoD) is New Zealand's pre-eminent organisation for directors, and is at the heart of the governance community. We have over 10,500 members connected through our regional branch network and national headquarters. We believe in the power of 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 who lead a range of organisations from listed companies, large private organisations, state and public sector entities, small and medium enterprises, not-for-profit organisations and charities. Our Chartered Membership pathway aims to raise the bar for director professionalism in New Zealand, including through continuing professional development to support good governance.