**X.X Future Directors Programme - Institute of Directors**

**From: Chief Executive Officer/HR Committee Chair/Chair**

**Date: 2019**

**Item For: Decision**

**Recommendation:**

The board is asked to

* **Discuss and agree** to become a host board as part of the Institute of Directors Future Directors programme.

**Summary**

As part of its commitment to increasing the diversity of the director pool, the Institute of Directors established a programme called Future Directors which aims to give talented and diverse directors the opportunity to sit on the board of a company for 12 to 18 months.

The programme is well established and has good profile and support. The Institute of Directors hold a large database of individuals who have put themselves forward for these opportunities with a variety of skillsets. They also have a pool of around 40 host boards including NZX listed boards, government/state sector boards and some smaller local boards.

The success of this programme is important to the long term growth and prosperity of the New Zealand equity market to ensure boards have access to a broad, diverse and talented pool of directors.

**Rationale for involvement**

* Demonstrates a commitment to helping develop the next generation of governance talent
* Allows us to tap into the skills sets, perspectives and insights of a generation that does things differently
* Provides us with a low risk exposure to high quality and potential, sometimes younger candidates who might have a more diverse background which could add value to our board’s overall skill set.
* Helps develop and foster the talent to help them succeed at a governance level in tomorrow’s boardrooms

**How does it work?**

The host board is responsible for:

* Identifying the skills and experience required of their future director candidate
* The interview, selection and appointment of their future director
* Defining the terms of appointment including start/end dates, remuneration (pro-rata), contribution toward professional development or involvement in committees
* Providing support in terms of on-boarding and the allocation of a mentor to help their Future Director derive a greater understanding from their experience in the boardroom. This responsibility may be shared across board members
* Putting into effect and maintaining insurance for the Future Director as an “officer” under the terms of the Company’s existing directors’ and officers’ liability insurance policy (legal status of a future director in Appendix 1)

The Future Director will participate fully in all aspects of being a board member but will have no voting rights and will not form part of the quorum of a board meeting. The future director is likely to be:

* 2nd or 3rd tier management/executives who stand out as having achieved something significant in business to date
* Most likely have developed a new interest in governance and looking to progress their governance journey
* Younger than the majority of board members although as a host we can set our own age criteria**The**

**Institute of Directors can support us in the following ways:**

* Promotion of the Future Director vacancy through the IoD’s Future Director database, Director Vacancy service and social media channels
* Provision of candidate specification questionnaire, guidance for the future director and host board and interview question samples
* A guide for the Host Board and the Future Director
* Acknowledgement of our boards participation through IoD and other media channels
* Provision of a Letter of Appointment template
* Guidance on remuneration of future directors
* Support with search, candidate management and selection (additional costs involved)

**Considerations**

* Do we have the capacity and board structure to appoint a Future Director and provide them with an appropriate mentor?
What are the requirements, skills, experience or diversity attributes that might be missing from the board that are likely to add the most value or create most opportunity?
* When do we want the future director to start and finish (minimum period 12 months to 18 months) based on our board schedule/commitments?
* Do we have capacity to source our own candidates through our own networks or recruitment process, do we want to use IoD search services or a supporting search agency to provide us with a longlist of candidates? Do we have a dedicated Nominations Manager who can support us?
* What is the appropriate remuneration and/or contributions toward professional development? For boards with paid directors, the Future Director fee is usually 20 - 30% of the independent director fee.

**The process from here:**

1. Agree to participate and advise the IoD
2. Define our board’s requirements and timeframes
3. Determine whether we use our own networks to source or an agency
4. Undertake interviews, due diligence and reference checking
5. Selection offer and appointment
6. Induct, support and develop the Future Director.