

The Institute of Directors in
New Zealand Incorporated

BOARD CHARTER

1. Introduction

The Institute of Directors in New Zealand Incorporated (the IoD) is an incorporated society registered under the Incorporated Societies Act 2022 (the Act).

The Act requires an incorporated society to have a constitution which outlines the society's purpose, structure, and governance.

The IoD's constitution can be found on our website [here](#).

Where any provision of this Board Charter differs from the Constitution, the Constitution shall prevail.

Capitalised terms used in this charter are defined in the Constitution.

2. Vision and Mission

Our mission

Leading governance for a strong New Zealand

Our vision

Enabling directors to provide value to their organisations and positively transform the future.

3. Purpose

The purposes of the IoD are to:

- a. promote excellence in governance;
- b. represent the interests of members;
- c. enhance the standard and effectiveness of directors and board members;
- d. facilitate professional education and development in governance;
- e. enhance the effectiveness of governance in New Zealand, including in the interest of the community as a whole; and
- f. contribute to national and international debate and share knowledge on all matters relating to governance.

The purpose of this Board Charter is to:

- a. define the Board's purpose, roles, and responsibilities;
- b. Set a clear framework for governance, accountability and strategic oversight;
- c. Clarify the boundaries between board and management;

- d. supports ethical standards; and
- e. Guides effective decision-making and member trust.

This Board Charter will be reviewed, updated (if necessary), and approved by the Board at least every two years.

4. Role of the Board

The business and affairs of the IoD are the responsibility of the Board.

The Board is the governing body of the IoD and is responsible for supervising and directing Management. The Board does not act at the direction of Council.

The Board's role includes:

- a. setting the strategic direction of the IoD in accordance with its purposes;
- b. monitoring the day-to-day affairs of the IoD;
- c. overseeing the IoD's performance to ensure its strategic objectives are met;
- d. engaging with Council, including supporting Branches and members;
- e. approving the annual financial plan and budget, oversee the preparation of financial statements and the annual report;
- f. ensuring appropriate risk management and compliance frameworks are established and maintained;
- g. ensuring the IoD maintains high standards of ethical and organisational behaviour;
- h. promoting and living organisational values and expected behaviours;
- i. appointing, and managing the performance of, the Chief Executive;
- j. overseeing succession planning for the Chief Executive and senior management; and
- k. holding management to account.

Board members must:

- a. act in good faith and in what they believe to be the best interests of the IoD;
- b. exercise all powers for a proper purpose;
- c. exercise the care and diligence that a reasonable person would exercise in the circumstances;
- d. not act, or agree to the IoD acting in a manner that contravenes the rules of the Constitution or applicable legislation;
- e. not cause or allow the activities of the IoD to be carried on in a manner likely to create a substantial risk of serious loss to its creditors; and

- f. not agree to the IoD incurring an obligation unless they believe at the time on reasonable grounds that the IoD will be able to perform the obligation when required to do so.

In practice, day-to-day leadership and management of the IoD is delegated to the Chief Executive and, through that person, to staff.

The Board will review and approve the delegations of authority policy, and all other Board policies from time to time, at least every two years.

The Board has the power to conduct or authorise investigations into, or consult independent experts on, any matters within the Board's scope of responsibility.

Board members may, with the prior approval of the Board Chair, seek independent professional advice where they consider it necessary to carry out their duties. The reasonable cost of doing so will be borne by the IoD.

5. Appointment and Composition

The Board shall comprise between five and seven members, appointed by Council on the recommendation of Council's Nominations Committee.

To be eligible as a Board member, a person must have been a member for at least three continuous years immediately prior to their appointment. In addition:

- a. Up to three Councillors may be appointed to the Board, subject to the following paragraphs (b) and (c);
- b. A majority of Board members must not be Councillors;
- c. A majority of Board members must also be Chartered Members or Fellows;

and
IoD employees and Contractors are not eligible to for appointment to the Board.

Board members are appointed on a range of factors, identified in an Appointment Matrix, based on the needs of the Board at the time.

Board diversity is a key consideration. Board appointments should ensure a diverse range of knowledge, views, experience, gender, age, ethnicity and geographic perspectives.

The President of Council may attend Board meetings during their term of office.

Future Director

The Board may appoint a Future Director on terms and conditions as it thinks fit. A Future Director is not a Board member or entitled to vote at Board meetings.

6. Chair and Deputy Chair

Each year the Board will elect a Board Chair and Deputy Chair.

The Deputy Chair will deputise for the Board Chair in their absence or at their request.

The Board Chair's role includes:

- chairing meetings of the Board;
- managing the relationship with the Chief Executive, including:
 - liaising with the Chief Executive on operational matters and escalating any issues to the Board as needed.
 - assisting the Chief Executive with external stakeholder relations and engagement.
- providing an interface between Board and Council; and
- attending Council meetings to provide updates and receive member feedback and perspectives regarding IoD initiatives.

7. Term

Board members are appointed for a term of up to three years and are eligible for re-appointment with a maximum term of nine years (unless there are exceptional circumstances justifying a longer period, approved by Council).

A Board member must reapply for appointment for each successive term.

Board terms will be set to ensure phased turnover of Board members.

8. Induction and training

The Board will ensure that new members are appropriately inducted into the organisation, including receiving a copy of the Constitution, Charters and relevant Board papers, minutes, policies and briefings from senior management.

The Board will ensure there is ongoing training and development for all Board members to enable them to perform their role to high standards of governance practice.

9. Meetings

The Board shall hold such meetings as it considers necessary for the performance of its functions.

A quorum shall be a simple majority of Board members.

Meetings may be attended in person or by telephone or videoconference.

The Board Chair prepares the agenda with the support of management, who will distribute meeting papers electronically prior to a meeting.

Management prepares the minutes of Board meetings. Draft minutes are submitted to the Board Chair for approval and then distributed to Board members.

The Board shall pass resolutions by majority vote (including by circular resolutions where that process is agreed to by all Board members).

The Board Chair shall have a casting vote.

10. Independence and disclosure of interests

Board members should be independent and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

Where a conflict of interest arises in a Matter relating to the IoD, the Board member must disclose details of the nature and extent of the interest as soon as they are aware of it to the Board to be kept in an Interest Register.

A Board member who is interested in a matter:

- Must not vote or take part in any decision relating to the Matter;
- Must not sign any document relating to entry into the transaction or initiation of the Matter; and
- Consistent with the IoD Code of Practice for Directors, the Board member with the conflict will not review any material associated with the issues on which there is a conflict and will leave the room while the Board considers the matter, unless the Board decide otherwise.

If the Board is made aware of a conflict of interest, as soon as practicable after becoming made aware of the conflict, the Board will notify the members of the IoD in accordance with clause 14.4 of the Constitution.

If more than 50% of the Board are prevented from voting on a Matter due to a conflict of interest, the President will convene an Extraordinary General Meeting to consider and determine the Matter.

11. Vacancies

The Council will fill casual Board vacancies, as required, based on recommendations from the Nominations Committee.

12. Remuneration and Reimbursement

The role of Board member is unpaid. However, the IoD will reimburse the reasonable, approved expenses of Board members in attending Board meetings or any committee(s) thereof (such as taxis, flights and accommodation).

The Board Chair approves any expense claims of Board members and the Chief Executive.

The Chair of the Audit and Risk Committee approves any expense claims of the Board Chair.

13. Board committees

The Board may establish and delegate such powers as it considers appropriate to Board committees for such purposes as it sees fit. Members of each Board committee will be approved by the Board.

The roles of each Board committee are set out in separate Charters which must be reviewed and approved by the Board at least every two years.

The Board currently has three Board committees:

1. Audit and Risk Committee

Must consist of at least three members. It assists the Board to fulfil its responsibilities in relation to oversight and strategic guidance about financial performance and reporting, risk management, internal controls, external audit function, and compliance with applicable laws and regulations.

2. People, Culture, Health and Safety Committee

Must consist of at least three members. It assists the Board in overseeing people policies and strategies including remuneration frameworks and Chief Executive performance and remuneration. The committee also assists the Board in fulfilling its responsibilities relative to health and safety matters.

3. Policy and Practices Committee

Must consist of at least three members. It provides guidance and oversight on IoD policy submissions and other advocacy related matters in respect of governance practices, policies and regulation that affect boards and directors.

If needed, the Board may appoint members from Council to the Policy and Practices Committee for depth and breadth of experience.

14. Council/Board relationship

Council and Board have different roles and responsibilities, as defined by the Constitution.

The Council acts as guardian of the IoD and provides a member voice.

The Board oversees the business and affairs of the IoD.

The Council and the Board (through the President and Board Chair) are expected to maintain an open and constructive dialogue to ensure each body can discharge its responsibilities effectively.

15. Board/Management relationship

The Board links the IoD's governance and management functions, through the Chief Executive. Board authority is conferred on management by delegation through the Chief Executive.

The Board will agree an annual performance plan with the Chief Executive under which they are authorised to make decisions, within their delegation, directed at achieving the IoD's strategic goals.

Between Board meetings, the Board Chair is expected to maintain informal contact with the Chief Executive, to be kept informed by the Chief Executive on all important matters, and to be available to the Chief Executive to provide counsel and advice where appropriate.

Only decisions of the Board acting as a body are binding on the Chief Executive.

16. Evaluation of Performance

The Board is expected to undertake an evaluation of its performance (including the Board Chair and individual Board members) from time-to-time (at least every three years), and the Board Chair will report back to the Council on this.

Board committees will also be evaluated from time-to-time.



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