Boardroom

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Turn the heat on directors | Health co-governance like a 'marriage' | Inside the food fight | Once more unto the (data) breach | Ashley Bloomfield's new calling

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“Give a man health and a course to steer, and he’ll never stop to trouble about whether he’s happy or not.”

– George Bernard Shaw, Irish dramatist and critic

A radical new approach to the structure of New Zealand’s health system brings a unique opportunity for transformational change.

Two organisations, with two governance structures, will work alongside each other and share resources and services. They are Te Whatu Ora | Health New Zealand and Te Aka Whai Ora | Māori Health Authority.

The establishment phase has been rapid. Both entities and their newly appointed final boards have been putting in the mahi with the guiding principle of Te Toki Waka Hourua: the double-hulled canoes of Te Whatu Ora and Te Aka Whai Ora working side-by-side for a common purpose.

The chairs know it will not be all plain sailing and are aware of the need to deliver. How will they go about it?

In the theme of active regulators, the Financial Markets Authority has new responsibilities, new powers and a new approach based around outcomes – and is picking up regulation of climate-related disclosures.

Data privacy is another regulatory minefield and Deputy Privacy Commissioner Liz MacPherson says boards should treat it as seriously as health and safety.

Foodstuffs North Island chair Dean Waddell gives directors an insight into how his board created a ‘war room’ while the Commerce Commission conducted its market study – and how the company has responded to government moves to shake up the grocery sector.

Speaking of climate change, when will we realise it is the most important issue of our lifetime? Perhaps He Pou a Rangi Climate Change Commission chair Dr Rod Carr will help convince us. He says we are at a level of emissions that threaten humanity and we still haven’t figured it out yet.

Action needs to start happening in boardrooms and Carr suggests using current constitutional arrangements, securities laws and consumer protection legislation to make directors liable for the consequences of their decisions.

But there is hope, one lamplighter being neuroscientist-turned-entrepreneur Chloe Van Dyke, the co-founder of a solar-powered, zero-carbon, health drinks company in Nelson. They are winning awards and influencing people.

Directors rarely get given awards for their service, but two IoD members were among four independent directors recently honoured by the New Zealand Shareholders’ Association for “principle and courage”. Find out what they did.

Fresh (or exhausted, more like it) from managing New Zealand’s Covid-19 response with Prime Minister Jacinda Ardern, Dr Ashley Bloomfield tells *Boardroom* he is considering the world of governance after stepping down as the Director-General of Health. He will join an IoD Company Directors’ Course in November.

Wowed by Tom Cruise’s latest blockbuster? We have an Academy Award winner and ‘top gun’ in his own right among us. And we also feature a New Zealand-born first generation Pacific (Tongan) with cultural intelligence on her mind.

Ngā mihi
Noel Prentice, editor

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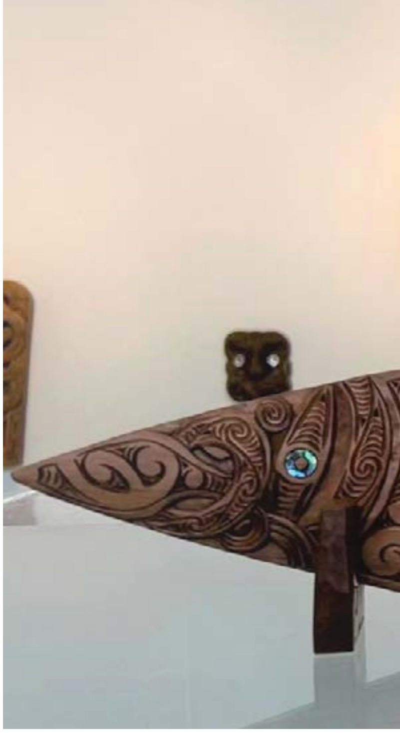
DISAPPEARING WATERWAYS
Climate change is bringing extreme weather events to all parts of the globe. No country is spared Mother Nature's wrath. The world's great rivers are drying up – from the Yangtze to the Mekong, from the Rhine to the Volga to the Danube, to the Parana and Colorado rivers. Lakes are not only drying up but disappearing as droughts and heatwaves take a massive toll. The waterways are not only billion-dollar trade routes but are also a source of electricity, irrigation for agriculture and drinking water. The shrinking Yangtze has exposed Buddhist statues believed to be 600 years old, while the Danube has revealed the hulks of dozens of German warships sunk during World War Two.

An aerial photo shows a tree-shaped pattern after drought in the Jinxian section of Poyang Lake in Nanchang, Jiangxi province, China. The lake's water surface area has shrunk by three-quarters compared with that in June.

Photo by CFOTO/Future Publishing (via Getty Images)

Vision of health



The two hoe (paddles) gifted to the chairs of Te Whatu Ora and Te Aka Whai Ora from the outgoing DHB chairs. An inscription on each plaque reads:

Me huringa rau hou
Me whakamau tātou ki te pae ora - hei oranga mō te iwi, mō tātou katoa

Let us turn over a new leaf
Let us seize the aspiration of a healthy future for all.

AUTHOR:
CAS CARTER, FREELANCE WRITER

Co-governance structure brings a unique opportunity for transformational change, with the double-hulled canoes of Te Whatu Ora and Te Aka Whai Ora working side-by-side for a common purpose.

Tipa Mahuta
Te Aka Whai Ora, chair

Sharon Shea
Te Aka Whai Ora, director

Riana Manuel
Te Aka Whai Ora, CEO

Rob Campbell
Te Whatu Ora, chair

Fepulea'i Margie Apa
Te Whatu Ora, CEO

"The behaviours to support co-governance aren't mature. We will have to unpack how it works, how we honour our people without having to continue to be defensive and qualifying our intention."

A radical new approach to the structure of our health system will be a new experience for even the most seasoned New Zealand directors.

The unique new system, which started on July 1, is one of the largest ever government reforms. District health boards have been disestablished and replaced with Te Whatu Ora | Health New Zealand and Te Aka Whai Ora | Māori Health Authority.

That means two organisations, with two governance structures, working alongside each other, sharing some resources and services, with a value of tino rangatiratanga (self-determination, sovereignty) in Te Aka Whai Ora.

Te Aka Whai Ora is chaired by Tipa Mahuta, an ex-district health board member, while Rob Campbell CFInstD chairs Te Whatu Ora.

Campbell charged with overseeing the bringing together of the country's 20 DHBs, 80,000 employees, an annual budget of $22 billion and a $24 billion asset base.

Both organisations take a joint role in developing system plans, and commissioning for primary, wellbeing and community services.

Te Aka Whai Ora is commissioning kaupapa Māori services and works with the Ministry of Health to develop strategies and policies for Māori.

District health boards have gone. Instead, new locality networks will provide advice to both organisations on the specific health needs identified by their communities. Within two years there will be between 60 and 80 localities running.

Experienced health sector governor Sharon Shea MInstD sat on both boards during the establishment phase. A member and a chair of multiple district health boards for over a decade, Shea says the co-governance structure is unique to health.

> "In health, lives are at stake. It comes down to integrity within our relationships, which includes not being afraid to raise the issues and have some debate."

"Some district health boards tried to effect partnerships with iwi based on equitable resourcing and sharing of power in decision-making, but not all were successful."

EMPOWERING THE SECTOR

Now a Te Aka Whai Ora director, Shea believes the new legislation will empower the health sector throughout the structure.

"With the new Pae Ora (Healthy Futures) Act, what were barriers have become enablers, with legislation designed from a Te Tiriti base which requires the Crown and Māori to work in partnership in the governance, design, delivery, and monitoring of services," she says.

Outside of health, Mahuta quotes examples of bringing a suite of stakeholders together, such as North American National Parks and, in New Zealand, mature partnership governance arrangements based on the Treaty of Waitangi in environmental management areas.

"But this is new. The behaviours to support co-governance aren't mature. We will have to unpack how it works, how we honour our people without having to continue to be defensive and qualifying our intention," says Mahuta.

"There is a need to understand the history and the state of inequity in order to achieve equity."

As both Shea and Mahuta say, "we have to level the floor to lift the ceiling".

The establishment phase has been rapid, with both entities and their newly appointed final boards putting in the mahi with the guiding principle of Te Toki Waka Hourua: the double-hulled canoes of Te Whatu Ora and Te Aka Whai Ora working side-by-side for a common purpose.

Aligned with a Waka Hourua approach, CEOs, the chairs and both boards have taken a joined-up style, working collaboratively on many functions (such as national health sector planning), which draws on the legislation, the intention and the relationships.

'JOINED AT THE HIP'

The two CEOs – Fepulea'i Margie Apa MInstD and Riana Manuel – say they are 'joined at the hip", checking in with each other daily. "The boards have set the tone for how we work together," says Apa.

Te Whatu Ora's board has been appointed on typical Crown Entity terms, according to Campbell, who says they have already established a series of subcommittees to address people, finance, data, capital investment and clinical governance.

"While this element of the structure is quite generic, the executive and management structures at national, regional, district and local levels are highly specific to the delivery roles," he says.

"We have paid a lot of attention to structuring the terms of reference and delegations to create both responsiveness and control, and we will continuously evaluate how that is working."

Manuel is not oblivious to the fact they have a huge job on their hands with Te Whatu Ora folding 30 organisations into one, but says, like anything, when communication lines are strong things will work.

"If there is potential conflict, we will work in what I call 'a partnerful way'.
It's just like a marriage, where there are two different people with different ideas, but with assets and structures that need to be looked after.

"It would be terrible if the relationship imploded between the two boards, that's why we've put so much work into this. We all recognise history and have a shared interest in humanity."

"If you have strong communication and are mindful of what the other party needs, even if you have to give up something from time to time, you make the appropriate spaces."

Apa says "we expect friendly and constructive criticism as we move together and support the sector. We will have to be mindful of the pace of change and listen to our sector and stakeholders, including accepting that some things we already do are not broken."

While the chairs are conscious that many things could go wrong, they are aware of the need to deliver.

"The cost of our inclusion has been seen by some as onerous and we could lose trust in confidence if we don't do what we say we're going to do," says Mahuta.

"It would be terrible if the relationship imploded between the two boards, that's why we've put so much work into this. We all recognise history and have a shared interest in humanity."

That said, Mahuta and Shea are expecting some 'rub' between the different entities.

"In health, lives are at stake. It comes down to integrity within our relationships, which includes not being afraid to raise the issues and have some debate," says Shea.

She says the directors will be focusing a lot on whanau voice to set the direction, rather than whanau just being viewed as passive recipients of health services.

"There is no such thing as neutral when you're talking about equity and it is important for us to make our intent explicit. We're not going to get the gains we need unless we're clear."

UNDER PRESSURE (CRISIS)

Amid these massive changes, the health system is facing huge pressure with limited staff to manage Covid-19, winter illnesses, the measles and the low rate of MMR vaccinations.

Some medical bodies called for the reforms to be postponed until after winter, but the government strode ahead. Campbell believes that was a good call.

"It made for some tough decisions, but they had to be faced and not delayed. I am not concerned that we still have governance gaps – the emphasis now is on getting management and delivery responsibilities in place.

"The operational issues are for all of us. It is our health system so change has to happen at all levels, and it is. The current pressure/crisis, call it what you will, both demonstrates the need for the reforms and incentives getting on with change," says Campbell.

Apa says while their top priority is getting the right people, they won't be tone deaf to the pressure happening on the front line.

When talking about the issues plaguing the health sector, Manual quotes Dr Curtis Walker as saying, 'if we wanted trees we should have planted them 20 years ago; the best way to plant a tree is today'.

Her trees are many and include a strong belief in community-based care across governance.

"Covid was a real disruptor within health, which taught us all not just how to communicate remotely but also how to engage the community in health care.

"The community found itself having to engage in health care. When we needed a workforce, we didn't have it and so we raised up the kaimanaaki (developing a community care model).

"It made for some tough decisions, but they had to be faced and not delayed. I am not concerned that we still have governance gaps – the emphasis now is on getting management and delivery responsibilities in place."

"We micro-credentialed them and they were vaccinating and PCR-testing throughout two years. There is a lot you can do before people turn up at hospital, where communities can do more themselves and will then be able to better access care in a timely way."

MAKING THE SECTOR ATTRACTIVE

Manuel says they will look at what else the kaimanaaki could do that could then allow the nursing network to work more on speciality issues.

She wants to see more Māori clinicians trained and hopes to attract more New Zealanders back from overseas to the sector.

"We want to make health more attractive for everyone, and we want to grow a workforce that understands the different needs of our communities in both urban and rural settings.

"This structure means for the first time we can get a good overview nationally to see what the needs are for doctors, nurses and mental health workers so we can plan," says Manuel.

CEOs and chairs are all aware that other government agencies will be watching closely to see how successful the new 'double-hulled canoe' will be.

And, in many ways, to truly support wellbeing in New Zealand, both Te Whatu Ora and Te Aka Whai Ora will need to lean on other agencies that have an impact on social determinants of health, such as housing and justice.

In the meantime, their vision is a fully transformed system, with localities feeding into a nationalised approach and a workforce delivering excellent service. BQ

Fair is fair

AUTHOR:
AARON WATSON,
WRITER/EDITOR, IoD

The Financial Markets Authority has new responsibilities, new powers and a new approach based around outcomes.

The Financial Markets Authority (FMA) has new regulatory powers over banks, non-bank deposit takers and insurers, with laws coming into effect by early 2025.

The FMA is also picking up regulation of climate-related disclosures in the financial sector under an evolving regime that will capture financial reporting schedules for the 2024 statements.

FMA chief executive Samantha Barrass says boards will need to adapt their own processes to the new regulatory environment.

Since the GFC in 2008, what has been expected of boards has been increasing and expanding. It is a direction of travel we are already on – not just in New Zealand but in the rest of the world as well, Barrass says.

"I will expect boards to be able to demonstrate to us that they are having the right oversight and that they are looking at the right information. I want boards to be able to discuss with us the flavour of the conversations they are having.

"Under these new regimes, boards need to be thinking, 'What are the outcomes sought from these regimes and what do we, as a board, need to do to make sure our organisation is delivering these outcomes?"

FAIRNESS FIRST

The Financial Markets (Conduct of Institutions) Amendment Act 2022 (known as CoFI) requires banks, non-bank deposit takers and insurers to focus on the fair treatment of customers when assessing conduct issues in the industry. The FMA will be responsible for licensing institutions and holding them accountable for the way they treat customers, once the act comes into force in early 2025.

For the regulator, that will come down to understanding if customer interests are being prioritised fairly, Barrass says.

"At the heart of CoFI is the requirement that firms implement a fair conduct programme," she says. "There is an opportunity to make sure we have a proportionate regulatory regime that focuses on what matters – the outcomes for consumers."

"I will expect boards to be able to demonstrate to us that they are having the right oversight and that they are looking at the right information. I want boards to be able to discuss with us the flavour of the conversations they are having."

'Fairness' may arguably be in the eye of the beholder. So, the FMA has been gaining insights from market research to better understand what fairness looks like from a customer perspective. The research has pulled up common ideas such as transparency, honesty and responsiveness.

Barrass says examples of customers' perceptions of fairness include: don't push products aggressively that I don't need; when something goes wrong, resolve it quickly; treat me with respect; tell me up front what I need to know; don't bury important details in small print; and make it as easy for me to exit a product as it was for me to buy the product.

The focus on fair treatment will require banks and insurers to integrate these concepts into their business models.

"They know their customer base, both their current and prospective customer base. The important thing from an FMA perspective will be that they understand their customers, that they test their products, and that they know if their financial products work well for the customers throughout the life of the products."

While 'i's' will always need to be dotted and 't's' crossed, the aim of this regime is to shift the focus towards better outcomes, she says.

"The whole point of CoFI and the centrality of the programme for fair conduct is to make sure the focus is not on tick-box compliance regimes. You will not be able to deliver a good risk and compliance function if you do not embrace the outcomes that matter for your customers – it will simply not be possible to comply with the regime if you are not across that and adopting that lens."

WORLD FIRST IN CLIMATE

The External Reporting Board (XRB) is consulting on proposed climate standards and could have its first standard finalised by the end of the year.

That would make New Zealand businesses that fall under the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act – large publicly listed companies, banks, insurers, non-bank deposit takers and investment managers – the first in the world to be required to report on climate matters, rather than to do so voluntarily.

"We have an opportunity to be a world leader and to create a climate-reporting regime that doesn't need to keep changing, one that is capable of lasting the distance as new thinking and experience emerges. That is a major advantage of a principles-based regime," Barrass says.

"There are a couple of really interesting aspects to the approach. The standards look quite different to other financial reporting standards and the approach is to focus on meaningful reporting about climate-related activities and risks, which has interesting implications."

For boards, that means engaging carefully with how the requirements are understood within their organisations. This isn't a task to simply hand over to their finance department, Barrass says.

Boards will need to have a broad range of skill sets in order to "get to grips" with the requirements. And the activities of the board, itself, will be scrutinised. While annual reports have traditionally been about what the business did, climate reporting will also involve looking into what the board did.

The FMA is planning to release initial guidance on climate reporting in September. The XRB is also expected to have further information on standards later in the year.

"For me, this is very much moving more generally in the direction that conduct regulation is moving," Barrass says. "Looking at the role of the board, what the board is expecting, what the board is seeking assurances about from the executive.

"This is certainly the case with climate reporting and we will see this become much more the case across all the regimes. We are looking to boards to have a firm grip on the outcomes that are produced by their business and to demand, from their executive teams, information and assurance on what is being done to deliver the right outcomes."

Given this direction of travel in regulation, financial sector boards will increasingly need to shift some of the thinking out of the legal department, out of a compliance department, and to put a fresh lens around conduct and risk issues firmly on the board table, she says.

"I would say to boards, please start thinking now about what you are going to need, the discussions you will need to have and the oversight you will need to have in order to own delivery against these regimes. To be successful in your obligations, please don't rely on delegating these issues for other parts of your business to manage as simply a matter of regulatory risk." **BQ**

"This is certainly the case with climate reporting and we will see this become much more the case across all the regimes. We are looking to boards to have a firm grip on the outcomes that are produced by their business and to demand, from their executive teams, information and assurance on what is being done to deliver the right outcomes."

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Food for thought

AUTHOR:
AARON WATSON,
WRITER/EDITOR, IoD

A critical Commerce Commission report and government moves to regulate the grocery sector gave the Foodstuffs North Island board plenty to chew over.

When the government announced it was accepting 12 of 14 Commerce Commission recommendations to shake up the grocery sector, but also going further than the 18-month investigation, Foodstuffs North Island board members knew they were going to be busy.

The recommendations, from the Commerce Commission's *Market Study into the Grocery Sector*, touched on everything from supply chains to landholdings, to making the market more competitive, to introducing a new regulator, and represented a significant disruption to the industry.

The board had been operating in crisis mode since the beginning of Covid-19 in February 2020, and then added the challenge of the Commerce Commission's market study from November 2020 – which has continued impact today.

"You have heard the term 'war room'? We put together a subcommittee of the board that met every two weeks, even weekly, while the Commerce Commission was conducting the Market Study," says Foodstuffs North Island co-operative chair Dean Waddell MInstD.

"A lot of things in business, you can build a business case around. You can do your due diligence. You can piece together a plan logically. The board can be presented with a recommendation that, as a governor, you work through, and use your experience to agree the strategy," Waddell says.

"The review has a simple aim; to look at whether competition in the grocery sector is working well. But the actual scope was narrowed to supermarkets and looked at anything, really, right through from simple solutions to divestment. Everything was on the table."

Waddell's subcommittee brought in consultants for support and undertook a heavy programme of accounting, legal review and feeding back to the Commerce Commission, to help the regulator understand the industry.

GAP IN BOARD SKILL SET

Along the way, they discovered a gap in the board skill set that had to be filled quickly.

"We realised government relations was a capability we had not put enough emphasis on at board level. Fortunately, we had directors who had a good amount of experience with government relations, although that was not why we had selected them for a board role."

It was one of the biggest learnings for the board and Waddell says it is now firmly on the radar.

"For us, it has always been about customers and suppliers first. We now see government as a serious stakeholder. In future, we will ensure we have directors with government relations experience because we are living in a space that includes regulators and government expectations."

The subcommittee brought in advisors to "keep us up to date" on what government was likely to want, and how it was likely

"The review has a simple aim; to look at whether competition in the grocery sector is working well. But the actual scope was narrowed to supermarkets and looked at anything, really, right through from simple solutions to divestment. Everything was on the table."

to communicate that to the public.

"We received a lot of advice from a PR perspective because our industry was under the spotlight," Waddell says.

With a committee in place and consultants secured, the next priority was to ensure the board and management stayed in step in a fast-changing environment.

'ROLLING CRISIS'

"We were working in a space that was evolving every week – both politically and from a media perspective. The management team also had the donkey work to do to assist the Commerce Commission to understand our industry," Waddell says.

"It was a rolling crisis. Things moved on quite a lot during that process."

While criticisms were levelled – including charges of excessive profit-taking across the industry – the board resolved not to become defensive.

"We wanted to take out of it what we could to improve our offer to customers. We also wanted, as a board, to be mindful of areas where we felt things were going too far and it was becoming political.

"We were very supportive of a Code of Conduct, which we saw as a maturing of our industry and not something that was of any threat to us. Ideas that were beneficial to our customers and our industry, we were behind boots and all."

It was difficult, at times, to separate reality from opinion, fair criticism from misunderstandings, and risks from opportunities.

"As directors we are pretty pragmatic people. We deal with facts. In the boardroom, we try to peel back the emotion. We try to look at things through as simple a lens as possible. So this was very challenging.

"There were a lot of gut calls. When you don't have all the facts, you are really backing the skills around the room – among your directors or the advisors you have brought in – and, of course, the leaders in your organisation who are in the trenches every day."

It is not something every director would want to go through, Waddell says, but it can be managed if you have the right people around you – whether that is external support or the people on your board – and give issues "the right amount of focus".

LIFELONG LEARNING

In some ways, Waddell feels it is possibly too early to talk about this experience as it is ongoing. But he feels other directors may be interested in his view, while it is still fresh in his mind.

"We were a relatively low-profile organisation. However, Foodstuffs is a $9b business and we have responsibilities as a large organisation. We rely on good directors – and we have to share our experiences, in return."

The board's main learning is that the skills you needed yesterday may not be enough tomorrow. For Foodstuffs North Island, that means, Waddell stresses, having the capacity to understand government.

"It doesn't matter who is in power at the time. As a substantial New Zealand business, we need to be in the government relations space. We need to be active as owners and directors, on top of all the regulatory requirements that you expect the CEO and management team to meet." BQ

> "As directors we are pretty pragmatic people. We deal with facts. In the boardroom, we try to peel back the emotion. We try to look at things through as simple a lens as possible. So this was very challenging."

A VIEW FROM COUNTDOWN

Countdown, the other major player in the market, does not have a New Zealand board, instead being governed by Woolworths Group in Australia.

New Zealand managing director Spencer Sonn says they are committed to working with the government to achieve lower prices for New Zealand consumers.

"We support the Commerce Commission's recommendations and, while the government's response went further than we expected in some areas, we accept that change is needed and we're committed to playing a positive role in a competitive grocery market," Sonn says.

"We're also committed to working constructively with the government to meet their expectations, and we're redeploying resources and adjusting priorities to make this happen.

"Across our business we have more than $1b of investment either underway or planned, so certainty is, of course, extremely important, but we also place great importance on being a business that New Zealanders want to shop with, and do business with."

Balancing act

Listed company boards have a tricky risk environment to manage, says Joost van Amelsfort, chief executive of NZ RegCo.

AUTHOR:
AARON WATSON, WRITER/EDITOR, IoD

Photo by:
Getty Images

Amid a world of disruption, one thing has not changed for directors since the pandemic hit – the duty to act in the interests of shareholders and the companies they govern, says NZ RegCo chief executive Joost van Amelsfort.

But the regulator of New Zealand's listed markets acknowledges expectations of directors' duties are more nuanced now.

"What we are seeing, certainly over the past few years, is the challenge for boards to balance that duty with wider duties to the markets and society," van Amelsfort says.

"The ongoing growth in expectations around ESG and corporate responsibility are examples of that."

This trend has contributed to an increased focus on risk among listed issuers, van Amelsfort says, highlighting corporate earnings, climate action, cyber resilience and increasingly active regulators as leading issues.

"What we are seeing is an evolution in the intensity and scope of potential risk."

BACKGROUND TO THE FORE

The macroeconomic background of disruption, rising interest rates and inflation, triggered by the pandemic and exacerbated by crises such as

the war in Ukraine, has created new challenges to operating performance and market expectations of earnings, van Amelsfort says.

"It is an open question whether the market has fully priced through, or reset, expectations as to future earnings," he says. "That's quite tricky."

With future profits more difficult to predict than ever, boards may find themselves trying to "dance a delicate dance" between continuing with a clear, purposeful investor-relations narrative, on the one hand, and managing market expectations on the other.

Throw in an auditor shortage, and the June reporting season this year was not as straightforward as many boards would have wanted.

There will have been difficult decisions to be made in areas such as asset valuations and the impairment of assets, so a robust approach to reporting is essential at this time, van Amelsfort says.

"We have been reinforcing with boards the need to take a robust approach to planning for delivery on their financial reporting requirements, and to be particularly mindful of those sensitive areas that can be impacted in a rapidly changing environment. What it all adds up to is some quite complex dynamics for listed company boards to navigate."

SAME, BUT DIFFERENT

For NZ RegCo, the pandemic hasn't changed its oversight of listed issuers all that much, van Amelsfort says,

"We have been reinforcing with boards the need to take a robust approach to planning for delivery on their financial reporting requirements, and to be particularly mindful of those sensitive areas that can be impacted in a rapidly changing environment."

with a continued focus on financial and continuous disclosure. He says the pandemic has impacted broker-facing activity.

As the pandemic created uncertainty in global stock markets, there was an increase in volatility.

"Boards will have seen that play out in the valuations of their stocks and the movements they will have seen."

It resulted in a close focus by NZ RegCo on secondary capital raising, as issuers sought access to working capital, and a waivers-for-capital raising required to manage the impacts of Covid-19.

"We put in place class relief at that point [2020] but there is a longer burn story there. The exchange has just launched a consultation in relation to the capital raising settings. That's around promoting the market's development and making sure boards have the confidence they can access the public markets – but, at the same time, making sure it is done in a way that preserves shareholder protections."

NZ RegCo is also "increasingly mindful" of the extent to which board composition can impact the ability to serve shareholders, he says.

This played out in public in August when NZ RegCo sought to test the independence of two directors in NZ Automotive Investments (brought in after the company's independent directors resigned en masse).

Personal liability remains a hot topic. While NZ RegCo regulates issuers, not boards, van Amelsfort says directors increasingly have their personal responsibilities and liabilities in mind when making decisions on behalf of their companies. Legal action following the GFC – and more recently – has brought this issue to the fore.

A growth in class actions, developments around litigation funding and the potential for shareholders to take more activist positions are all impacting.

"There is an increasing focus for directors on reputation, particularly if they are seen to get it wrong. Boards will have felt this in the ability to access, and the cost of, directors and officers insurance. It is very much a 'watch this space' situation."

TRICKY BITS

The most common type of problems NZ RegCo sees in relation to directors relate to inexperience, a lack of professional support, or gaps in the knowledge and processes at board level, van Amelsfort says.

"By and large, the capital markets have been well served by the skills around the board table. What we do see is issues arising where companies do not have the mature processes and escalation arrangements that you would expect to see in relation to compliance."

The risks here are particularly acute now, for a couple of reasons, he says. There are heightened expectations around board performance, generally, and, in terms of continuous disclosure, the macroeconomic backdrop is likely to challenge financial performance.

Relatively recent changes to the

"By and large, the capital markets have been well served by the skills around the board table. What we do see is issues arising where companies do not have the mature processes and escalation arrangements that you would expect to see in relation to compliance."

listing rules have also introduced the notion of "constructive knowledge" – that an issuer can be held responsible if directors or senior managers were aware, or ought to have been aware, of an issue. Not knowing is not necessarily a reasonable excuse for directors should problems emerge.

"This means boards are more reliant on the structures that their companies have in place to ensure they have a well-worked compliance framework. What this highlights is the importance of the tone from the top around compliance culture and that boards need confidence in the nuts and bolts of internal arrangements. Those are matters that directors – and audit and risk committees – are going to be looking for increased comfort on."

And change keeps coming. In August, the NZX released a consultation document on its Corporate Governance Code, including proposals relating to board diversity. A new recommendation has been proposed in the code under which larger companies have measurable objectives for gender diversity and encourage gender pay gap reporting.

The code will continue to explicitly encourage consideration of diversity beyond gender, van Amelsfort says. Which takes us back to a more nuanced view of directors' duties than was required in the past.

"It is part of the wider expectation from the market to be able to look into the practices that issuers have." **BQ**

Dicing with a data disaster

Deputy Privacy Commissioner Liz MacPherson says boards should treat data privacy as seriously as health and safety.

AUTHOR:
PETER GRIFFIN,
FREELANCE WRITER

It's a company that regularly features in lists of New Zealand's most trusted brands, its yellow livery and distinctive AA logo instantly recognisable to thousands of Kiwis.

But in May, the Automobile Association revealed it had suffered a massive data breach, exposing the personal details of "thousands, to hundreds of thousands of people".

Its mothballed **aatravel.co.nz** website, which had been active between 2003 and 2018 for travel insurance and accommodation bookings through its AA Traveller arm, was hacked in August 2021.

A trove of data, including names, email addresses, phone numbers and passwords, was stolen. Hackers typically sell the information on the dark web or use it for identity-theft scams.

"You should be able to give your data and for that to be secure," Greig Leighton, AA's general manager of travel, tourism and publishing, told customers. "We understand that and respect that and are incredibly sorry."

For Deputy Privacy Commissioner Liz MacPherson, the AA hack is a classic example of a data breach that can seriously damage a company's reputation but which is easily avoidable.

"Over-collection of information is a real problem," she says. "If you don't need it, don't collect it. If you do need to collect it, make sure you really understand how it's been stored, how it's being used, and have a really robust retention and destruction policy.

"Boards need to be taking the responsibility for personal information as seriously as they are taking the responsibility for health and safety."

It is hard to measure the damage done to AA's brand. But a major study published in the *Journal of Cybersecurity* last year and looking at major data breaches at 45 companies between 2002 and 2018, found they suffered a 5-9% decline in "reputational intangible capital" following a data breach.

Consumer-facing businesses take a bigger reputational hit in the wake of a data breach. That is borne out in the Privacy Commission's most recent survey of consumers, which found that 63% of New Zealanders would consider changing service providers if they heard they had poor privacy and security practices.

CLOSE TO HOME

The Institute of Directors experienced a cyberattack earlier this year that forced us to shut down our online credit card facility. Problems with the interface between our website and an external payments system were discovered by our bank on March 24. We immediately ceased operating the payments facility, then put our incident response plans into action.

While there were concerns that this was the second incident in three years (our homepage was defaced in 2019), the attacks were unrelated. To ensure members can benefit from our experience, a report on the incident and our learnings will be prepared as soon as possible.

This is a reminder that the hacking arms race never stops. Just because your system is secure today, it doesn't mean it will still be secure tomorrow.

"So that's your bottom line," says MacPherson. "Are you a trusted custodian of the personal information that you hold? Because it is just as valuable an asset as anything else that you hold."

The new Privacy Act, which came into effect in December 2020, has been widely criticised for lacking the teeth necessary to make companies and government agencies alike take data security and privacy seriously.

OWNING UP TO BREACHES

But it did introduce one significant provision – mandatory breach notifications. Any organisation that suffers a significant data breach that could cause "serious harm" must inform the Privacy Commission and affected parties as soon as possible, typically within 72 hours of them becoming aware of it.

The AA worked with the Privacy Commission and hired a cyber-security firm to secure its systems and try to ascertain the extent of the breach.

Malicious cyberattacks have been on the rise since the pandemic forced workers in their millions to increasingly log in from home, and businesses had to hastily digitise systems to accommodate social-distancing requirements.

The major ransomware attack on the servers of the Waikato District Health Board in May, 2021 showed how disruptive such attacks can be. The health board's management refused to pay hackers a ransom for the return of sensitive data about patients, staff and finances. That is exactly what the Privacy Commission recommends, not giving into ransom demands.

But surgeries were cancelled and test results delayed while the health board's IT team had to painstakingly rebuild dozens of computers and servers.

Such attacks should serve as a stark reminder to any board that cyber security needs to be made a top priority to mitigate the risk of unauthorised access.

"A board that takes a purely compliance approach is never going to actually deal with your privacy issues. Culture eats compliance for breakfast."

But the biggest risk of data breaches remains 'human error'. It can be fairly prosaic in nature – a spreadsheet of customer details being inadvertently emailed out to hundreds of recipients, data entry and redaction errors, or slip-ups in couriering documents to the wrong address.

Over a quarter of breaches reported to the Privacy Commission relate to people emailing out sensitive information, says MacPherson.

"Because it's human error, they feel they don't have to deal with it because it's just one of those things. But you should be taking responsibility for scaffolding the people within your organisation to make it more difficult for them to make those human errors."

THE PRIVACY THREAT WITHIN

Simple systems and processes around information management would prevent the majority of data breaches and would also tackle another overlooked privacy risk – the inappropriate sharing of data within an organisation.

The Accident Compensation Corporation (ACC) was embarrassed last October when a whistleblower revealed to RNZ that employees at ACC's Hamilton contact centre had been sharing photos of client injury descriptions in a private Snapchat group called "ACC Whores".

ACC stood down 12 employees while it undertook an investigation. It was an incredibly bad look for an organisation that holds highly sensitive health information on hundreds of thousands of Kiwis.

MacPherson says regular internal checks, spot audits and reviews of access privileges should be undertaken by organisations holding similarly sensitive data.

Of the complaints lodged each year with the Privacy Commission, more than 80% relate to problems people encounter trying to access the information an organisation has on them.

During the year to 31 March 2022, OPC received:

363
Complaints

234
Serious breach notifications

4,244
In-house enquires

4,241
Call centre enquires

The right to view that information is enshrined in the Privacy Act. The commission has even created the AboutMe tool, which is a standardised way for organisations to streamline the handling of data requests.

"But individuals essentially have to keep complaining to us in order to get access to their information," says MacPherson. "If you fight me for that information, what does that tell me about you as a business?"

If board directors can instil more discipline about data management processes to avoid human slip-ups and advocate for more investment in cyber security, we will likely see fewer data breaches as a result.

EMERGING ISSUES

Emerging technologies are creating new risks and also require careful consideration at the top of companies.

Facial recognition technology is increasingly being used by retailers for security purposes and as a convenient way to access financial services. But biometric data is particularly sensitive.

"It's not like your password, it's hard to change your face and it's hard to change your fingerprints," says MacPherson. "If that's hacked or lost, it has a dramatic amount of impact on individuals and makes them incredibly vulnerable to having your identity stolen."

Is there a less intrusive and ultimately less risky way of achieving the same goal without gathering biometric information?

That's the question board members should ask management, says MacPherson.

Those organisations setting out to "do the right thing" by customers will ultimately lessen the risk of costly and embarrassing data breaches occurring.

"A board that takes a purely compliance approach is never going to actually deal with your privacy issues," MacPherson says. "Culture eats compliance for breakfast." BQ

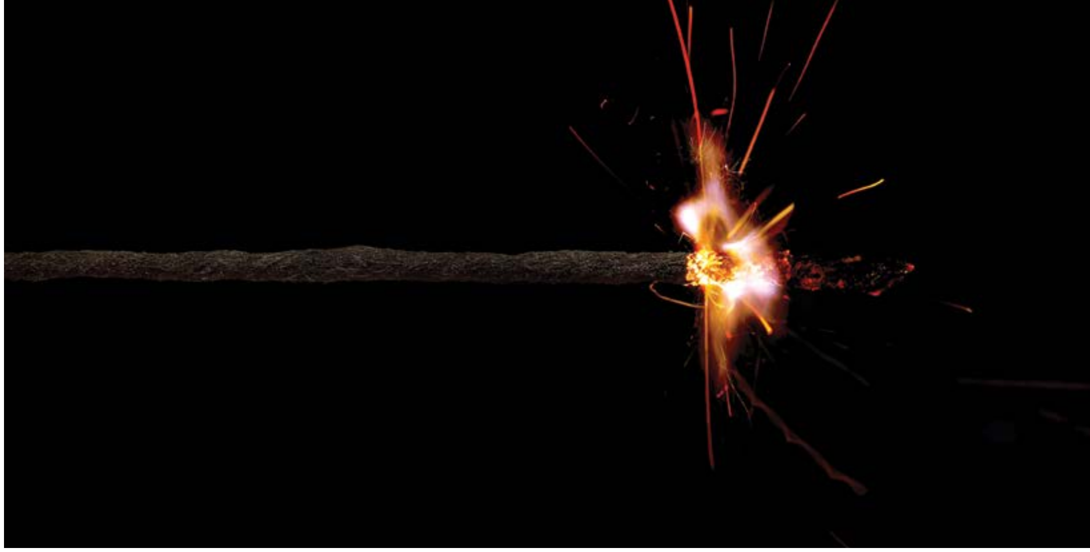
TOP THREE PRIORITIES FOR BOARDS

Only collect the data you need
It starts with the leadership team requiring a data collection policy that minimises the collection and retention of data. The more data you have sitting in digital repositories, the more likely you will have a data breach. Only hold the data you really need and have effective systems for secure data retention and destruction.

Regular privacy status reporting
The senior leadership team and board of directors should receive regular reports from the privacy officer detailing privacy policy compliant, data breaches, near misses and data access requests.

A privacy incident management plan
Make sure you have provisions in place if a breach is discovered. What will you do to minimise the harm to customers and uphold your obligations under the Privacy Act? MacPherson says: "You don't want to find out that your staircase exit is blocked when there's a fire. The same thing goes for privacy breaches."

72 hours to act



What directors need to know about cyber breaches and the Privacy Act, starting with the legal and moral obligations.

AUTHOR:
PHIL DOBSON, ACTING GM AURA INFORMATION SECURITY, PART OF THE KORDIA GROUP

kordia

Time for some bad news. A cyber security breach of some form is almost inevitable so treat it as a matter of when, not if.

That should tell you one thing straight away. You need to know in advance what to do when a cyber security breach occurs. Part of your plan must include knowing your legal obligations for notification under the Privacy Act, and your moral obligations to customers and any related parties who may be affected.

One of the positive developments of cybercrime affecting so many organisations is the de-stigmatisation of falling victim. In other words, it is practically expected that your company will be targeted and, instead of victim-blaming, you are more likely to experience sympathy and consideration from consumers and fellow business leaders.

These days, it would only be in extenuating circumstances – for example, in a case of extreme negligence – where righteous blame or criticism might come your way.

THE PRIVACY ACT 2020

The Privacy Act was updated in recent years to reflect changing circumstances, including how we use and depend upon technology and data systems. The act now requires notification to the Privacy Commissioner of any privacy breach where there is reason to believe serious harm has been caused or is likely to be caused to any individual.* The affected individuals must also be notified.

Eagle-eyed (or, indeed, legal-eyed) directors will immediately note room for interpretation within this stipulation. What constitutes a privacy breach or serious harm?

The first is addressed, with a privacy breach defined as any unauthorised or accidental access to, or disclosure, alteration, loss, or destruction of, personal information, or any action that prevents the agency from accessing the information on either a temporary or permanent basis.

Assessing the likelihood of 'likely to cause serious harm' is not as simple, but factors to consider include:

- If information is personal and sensitive in nature (credit card details, medical records, etc).
- What harm might be caused to affected individuals?
- Who or what organisation might obtain compromised personal information?
- Was the personal information protected by security measures?

There is also the proviso of 'any other relevant matters', leaving the gate open again for interpretation.

Notably, the obligation is reporting to the Privacy Commissioner and affected individuals 'as soon as practicable'.

However, the expectation is the commissioner is notified within 72 hours.

Notification is essential for several reasons. The commissioner can guide you on any other notifications you may be required to make, which may be industry-specific, while data regarding the frequency of cyber breaches is invaluable in improving detection and prevention.

Additionally, notifying CERT is advisable too. By giving the Computer Emergency Response Team notification of a breach you are likely to receive assistance with resolving your issue.

MORAL OBLIGATIONS

While the legal requirements provide some guidance on what constitutes a breach, most directors will have a clear personal interpretation of their moral obligations.

You will have a good sense of what information is sensitive within your organisation. You will also know about the data which your customers, suppliers and other related parties might not want to be made available, and have a keen sense of who and where notifications should go. This means your networks can take their own precautions against falling victim to a similar scam, or an extended version of the one compromising your own systems.

It is advisable to use the moral compass as a guide, alongside the legal one. Again, there is little-to-no stigma involved, and cleaning up a breach is more effective and arguably easier when handled with bona fides.

Your company's good name and trust depend on being able to provide clear, helpful information to your stakeholders and customers. Taking the right approach is key to moving on from a breach with your reputation relatively intact.

GET THE PLAN TOGETHER

An incident response plan which includes notification is a must for any organisation. While 72 hours may seem like a reasonable amount of time to gather a full and accurate picture of what happened during an incident, these hours can evaporate quickly when you are in the midst of a crisis.

"Eagle-eyed (or, indeed, legal-eyed) directors will immediately note room for interpretation within this stipulation. What constitutes a privacy breach or serious harm?"

Having a plan in place that sets down how information will be gathered and communicated to the relevant stakeholders will ensure the process runs as smoothly as possible.

Exactly what constitutes an incident response plan is a 'how long is a piece of string' situation. Your plan is built on a stack of variables, including industry type, threat profile and technology maturity to name a few.

However, common to most plans will be establishing a 'war room', from which all command, control and communication is run. This doesn't have to be a physical space; now that many of us work remotely, this could also be a Teams group or slack channel.

Within the war room, you would have an incident controller in charge of managing actions and responses. In some cases, executive teams are split in two, with one running 'business as usual' and the other handling the crisis. In this group include representatives from various departments within the business, including legal and communications staff.

Create a run sheet of activities and responses. While an actual event is likely to differ from the planned one, just having some guidance helps focus the mind and guide actions when the worst does happen.

Build out a scenario in your plan which would see you notifying customers and the Privacy Commissioner. Consider in advance what external support you may need to do this – be it a law firm, or even your PR agency, and make sure they are factored into your plans.

There is plenty of help available for plan formulation from online resources and cyber security providers. If you don't have something in place already, there's no better time than the present to start the process of building one.

As stated already – your preparedness can only benefit from treating it as a matter of when, not if. BQ

*The Privacy Commissioner can be notified via **www.privacy.org.nz**

Regulators who come knocking

AUTHOR:
LINDA CLARK,
PARTNER, DENTONS

What happens when the pendulum on self-regulation starts to swing back in?

The market reforms of the 1980s brought into fashion a lighter hand of government. Into fashion, too, came the concept of self-regulation. Industry would no longer have to feel the weight of government bureaucracy. They would instead be empowered – as those with the best understanding of their field – to be the regulator of first instance, with an enforcement body standing by with a hose.

To support that philosophy, successive governments have favoured regulating by educating, rather than enforcement. But that approach has not altogether played out in the way it was fondly hoped. Businesses, left to absorb the lessons of an educative approach, have often failed to complete the assignment.

Inevitably, failings have become evident, harm has been done, and so the pendulum has begun to move. Which is why we now find ourselves in a landscape where light-handed regulation is less in fashion and consumers are calling out for stronger, tougher regulation.

Those businesses who now find themselves targeted had plenty of notice that the pendulum was about to swing back. Boards in other sectors would be wise to also take note of the shift in mood – from consumers, policymakers and regulators. Regulators who come knocking are the new black.

Two facets of the information age offer useful examples of the change in regulatory heft. In one case, parliament has already legislated to increase the pressure; in the other, it is only a matter of time before it will.

PRIVACY REGULATION

At its inception, the Privacy Act established principles relating to collection, use, disclosure and destruction of personal information, which are not insignificant considerations.

However, it gave the Privacy Commissioner only light levers to pull and few teeth to bare. The commissioner could only act after someone's privacy had been breached and a complaint filed. In many cases, individuals will never

Photo by:
Henry Co on Unsplash

DENTONS KENSINGTON SWAN

have known their privacy was breached and, for others, the process of making a complaint (with the burden initially on the individual to do so) would have seemed like more effort than was worthwhile.

But 2020 brought the new Privacy Act and altogether more substantial expectations on organisations to ensure their house is in order. The Act introduced a privacy breach notification regime; it is an offence to fail to inform the Office of the Privacy Commissioner and the individuals concerned when there has been a notifiable privacy breach. Liability for breach notifications sits with the organisation or business, not with individual employees. The Privacy Commissioner can also now issue compliance notices requiring a business to do something or stop.

The first notice was issued in September 2021 to the Reserve Bank, following a major cyberattack. The full details of the notice have never been published out of concerns for security, but the notice was related to the Reserve Bank's breach of Privacy Principle 5, under which agencies that hold personal information must have reasonable security safeguards in place to protect personal privacy. Businesses that do not comply with compliance notices will be fined.

The 2020 Act introduces other new criminal offences, too – for misleading an agency to access someone else's information (e.g. impersonating someone else in order to access information you are not entitled to) or for destroying documents if a request has been made to see them. The penalty for these offences is a fine of up to $10,000.

The 'more active' new setting also puts all boards on notice that privacy requires vigilance, proper resourcing and closer attention than was required under the previous Act. Significantly, the advent of the new regime has seen complaints increase four-and-a-half times from the previous year.

"The 'more active' new setting also puts all boards on notice that privacy requires vigilance, proper resourcing and closer attention than was required under the previous Act."

ONLINE HARM

In another sphere, there is a sense of waiting for the other boot to fall. The Harmful Digital Communication Act 2015 aims to deter, prevent and lessen harmful digital communications. We can all see how poorly that's going.

Online harm has exploded and the iceberg reaches far below the waterline. Many citizens are victims we never hear of. Just a short time online will find transgressions identified by the HDC Act as harmful, ranging from breaches of confidences and false allegations to harassment, intimidation, threats and incitement of grave harm.

Regulating this behaviour has proved to be impossible. One contributing factor has been parliament's decision to allow the 'regulating' of online harm to be managed by Netsafe. It is the wrong vehicle with the wrong tools.

Netsafe's role is to 'advise, negotiate, mediate and persuade'. It might have seemed constructive in 2015, but it is woefully inadequate in 2022 and beyond. Netsafe can offer advice to a victim of trolling, but its biggest weapon is a mere 'summary' that you have tried to resolve the incident and there are no more options available.

At which time the individual must file proceedings in the District Court, which in turn can order the material be taken down, issue cease and desist orders, order a correction or apology be published and release the name of the person behind any anonymous communication (though, increasingly, they can be difficult to identify).

What is evident is public support for a swing of the pendulum back towards a more active role for the regulator, and less readiness to entrust the poacher with the gamekeeping. For directors, this shift in tolerance for risk means more attention will be required, not just because the regulator may come knocking but because your clients, customers and stakeholders may be calling on the regulator to do so. **BQ**

Turn the heat on directors

Dr Rod Carr
He Pou a Rangi Climate Change Commission chair

AUTHOR:
NOEL PRENTICE, EDITOR

Photo by:
Bianca Ackermann
on Unsplash

He Pou a Rangi Climate Change Commission chair Dr Rod Carr says action will happen fast if directors are made liable for the consequences of their decisions.

The world is drowning or on fire – depending on who you listen to or what you see and believe – but there is no doubt climate action is going backwards.


°C
50 50
40 40
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THE CLIMATE URGENCY

The United Nations says global emissions must decrease by 45% by 2030, starting now. Or rather yesterday. Climate action is failing.

1

Emissions rebounded to their highest level in history in 2021 and are still rising.

2

Nearly half of humanity is already in the danger zone – and 15 times more likely to die from climate impacts.

3

Major emitting economies are doubling-down on fossil fuels. As UN Secretary-General Antóenio Guterres has said – this is madness. It leaves whole economies at the mercy of geopolitical shocks of the sort we are seeing now.

We have not heeded the warnings or the advice of scientists.

United Nations Secretary-General Antóenio Guterres says the "world is in a race against time and we cannot afford slow movers, fake movers or any form of greenwashing".

He warns of a climate catastrophe and to avert it "we need bold pledges matched by concrete action".

And that action needs to start happening in boardrooms, says He Pou a Rangi Climate Change Commission chair Dr Rod Carr CFInstD, who also sits on a United Nations' high-level expert group on net-zero emissions commitments.

"There is a growing sense of urgency for real action. The United Nations estimates that global emissions in 2021 were the highest on record. We are at a level of emissions that threaten humanity and we still haven't figured this out yet.

"We have squandered the time scientists gave us. The world needs to urgently and dramatically accelerate progress to reduce absolute levels of emissions of all damaging gases, including biogenic methane, methane from fossil sources, emissions from burning fossil fuels (coal, petrol, gas) in the open air, and releasing intensive warming gases such as chlorofluorocarbons," says Carr.

New Zealand's first Emissions Reduction Plan was released in May 2022 and sets out how we will put New Zealand on a pathway to meet the statutory targets by 2050. The government has published the first three emissions budgets up until 2035, falling in step with the worldwide effort to try to keep global warming below 2 degrees Celsius and close to 1.5 degrees in the second half of this century.

> "The consequence of that is we will not address the cause of climate change. We will not develop low-emissions lifestyles and low-emissions livelihoods. We will simply, for a time, live with the delusion, the veil of virtue, that we are doing something but it is not solving the fundamental problem."

"No amount of reduction is too little and no amount of reduction is too soon," Carr says. "If we read between the lines, the scientists are giving us hope on the one hand, and on the other saying the chances are we are already past 1.5 degrees this century. Some are even betting we are already heading well past 2."

Carr says there are concerns about net-zero claims which can start with the greatest of integrity, but some of which are just outrageous, citing claims by Shell in 2019 that you can buy net-zero diesel because they planted or even just promised to protect trees in Africa.

"The dissonance of that is enough to alarm you because you cannot plant enough trees to offset the fossil fuels we extract and burn."

CREDIBILITY OF OFFSETS

The inequity between people now and over generations to come of offsetting greenhouse gas emissions is becoming a real concern, as well as the robustness of the science, says Carr.

"There is this massive problem of transnational enforcement. If you have bought offsets from a Third World country because they promise they are going to establish a new forest, how do you enforce that?

"The whole credibility of offsets as a way of enhancing the pathway to reduce gross emissions is what is being challenged. The developed world wants to pay an indulgence – to continue to pollute in exchange for money. People don't want to change their lifestyles or the way they earn their livelihoods.

"The consequence of that is we will not address the cause of climate change. We will not develop low-emissions lifestyles and low-emissions livelihoods. We will simply, for a time, live with the delusion, the veil of virtue, that we are doing something, but it is not solving the fundamental problem.

"We need to reduce gross emissions of harmful gasses by adopting much lower emissions lifestyles, by adopting very low emissions energy production, transport, construction techniques and ways of producing food."

New Zealand has made a commitment to a number of emissions targets, including to be at net-zero for all long-life gasses by 2050 – and beyond.

There are only three certain ways to achieve those targets:

- Reduce gross emissions.
- Sequester carbon from the air through forestry.
- Buying carbon credits or offsets – thereby essentially paying to pollute because the 'seller' is doing less polluting.

"The whole conversation for New Zealand is in the context of what is acceptable globally to meet our nationally determined contribution," says Carr. "If we are to hit the pathways and budgets that have been adopted by the government, we will have to go offshore and buy about a hundred million tonnes of CO_2 equivalent this decade.

Carr says New Zealand will need to know that it is a globally accepted standard of credibility and the offsets we buy are additional, permanent, verifiable and enforceable.

"But it's not clear where that exists unless we are trading with places like Australia, Europe and California where you have the rule of law, multiple treaties and obligations."

"We, as human beings, are really susceptible to discounting low probability, catastrophic events so we just simply look the other way. 'It's too big, completely overwhelming and I can't do anything about it; hand me the chardonnay'."

'BLINDINGLY OBVIOUS'

Carr says the reality is "we haven't figured out a way of getting society on board", even though it was "so blindingly obvious to the scientists".

"Maybe we just didn't explain it well enough, maybe we didn't say it often enough or loud enough.

"Maybe we weren't talking to the right people and inaction has led to the drumbeat of activism – 'we are all drowning, the world is on fire, the end is nigh' – but behaviourists will tell you there is a real risk in adopting that tone.

"We, as human beings, are really susceptible to discounting low probability, catastrophic events so we just simply look the other way. 'It's too big, completely overwhelming and I can't do anything about it; hand me the chardonnay'."

So how do we change the thinking and behaviour of leaders and decision-makers?

One way may be by using current constitutional arrangements, securities laws and consumer protection legislation to make directors liable for the consequences of their decisions in a way they are not currently, says Carr.

If countries really want to see action, at least in the private sector, make it a director liability like what happened with securities laws, Carr says.

"There is no director now who will willingly and knowingly, or even recklessly, sign a prospectus to take money from the public. We are all fixed with the knowledge that if you don't go through a due process, and if you can't prove that you had a reasonable belief in what you signed off on, you could end up in jail. That solved the problem of puffery and misleading statements.

"Then we figured out with health and safety that the quickest way to make a safer workplace was to threaten to send directors to jail, not just take money off the company, if they did not take all reasonable and practical steps in order to create a safe working environment.

"Now, that is still playing itself out and I don't know whether we have many directors in jail, but it has certainly brought a chilling atmosphere to discussions about health and safety in the boardroom."

CAREFUL WHAT YOU SAY

Carr says making a statement that your product, service or business is net zero could be as damaging and reckless as saying 'Trust me, this company is solvent, or trust me this workplace is safe'.

Directors would then be pushed into a position where they would have to make disclosures, prove the disclosures with evidence, and meet standards that would hold up in court.

Carr says this is a reasonable expectation because we don't yet have the levers to create the sense of pace and scale of change to counter the damage we are doing to the environment.

Consumers are also affecting change, preferring lower-emitting products and services. But it may not be happening fast enough or at scale.

Increasingly, companies are putting net-zero claims in financial documents in order to access green finance. They see the cheaper credit, an abundance of credit they want to claim, therefore they wear their net-zero credentials on their sleeves without necessarily thinking through the consequences of having to prove it in court to a third party.

> "Now, that is still playing itself out and I don't know whether we have many directors in jail, but it has certainly brought a chilling atmosphere to discussions about health and safety in the boardroom."

"Equally, with consumer protection legislation you can't knowingly and recklessly make misstatements that you could not prove in court about a product's characteristic," Carr says.

He stresses his opinions are his own and not reflective of the High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities.

The group is taking submissions from stakeholders and will report its recommendations to the UN Climate Change Conference in November. Two areas are: Governance of Targets: Verification and Transparency; and Pathway to Regulation: Standards and Criteria.

"The United Nations committee hasn't formed any views yet," says Carr. "When it reports, it is only an advisory to the secretary-general.

"The desire is to have a report for COP 27 at the end of the year in Egypt. There will then be the question of what all sovereign states take from any advice the UN might be willing to offer on handling net-zero claims in their own jurisdiction, or by those who sell into their jurisdiction.

"It's not just about New Zealand companies, who make and sell products here, making net-zero claims. The question is what do we do about products and services from overseas sold into New Zealand with net-zero claims. Do we just let them make the claim or do we expect them to be certified and verified and enforceable in some jurisdictions?" **BQ**

It starts at the top

Photo by:
Henry Co on Unsplash

AUTHOR:
NOEL PRENTICE, EDITOR

Toitū Tahua chair Bridget Coates says clear board leadership is arguably the most important lever for change in the climate battle.

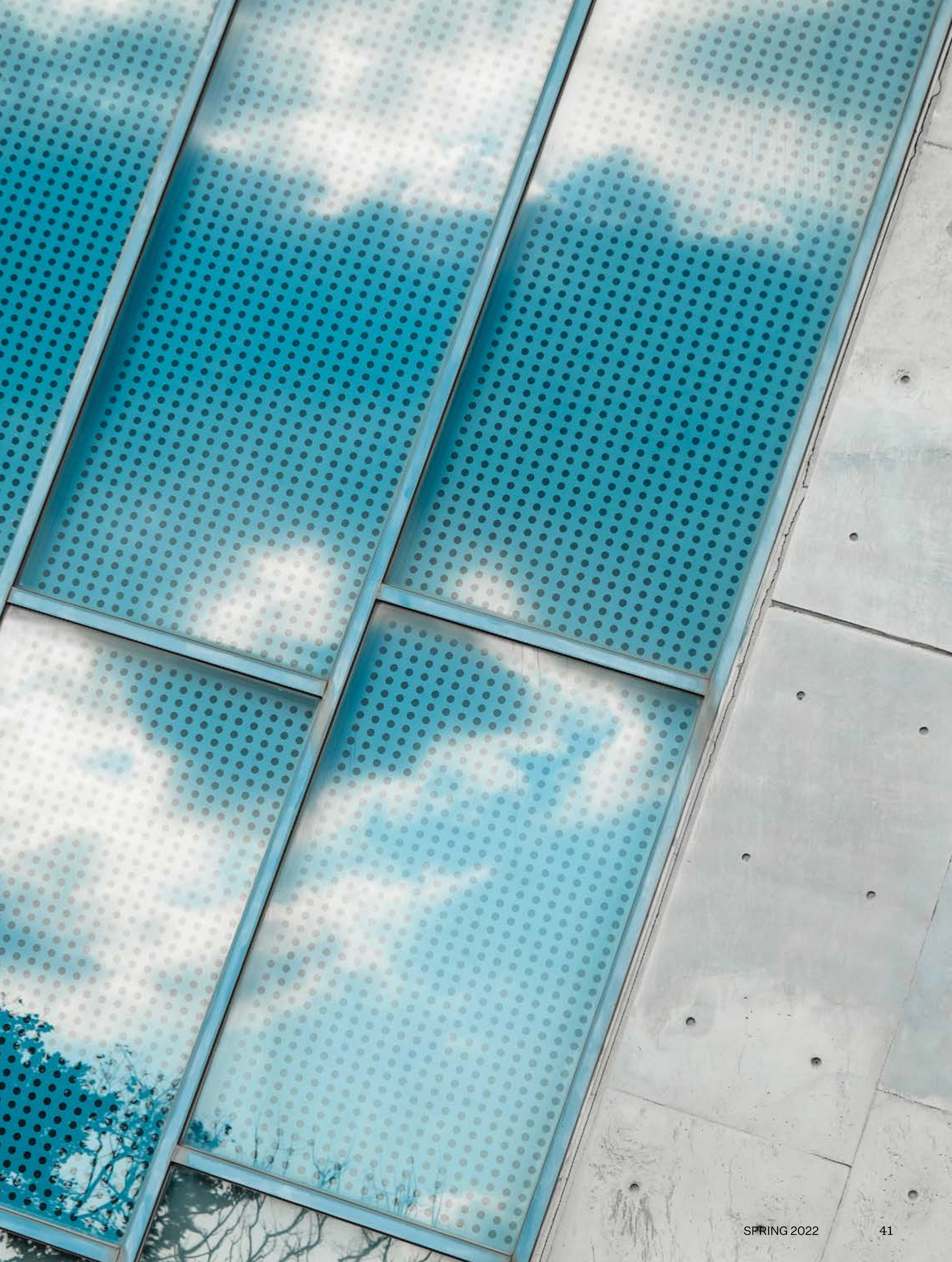
Bridget Coates
Toitū Tahua: Centre for Sustainable Finance chair

Bridget Coates CMInstD says a more "overt commitment" is needed in boardrooms and "clear leadership" to tackle climate change and ensure New Zealand businesses remain resilient throughout their transition.

Coates, the chair of Toitū Tahua: Centre for Sustainable Finance, believes boards are a lot more conscious of the need to upskill their directors but many are still at the awareness-raising stage.

She also warned they "do not have the option of dragging the chain".

"There may be one or two directors seeking action but many are still building up their familiarity with the topic and starting on materiality, risk analysis and transition plans for their companies," she says.



"We certainly need a more overt commitment from most boards to addressing climate impacts, both on the business and of the business on our communities.

"Clear board leadership is arguably the most important lever for change. To discharge this responsibility, boards are increasingly conscious of their need to upskill their directors and to change their composition to ensure they have the required know-how and experience pool. In that way, sustainability becomes completely integrated into all major decision-making processes.

"We also need more explicit reporting standards which align with those being implemented globally, using robust metrics and measurement standards, such as SBTi (Science Based Targets initiative)."

Coates says New Zealand's mandatory Climate-related Financial Disclosures regime being developed by the External Reporting Board will help accelerate the change and impact companies far beyond the top 200 because of the necessity of calculating the full supply chain impact across the New Zealand business community.

This regime is based on the industry-led international Task Force on Climate-related Financial Disclosures, which has seen climate disclosure requirements in the UK, Europe and US among other regions.

But more is needed despite many larger companies preparing sustainability reports, in addition to climate-related financial disclosures, to explain the initiatives they are taking more broadly to mitigate their sustainability exposures.

"We also need more explicit reporting standards which align with those being implemented globally, using robust metrics and measurement standards, such as SBTi (Science Based Targets initiative)."

"As the FMA pointed out, though, investment managers have no firm direction on 'what good looks like' in terms of climate and sustainability reporting at the moment," Coates says.

"As a consequence, we lack objectivity, comparability and standardisation which certainly undermines the progress many investors are demanding."

The banking industry has responded to the crisis by developing many innovative new products such as sustainability-linked loans, sparking "a remarkable change in portfolios in a very short time frame", Coates says.

"In Aotearoa New Zealand, our capital is largely sourced offshore. The global capital markets are putting climate resilience and transparency on sustainability risks very high on their lending agenda."

She warned companies that ignore new management and reporting requirements "will find themselves with few lenders interested in their business, missing out on incentive-based lending, and likely to face increasing costs of borrowing".

Coates is also chair of Fonterra's sustainability advisory panel and says farmers, who are caught right in the climate crosshairs, are more than aware of the challenges.

"Fonterra is a part of major global supply chains, almost all of whom are under pressure from their customers and regulators to reduce greenhouse gases. Fonterra and its farmers have a clear eye on the challenges they are facing with methane in particular, but there are some very promising new technologies which will hopefully help," she says.

‘PENALISE COMPANIES’

David Woods MInstD, an independent director and part of the Toitū Tahua: Centre for Sustainable Finance leadership group, says “overall evidence” suggests change is not happening fast enough in boardrooms.

“I think many boards now have at least one or two directors who are seen as the ‘champions’ of climate change, but sometimes that means the rest of the board absolving themselves of responsibility. I don’t think there are enough real swings in boards, as a whole, starting to tackle the problem.

Woods, who is also deputy chair of New Zealand Green Investment Finance, says New Zealand needs legislation requiring companies to demonstrate progress on announced emissions levels.

“If the FMA is going to penalise fund managers for false claims, then let’s start penalising companies for not having plans in place to reduce emissions after they have made announcements saying that’s what they’re doing.

“I think what we’re seeing is that current legislation isn’t able to deal with the problem overall.”

Woods says change can be further accelerated mainly by driving a stronger sense of purpose from all parts of society, including government and private sector (tax incentives, for instance, are usually controversial and rarely very effective) – it’s not easy to mobilise this but other countries have managed.

“Once that train is moving, then holding directors accountable becomes something that governments will want to legislate for, because they’ll see it as being in line with public opinion.

“Once that train is moving, then holding directors accountable becomes something that governments will want to legislate for, because they’ll see it as being in line with public opinion.”

“It’s not going to be easy, and this needs to be acknowledged rather than downplayed. International supply chains will drive a big part of the change in New Zealand, by demanding behaviour from our companies that may be more stringent than would be required domestically.”

Woods says climate reporting is a serious issue that potentially affects New Zealand’s ability to continue as a major exporter of food and other products.

“Better climate reporting, and adapting to climate change and going beyond mitigation are all going to be expensive for New Zealand corporates, so there’s a natural reluctance to be seen as the first mover – not for all companies, but for some.

“Supply chains will start to change this, but ultimately a number of things have to come together quickly for New Zealand – our track record on ‘100% pure’ isn’t as rosy as we like to portray, and it’s difficult to admit this.”

Woods says “cost and sacrifice” are needed to reach a better future.

“We have to recognise we need to invest significantly, that future generations have a right to inherit a land in better shape than we’re leaving it.

“We won’t get it all perfect, but sooner or later we need to stop talking about the problems and start trying to address them, even if it’s small steps at first.

“Doing nothing will mean a much worse future for our children and grandchildren – and that’s not a legacy we want to be responsible for.” BQ

Less is so much more

AUTHOR:
NOEL PRENTICE,
EDITOR

It should always be about reduction, says Chloe Van Dyke, owner and director of an award-winning, climate-positive company in Nelson.

Chloe Van Dyke MInstD runs an award-winning, climate-positive company in Nelson and is trying to usher other businesses and whole industries into a better world.

Sustainability is at the core of Van Dyke's Chia Sisters, a solar-powered, zero-carbon, health drinks company that prides itself on the wellbeing of people and the environment.

"It is in our DNA," says Van Dyke, who along with sister Florence created the company in 2012.

They may be small but they are leading by example on climate solutions and innovations, helping inspire or influence more than 1,000 businesses across


Chia Sisters
New Zealand
chiasisters.co.nz

New Zealand. Last year, they won the Sustainable Business Network's Climate Action Leader award.

To achieve a climate-positive certification, a company has to offset their emissions by 120%. The first steps, though, are measuring its carbon footprint; implementing a carbon reduction plan; reducing emissions; and then offsetting what cannot be reduced.

Chia Sisters has solar panels that produce more than the amount of energy needed "on a good day". They use electric vehicles and are continually working on waste reduction, including food waste going into landfills.

"It may not be within our internal operations but it is within our community," says Van Dyke, a neuroscientist-turned-entrepreneur.

Food waste in landfills is a big emitter of emissions and Van Dyke says they recently 'saved' a lot of damaged pears and fruit from going into a landfill, and turned it into a "beautiful juice". It was not damaged in any other way than aesthetically.

They have introduced kegs so juice can be served on tap in cafes and the kegs are returned to their factory. They have eliminated single-sheet plastics in favour of reusable covers in their operations.

"A lot of waste happens behind the scenes in companies," says Van Dyke. "You can't tell by looking at someone's packaging."

She says recycling is "really the worst of the environmental initiatives" and there has to be a continual process of reductions.

"It should always be about reduction," she stresses.

"At the moment regulations, measurements and certification are variable. Going through a regenerative native forest project is one way. I think there will be a lot more ways you can do that."

OFFSETTING EMISSIONS

Chia Sisters achieves its climate-positive certification thanks to offsetting emissions in a carbon sink in Golden Bay.

"We do that through Rameka, a certified carbon sink," says Van Dyke. "It's close to where we live and regenerating farmland to native forest.

"At the moment regulations, measurements and certification are variable. Going through a regenerative native forest project is one way. I think there will be a lot more ways you can do that.

"For example, we send solar power back to the grid when we are producing more that we are using, but we don't get a carbon credit because they haven't figured out how to measure that. It still has a value.

"There could be some sort of credit, or value or offset, if you stop food waste from going into landfill.

"It shouldn't just be about planting trees and then continuing as though it is business as usual because that won't work.

"Offsetting is a way of adding an external cost to your business which should change the way you do business."

MOBILISING BUSINESSES

Van Dyke helped create a not-for-profit in Nelson named Businesses for Climate Action, which is bringing industries together to collectively measure their carbon footprints and then work on a reduction plan as an industry. That makes their actions – and voice – a lot louder.

"One of the things we recognise at Chia is that we are a small player and individual action alone by businesses is not going to cut it. Solutions can't be on an individual basis; they really need to be industry-wide.

"Exerting your collective buying power, for example, can change the way things are done. In the food and beverage industry, my guess is 50% or more of all emissions comes from freight so that is something external to our business. If I go to my freight supplier and suggest they think about getting a hydrogen vehicle on the road, they are going to laugh at me. But if I get all the F&B industry on board, then we have the power to create more change."

Van Dyke is concerned New Zealand is not doing enough in the fight. Chia Sisters' goals are aligned with the United Nations' Sustainable Development Goals, of which there are 17.

In the 2022 global assessment of countries' progress towards achieving their SDGs, New Zealand achieved only three. One of those was 'Affordable and Clean Energy'.

But the Sustainable Development Report said "challenges remain" in 10 other goals, "significant challenges" remain in one ('Life on Land') and "major challenges" remain in two ('Responsible Consumption and Production', and 'Life Below Water'). There was no information available for 'Reduced Inequalities'.

"I'm not sure where we actually meter, but we are not doing great," Van Dyke says. "It seems like we are slowly dropping behind, which is a real shame.

"New Zealand has the potential to tell a good story. We should be able to collaborate in this space. I'm hoping people see this as an opportunity and get active."

"New Zealand has the potential to tell a good story. We should be able to collaborate in this space. I'm hoping people see this as an opportunity and get active."

BEST PRACTICE

Van Dyke has just joined the board of Environmental Choice New Zealand, which certifies companies that are doing business at best-practice standards.

She has also joined the B Corp Council, a global network which certifies for-profit companies that use the power of business to build more inclusive and sustainable economies.

"In March 2021, Chia Sisters was certified as the highest-scoring B Corp in New Zealand, and since then have ranked in the top 5% of B Corps globally for their environmental impact."

Florence has since left the company and is now Head of Sustainability at New Zealand Trade and Enterprise Te Taurapa Tūhono. In May, she graduated with a Masters of Laws in Business and Climate Change at the University of California, Berkeley. She is still a director of Chia Sisters.

Chloe says new climate-related disclosures are a necessary step but it is not going to be enough to stop climate change.

She says directors need to see the crisis as an opportunity, to be innovative, provide motivation to employees, to deliver on what customers ask for, and explore access to capital whether through sustainable finance or investment.

"I think there is going to be a lot of disruption and change in what is considered to be acceptable and what's not. Your competitors are going to be working on it. Do not become obsolete. Now is the time to change.

"This has to come from the boardroom because it is responsible for strategic direction. If they don't do it, then who will?" BQ

FROM OUR CHAPTER ZERO NZ PARTNERS

Communicating climate: the challenges and opportunities

AUTHOR:
JANE SWEENEY
MINSTD, EXECUTIVE CHAIR, ANTHEM

Anthem

Chapter Zero New Zealand
The Directors' Climate Forum

Join us here at **chapterzero.co.nz**

Get ahead of the curve and seize the reputation-building opportunity that excellence in climate reporting presents.

Communicating climate became a governance priority last year when the government passed legislation mandating climate-related disclosures for about 200 publicly listed companies and some other entities.

Yet, few are grasping the reputation-building opportunity that excellence in climate reporting provides. One of the best and most logical ways to become a trusted and admired business is to tell a holistic story of the impacts and achievements of your business, and the learning along the way, to critical stakeholders who really matter.

Reporting standards regulation is reaching new levels and now is the time to get ahead of the curve and embrace the opportunity.

New Zealand's External Reporting Board (XRB) is consulting on new mandatory reporting standards to be introduced in December.

Additional regulatory requirements are coming down the chute. In August, the government launched a National Adaptation Plan – a long-term strategy to deal with the effects of climate change. It includes a focus on the public sector and businesses needing to reduce the long-term economic costs, and seize the opportunities of a changing climate. NZX has also recently released for consultation a revision of its ESG guidance.

The pressure is mounting for boards to embed climate considerations in their business strategies, and tell their climate story in a way that meets reporting requirements and supports reputation.

Companies that are true to their purpose and measure progress against environment, sustainability and governance metrics are positioning themselves to build long-term, sustainable value, while protecting their social licence to operate.

More than that though, well planned and executed climate communication will protect and enhance an organisation's reputation.

Forward-looking companies and organisations are already taking their climate reporting up a notch. They are using principles and standards frameworks to give structure to their narrative.

It requires discipline, rigour and planning to tell your climate story, and show you are really thinking about what it means to have a positive impact on your communities, environment, and your bottom line.

"Companies that are true to their purpose and measure progress against environment, sustainability and governance metrics are positioning themselves to build long-term, sustainable value, while protecting their social licence to operate."

For some boards, it will be a challenge they have yet to meet.

In July, PwC issued its review of New Zealand climate-reporting performance. The results were sobering.

The review found that companies barely scored a pass mark for reporting on risks to their businesses associated with climate change. An analysis of NZX companies with March balance dates found only three out of 15 discussed the impact of climate-related risks in their financial statements. Some were failing to link the narrative in the front sections of annual reports with the numbers and data in later sections.

Others, however, have shown what quality climate reporting and communications looks like and they have been recognised for their efforts. Sanford, the Port of Tauranga, Fonterra, Transpower and Zealandia-Karori Sanctuary Trust are among those whose annual reports and sustainability reports have won Australasian awards.

Their reports were praised for:

- Conciseness in telling their stakeholder engagement story, and the external verification of their data.
- Using international reporting frameworks to provide a comprehensive analysis and commentary on their strategy, governance, and a range of environmental, social and economic measures.
- Holding themselves accountable and discussing where they have yet to meet the climate goals they have set themselves.

Each organisation has gone beyond data and standards and established the story they need to tell about their particular climate challenges and opportunities.

They have demonstrated the importance of understanding what their stakeholders consider to be issues and addressing them – because they are listening. They are aware that a cookie-cutter approach that only ticks regulatory boxes will deliver little more than radio static: it might be heard, but it's more likely it will be turned off.

COMMUNICATING EFFECTIVELY

When we use the phrase "climate story", let's be very clear: it is a story rooted in verifiable facts – not fiction.

In seeking to tell their climate story, organisations need to adhere to some core principles:

- Be measured and realistic.
- No one expects perfection from the outset, but they do respect candour, and they respect progress and honesty.
- Set reasonable expectations as you begin communicating your climate position – remember that you are setting the stage for reporting in future years.
- Be honest, authentic and a little bit bold – look through your numbers to the story they tell.
- Be accessible and comprehensible.
- Avoid marketing speak and jargon.
- Be aware of your stakeholders' information needs and interests.
- Avoid engaging in a box-ticking exercise.

KNOW YOUR AUDIENCE

Before considering what to say about climate, there are two vital questions every board needs to ask: 'Who are we talking to'? and 'How are we addressing climate risks and opportunities in our business strategy'?

It sounds simple to the point of banality, yet failure to truly define your stakeholders and understand their issues, concerns and points of view will result in communications likely to misfire, enrage or be ignored.

So take the time around the board table and with management to be specific. Only then will your organisation be able to frame its climate communications respectfully and accurately – meeting not only your reporting requirements, but also your stakeholders' needs for clarity, relevance and transparency.

Those that excel at telling their climate story also find ways to make it personal. They recount the achievements of their own people as they embed climate in the way the organisation conducts its business planning and operations, and delivers value.

THE LEXICON

Taking the first steps towards communicating climate is easier when you know who you are talking to – and when you use the toolkit available to help your organisation tell its climate story.

Chapter Zero and the IoD have published a wealth of resources and regularly host events that promote awareness and share the knowledge available in the governance sector.

The XRB and other regulatory bodies, such as the Financial Markets Authority, are also providing guidance.

This year, Anthem has worked with Chapter Zero to develop another component of the toolkit.

It's called The Lexicon – an information resource for directors who want to upskill and support the global goal to achieve net-zero carbon emissions by 2050.

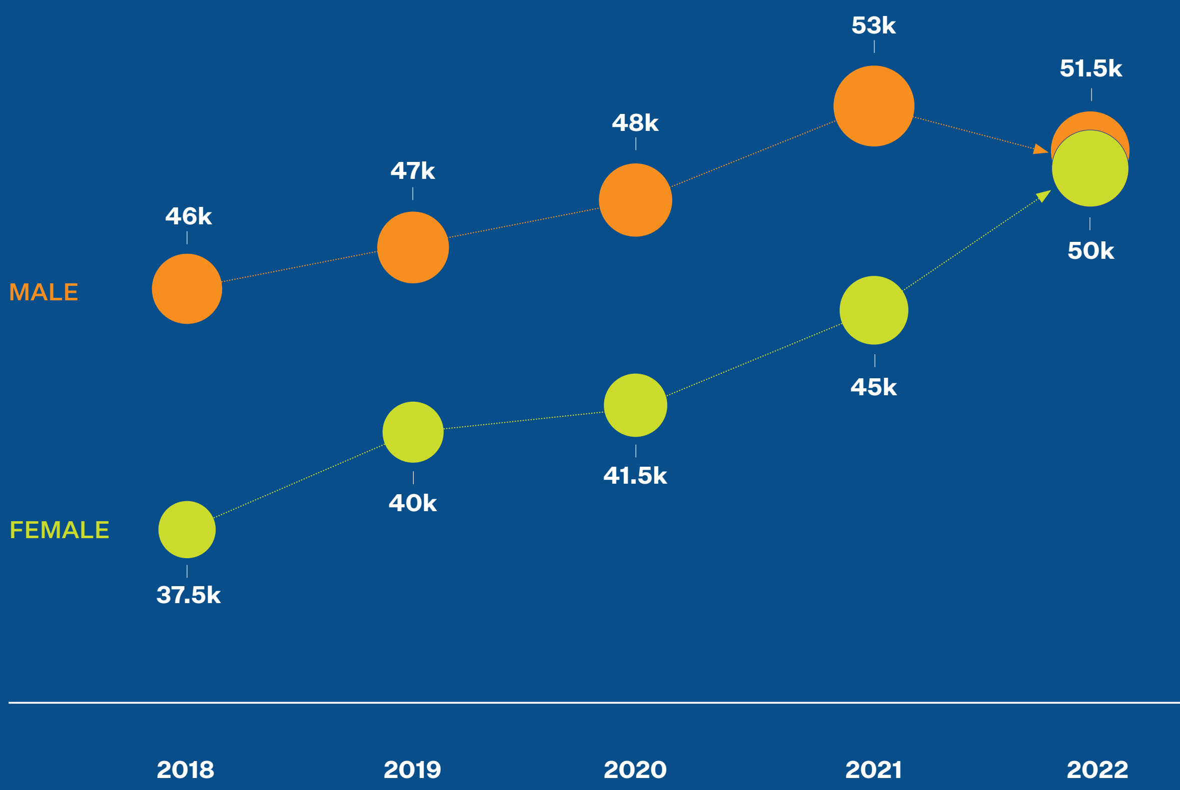
The Lexicon is available at **www.chapterzero.nz**

Now is the time to take a director's lens to your organisation's climate story. By stewarding its development, your board will secure the opportunity to marry strategy, data, and regulatory compliance in a compelling narrative that builds respect for efforts to meet New Zealand's target of achieving net-zero carbon emissions by 2050. **BQ**

"It sounds simple to the point of banality – yet failure to truly define your stakeholders and understand their issues, concerns and points of view will result in communications likely to misfire, enrage or be ignored."

How do you compare?

Non-executive directors' median fee payments



Institute of Directors Directors' Fees Report 2022 /23

The Institute of Directors (IoD) with EY has released its 2022/23 Directors' Fees Report. The report is a key source of information on director remuneration trends in the New Zealand market.

Institute of DIRECTORS NEW ZEALAND

Purchase the Directors' Fees report and get the full picture from our survey partner EY please call EY on (09)377 4790, email survey@nz.ey.com or call IoD 0800 846 369.

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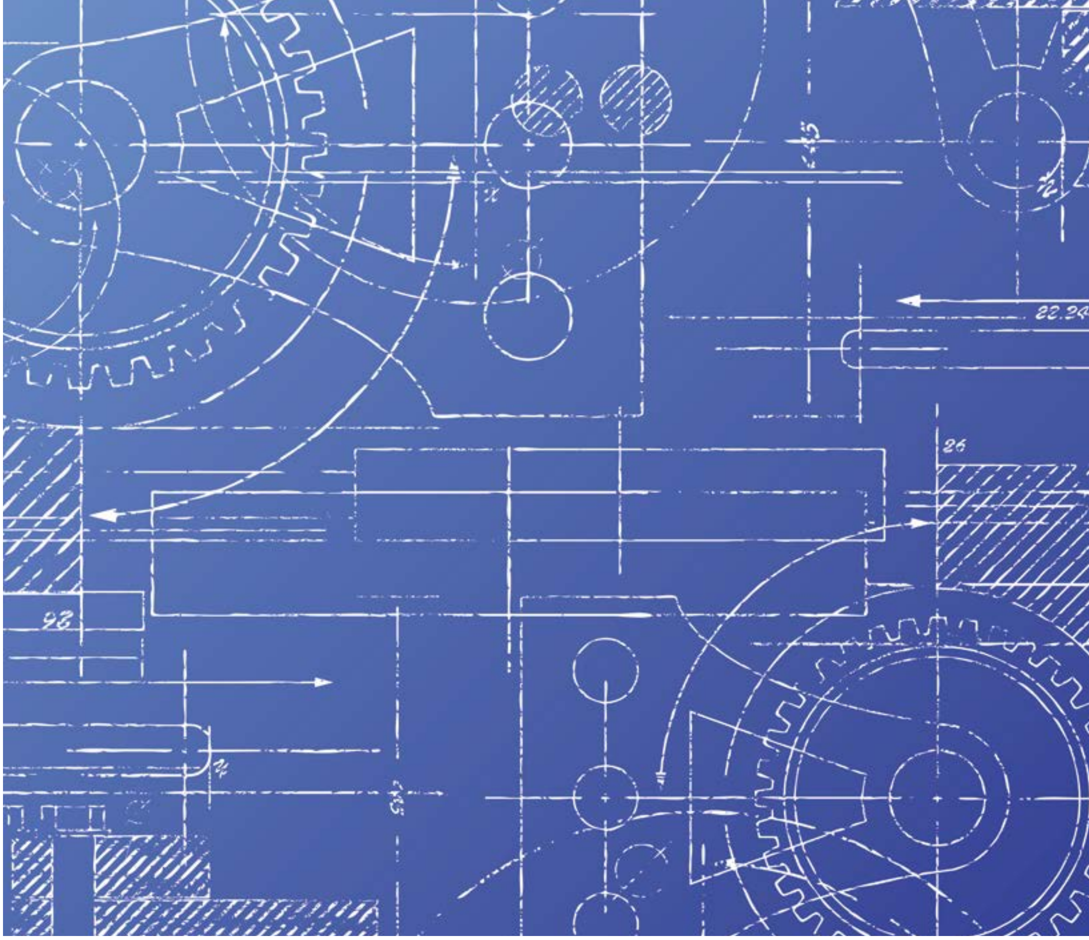


Lead before being led

‘Getting Real – A blueprint for commercially smart climate transition’ gives directors and businesses an action plan.

More than a fifth of the world’s largest corporations, with combined sales of nearly US$14 trillion, are estimated to have committed to reach net-zero carbon emissions by 2050 at the latest. Many more still need to do so.

The challenge is to make their intentions real: to turn commitments into sustainable plans and actions, says ‘Getting Real – A blueprint for commercially smart climate transition’, produced by Oliver Wyman.

Corporations need to do this at pace and at scale. They need to do it with the tools and constraints they have today, without waiting for a more supportive environment. Yet they must achieve this within the normal pressures of sustaining and growing a profitable business.

Corporations are under pressure from different quarters – pressures that can drive them to action or hold them up. Investors are increasingly motivated to finance the transition, but the territory is complicated by multiple agendas, unsettled priorities and insufficient data.

Smaller businesses are less focused or equipped to participate, and most consumers are still inactive. Regulatory pressures mostly remain in the future, but anticipated regulations are incentivising companies to avoid dangers ahead.

Marsh

Working with the Climate Group, Oliver Wyman talked to 27 major corporations, who have a track record of setting, pursuing and generally meeting climate goals.

Their progress has been impressive (and real) but their focus is rightly on what they still have to do. It is the anticipation of pressures that do not exist yet.

The report identified four domains that businesses need to manage in order for their transition plans to be commercially successful and to have impact.

- **Leadership:** It begins at the top – in signalling priorities, demonstrating commitment, showing a long-term perspective, empowering colleagues, enabling investments, influencing other players in the system, supporting risk-taking, and protecting against failure.
- **Business System:** This is where decarbonisation takes place. But the task is deep and broad. Climate leaders work strategically on transitioning the whole value chain, rather than just the scope of their own business, creating opportunities for great climate impact and commercial value.
- **Customers:** Companies in all sectors are engaging their customers. Big, corporate customers are active and offer commercial opportunities, through collaborative relationships more than paying product premiums. Smaller businesses tend to be reactive, while consumers' climate concerns are mostly not leading to action today.
- **Finance:** Climate action financing is currently abundant – for ventures that can demonstrate the right combination of financial and climate returns in the context of a planned transition. One result is a fast-evolving industry of metrics, disclosures, ratings, carbon budgeting and carbon pricing – at a company level with external funders and at a project level within organisations.

WHAT DO LEADERS NEED TO DO, AND HOW ARE THEY MANAGING TO DO IT?

Now is the time to lead, before being led – to envision an organisation's role in a low-carbon and then net-zero world, as well as in driving the transition, and to chart a path to achieve it. This is a strategic challenge that goes far beyond incremental reductions in carbon emissions and reacting to regulation or to environmental, social, and governance (ESG) scoring systems.

Net-zero commitments don't fit the norm of businesses' forward-looking statements. What does it even mean to commit to something that they don't know how to do and that will be tested only long after the leadership team retires?

Yet, interviewees said repeatedly that bold commitments and targets have unlocked progress, making the previously impossible possible. "If targets were not set, technologies would not be pursued," said one executive. "It's self-fulfilling," said another. "If you don't put the goal out there, you won't find a way."

HOW CAN A COMPANY ACHIEVE BREAKTHROUGHS AND ACCELERATION FROM SUCH COMMITMENTS?

Live your purpose: organisations that are led by purpose have drawn heavily on this to shape and justify their commitments. A purpose can also help guide the resolution of conflicting goals.

Build confidence in steps: committing to the transition is not a one-off action – it's a journey. Building confidence through small leaps of faith, and past achievements, paves the way for taking on bigger commitments.

Model the alternative: Climate action leaders often talk about their commitments by contrasting them with the realistic future alternative. They recognise that to 'do nothing' is not the same as 'nothing changes'. As one interviewee said: "You can't model how fast it will happen, but what is guaranteed is that the cost of carbon credit – the cost of compliance – will go up". BQ

The report also found two overarching themes:

1. OWN THE PROBLEM – DON'T OFFLOAD IT

Climate change is a collective action problem and this comes across clearly in the approach of the climate action practitioners. Their mindset is not to offload the problem to other players, but to take it on and make the biggest impact they can, given who they are.

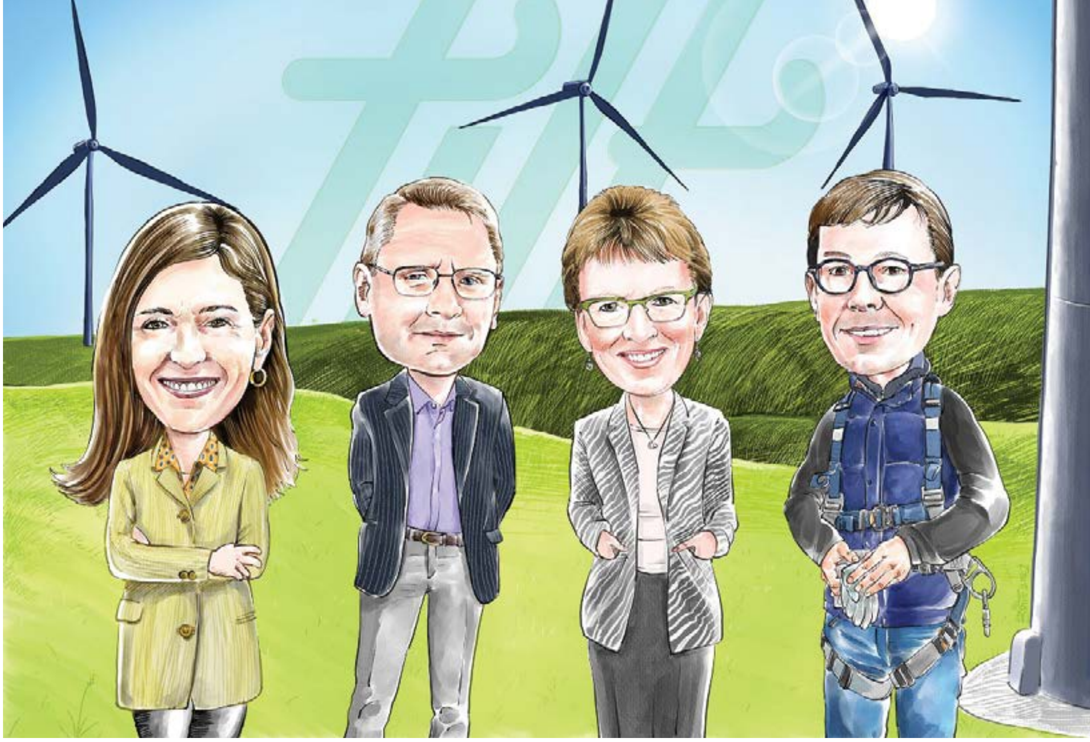
The key to success is for this generation of leaders "to embrace the reality of climate change", says Steve Howard, Chief Sustainability Officer for the Singapore government's investment company Temasek, and "to recognise that it is happening now, on their watch, in their term of office, and to take responsibility knowing their success will be measured on it".

Taking responsibility means looking beyond a company's own operations, which in many cases are small compared with the overall impact of their value chain or the system of which the business may be a core part.

2. INNOVATE THE BUSINESS, NOT JUST THE TECHNOLOGY

Less visible than innovations in enabling technologies such as hydrogen or carbon capture is the need and opportunity to innovate the business itself. This can involve strategically rethinking the business design or working tactically with customers, investors and colleagues. An overall objective of innovating the business provides a strong theme to shape and enrich each of the four domains.

Read the full report at **oliverwyman.com**



Independent spirit

AUTHOR:
AARON WATSON,
WRITER/EDITOR, IoD

Two IoD members were among independent directors recently honoured by the New Zealand Shareholders' Association for "principle and courage".

Many directors will go through their entire career without dealing with a takeover offer – let alone a takeover associated with the employer of their fellow board members.

Tilt Renewables independent directors Fiona Oliver CFInstD and Anne Urlwin CFInstD, and Australia-based directors Phillip Strachan and Geoff Swier, won the New Zealand Shareholders' Association Beacon Award 2021 for what the NZSA called an "outstanding example of principle and courage".

The four comprised Tilt's independent directors' committee, chaired by Oliver, which in 2018 advised minority shareholders to wait for an independent valuation before deciding whether to accept the $2.30 per share bid. The valuation priced the shares at $2.56-$3.01.

When Tilt was taken over three years later, via a scheme of arrangement, shareholders received $8.10 per share, a price the NZSA said "vindicated" the stance taken by the independent directors.

One of the key focuses for the board upon the formation of the company was to ensure the appropriate policies and protocols were in place to manage any conflict, or future conflict of interest at board level – three members of the board were employed by Infratil which, with Mercury Energy, made the takeover offer in 2018.

An independent directors' committee charter had been put in place as part of this conflict management "infrastructure" and this committee was immediately "stood up" to manage the board's response to the takeover notice.

This saw the three Infratil directors delegate full board authority to the independent directors' committee to respond to the takeover notice without them. The understanding of the directors associated with Infratil of the need for them to stand aside from discussions around the takeover bid was an example of the understanding of the board of their directors' duties and the strong culture of accountability the Tilt board shared, Oliver says.

"In terms of the dynamics of the independent directors' committee, we had very strong board culture – created by the full board chair, Bruce Harker. As a full board, we had spent considerable time together and as a consequence we got to know each other well. The independent directors committee was therefore well equipped, let's say, from a cultural perspective, to deal with the bumps in the road," says Oliver.

"This was somewhat of a large bump, but due to the culture we had inherited from the full board, there was a high level of trust and candour, such that we could work through the more challenging decisions."

One of the first tasks of the independent directors' committee was to form a view on the offer price.

"When there is an unsolicited offer in the market like that, Mercury and Infratil set the price," says Urlwin. "We needed, as the independent directors' committee, to form a view on this price and make a recommendation to shareholders.

"Our initial recommendation, as you would see in most takeover attempts, was for shareholders to not take any action until we were in a position to comment on the offer."

"Dealing with a takeover, whether by way of scheme of arrangement (2021) or an unsolicited offer in the market (2018), is very time-consuming for directors and the management team . . ."

One of the challenges of assessing a fair price was valuing intangible assets, Urlwin says.

"There were opportunities under development that were not on the balance sheet because they were not advanced sufficiently but were clearly going to add value in the future. Part of our consideration is the ability of the management team to execute on these opportunities and Tilt Renewables had a highly skilled and experienced management team."

Another challenge was ensuring minority shareholders were kept sufficiently informed.

"Some didn't have an email address, for example. So, we mailed letters to everybody," says Oliver. "We also placed videos on the website. We did everything we could to ensure shareholders were receiving the communications of the board."

"Dealing with a takeover, whether by way of scheme of arrangement (2021) or an unsolicited offer in the market (2018), is very time-consuming for directors and the management team," Urlwin says.

"While there is a prescribed legal process to be followed and, of course, you appoint advisors to assist you, there are significant judgements that directors need to make along the way. You are trying to provide the best possible, and most comprehensive, information to all shareholders to enable them to make their decisions."

Attempting to achieve an outcome that is good for all shareholders is what directors must do. Job done – and later honoured by the NZSA with the Beacon Award.

"It was a wonderful surprise," says Urlwin. "We couldn't have an in-person celebration because we were in lockdown. So, we all sat in our respective homes and had a glass of wine or cup of tea; a bit of a different celebration, but it did mean that Geoff and Phillip could join in virtually as well." **BQ**

An ace in the pack

Dr Ashley Bloomfield is ready to sit at a different table after his high-stakes hand in New Zealand's Covid-19 response.

AUTHOR:
NOEL PRENTICE, EDITOR

Photo by:
Hagen Hopkins/
Getty Images

Dr Ashley Bloomfield MInstD is waiting for the next hand to be dealt. The last one was like a horror show, with Covid-19 and its deadly mutations on nearly every card. But he played them all as if everyone's life depended on it – and they did.

The face of New Zealand's Covid-19 response with Prime Minister Jacinda Ardern, Bloomfield stepped down as Director-General of Health at the end of July because "the time felt right".

The world of governance awaits as an option and Bloomfield knows he has a lot to offer – with experience in organisational leadership, including crisis management, being top of the list as part of a pandemic response credited with "saving thousands, if not tens of thousands of lives".

For more than two years, Bloomfield brought reassurance, complementing Ardern as they delivered the daily updates and the drastic measures needed to protect Kiwis.

He was cool, calm and collected, and immediately embraced in living rooms and on social media channels around the country. As a public servant, he escaped most of the vitriol directed at politicians – and Ardern, in particular.

Behind the scenes, he was not only calm, but considered and compassionate.

Bloomfield will join an IoD five-day Company Directors' Course in November as he seeks to strengthen and improve his governance skills. He is anticipating a future across the public and private sectors.

"I'm looking for opportunities and one of those is taking on more formal governance roles as a board member. I'm really keen to not only develop my skills in that area but also link up with people who are in those roles and learn from them.

"My real passion and interest is in organisational culture, values-based leadership and how to get the best out of leaders, and I'm really keen to help share that experience in whatever role.

"I feel that I certainly have plenty to offer. I'm not sure what the next hand is I will be dealt, but I'm looking forward to it. I expect it to involve some formal governance roles so I want to make sure I am equipped as possible to do that really well."

UNDER THE SPOTLIGHT

Bloomfield says he has spent a lot of time reflecting on how he was unintentionally thrust into the spotlight.

"We didn't know what hand we were going to be dealt, but we had to pick up the hand and bring all our experience, our skills, our networks and relationships, and, most of all, our values to bear on how we played the hand.

"We didn't know what hand we were going to be dealt, but we had to pick up the hand and bring all our experience, our skills, our networks and relationships, and, most of all, our values to bear on how we played the hand."

"I found myself in that position and not without some absolutely harrowing moments. I have talked about waking up at three in the morning in a cold sweat in the early days, but then recognising, 'Shoot, this is the hand and here I am at the table. I need to do my best'."

As Director-General for four years and a total of seven years as a chief executive in a public sector organisation, Bloomfield says he has been effectively carrying out governance functions, although as Director-General there was no board to report to.

He did report to a board when he was a District Health Board chief executive and described them as "quite complex because the majority of members are elected through local body elections and the rest are appointed. It makes for an interesting board make-up".

"A chief executive's relationship with the board chair is critical," says Bloomfield, who has also served on community-based boards, such as a local school and NGOs.

"Boards need the right information. It's been my experience that there is always asymmetry of information between boards and the chief executive, and there has to be a strong relationship of trust. Information can always be curated to an extent, but it needs to be open and transparent and when the board asks the tough questions it needs to know it is getting the correct and accurate info.

"The chief executive does not need the board interfering in the business or digging into operational decisions. Boards need to focus on key roles around setting strategy, ensuring the organisation is delivering against that strategy and there are clear plans identifying and managing risk.

"Most of my career has been in the health sector. The last four years I have also been a senior public servant. You could argue that I have worked as close as any public servant with political leaders.

"Yes, the perspective I was bringing was a public health one, but I have been part of leadership teams across government, leading not just the Covid response but broader initiatives.

"I think my skill set goes beyond just health into policy-making across government, the policy-political interface, organisational leadership and governance, and leadership in a crisis, as it were. These are the areas I am looking to develop," he said.

He may understate "leadership in a crisis", but Bloomfield says the lessons in the pandemic are the same when it's not a crisis – they are just amplified more.

"I've certainly spent quite a lot of time thinking about the key lessons learned.

"I've been invited – and talked – to a whole range of audiences and each time I refine these lessons further. There may even be a book in there at some point."

'HUGE PRIVILEGE'

Bloomfield says it was a "huge privilege" being Director-General and standing alongside Ardern in the Covid-19 fight, although he didn't enjoy the adulation "so much".

"I have really appreciated the thousands of people who have written to me or emailed, or approached me in the street, often for a chat or a selfie. Not one of them – and there have been thousands – has been rude or unpleasant. They have been generous and grateful."

But the celebrity status has allowed him to connect with many people and he is excited to "interact with people that I might not have otherwise".

There have been many reflections but no regrets in the course of action they took, including locking down New Zealand and trying to eliminate the virus in the beginning.

"I think my skill set goes beyond just health into policy-making across government, the policy-political interface, organisational leadership and governance, and leadership in a crisis, as it were. These are the areas I am looking to develop."

"Hindsight is a wonderful thing," he says. "I often get asked, 'Do you have any regrets?'

"I don't. In March 2020, Mike Ryan, the Irish doctor who leads the WHO response, said 'Act now, have no regrets'. That stuck in my mind. Choose your pathway – and we did. The worst thing you can do is not act.

"Of course, there are things I would do differently," he says, "particularly engaging with communities much earlier – Māori, Pasifika and disabled people. Those communities were hit hardest. If we got in there earlier and put in place formal mechanisms to get input from them, we could have done a better job in supporting them."

Ardern spoke glowingly of Bloomfield when he announced his early departure, saying his "focus on people and his calm and considered approach" has shown him as a "true public servant".

"He has been central to our Covid success as a nation and he's done it with humour and grace," Ardern said.

Bloomfield says they developed a coherent and strong working relationship based on "great respect for each other as individuals but also for the roles each one was playing. And being able to keep things in perspective".

"I have been asked by kids, 'Is Jacinda your BFF', and I say 'Well, no. Even when she calls me, I always call her Prime Minister. They are puzzled by that."

Now it is time for Bloomfield to consider his family as he spends time with wife Libby and their three children, and pursue his love for cycling and the mountains.

He can also focus on his own health and get "the cortisol levels back to normal" before seeing how the next cards fall. **BQ**

Mindful of cultural intelligence

AUTHOR:
NOEL PRENTICE, EDITOR

Rachel Afeaki-Taumoepeau encourages boards to be curious and better understand the differences and benefits between a Western and Māori governance model – and why not a Pacific model?

Rachel Afeaki-Taumoepeau CMInstD is a bridge builder – metaphorically speaking. She has built many across the South Pacific region but the one she really wants all governors and directors to cross is 'cultural intelligence'.

Afeaki says it is still missing in many boardrooms and that surprises her. But she has also seen an open desire to learn.

"I believe there is an increasing need for governors to have a deeper understanding of what cultural intelligence looks like generally speaking, what it looks like for themselves and what it means for each of us as governors across the boardroom."

Afeaki says this is an ability to cross boundaries, navigate and thrive within multiple cultures – those formed of geography, faith, gender, generation, organisation and sector.

"As a New Zealand-born first generation Pacific (Tongan), I am a New Zealander, yet what I have come to recognise and learn more about is that 'cultural intelligence' in the governance-learning context is distinctively different to principles of Māori governance."

Afeaki says that many vastly experienced governors still have "little understanding" of cultural intelligence.

"It is really important for governors, and especially emerging governors, to remain curious and humble with a genuine desire to seek to better understand the differences and the benefits between a Western governance model and a Māori governance model – and why not a Pacific governance model?

"It becomes an issue if the board is not curious enough about cultural intelligence and cannot see, hear and discern the differences. This can initially be very

challenging and quite often requires more time (and who has more time) and a little more conversation across the boardroom table.

"Across New Zealand, board make-up and company values are becoming more diverse in every sense. Directors are taking on board external support and training to better understand Te Ao Māori and Pacific.

Afeaki says the benefits of boards embracing cultural intelligence and other ethical governance models can only be beneficial to all, but she recognises it takes time so "the role of the chair is to ensure to take everyone on the journey".

CHAMPIONING DIVERSITY

Afeaki is a member of a Pacific governance leadership group across Aotearoa New Zealand working with the Institute of Directors to support greater involvement, empowerment and visibility of Pacific people in governance, and championing the value of authentic board diversity.

"For Pacific peoples, governance is about co-creation with our communities to include businesses, churches and our younger generation with a strong emphasis placed on our values having high-level strategic conversations with a Pacific world view," she says.

Afeaki has 20 years of governance and broad commercial experience, including numerous projects between New Zealand, South Pacific region and International concerning trade and investment promotion and facilitation, international research expeditions, public relations, government, and NGO advisory.

The first Pacific Chartered member in the Waikato region and one of only two Chartered Tongan women in New Zealand, Afeaki has been involved in some major bridge-building projects and high level strategic conversations – namely helping New Zealand improve relations with Tonga, Australia and Papua New Guinea.

She is not afraid to speak up when required, an attribute that comes naturally thanks to her upbringing and being raised in a church that encouraged public speaking.

"Across New Zealand, board make-up and company values are becoming more diverse in every sense. Directors are taking on board external support and training to better understand te ao Māori."

"I was born, raised and educated in Auckland and now living in Hamilton city. My parents are Tongan migrants who met in New Zealand and got married. I know my ability and courage to speak to audiences is a result of leadership roles – quite often by default – in school and the community. It equipped me to be able to speak to large diverse audiences in either a formal or non-formal manner."

TOUCHED BY 'VOICE WITHIN'

Her journey into governance started by chance when she encouraged her husband, Aleki, to attend a Business Edge leadership conference in Taupo in 2008.

"We just had our first son, and I thought I already knew enough about leadership because of my work and community involvement and encouraged Aleki to go and I would support him," she says.

But one speaker had a profound effect on her, challenging the room to question their own leadership, leading her to ask herself, 'Where are all our leaders within our own communities?"

A "voice within" whispered to her spirit/wairua – 'You're a leader, step into it'.

The big opportunity came a few years later in 2010 when New Zealand Trade and Enterprise supported the establishment of the New Zealand-Tonga Business Council, a year before Rugby World Cup 2011.

Says Afeaki, "they needed a conduit entity connecting the New Zealand and Tonga public and private sectors to include Tonga diaspora in New Zealand and invited Tongan/Pacific business and community leaders to come forward".

Afeaki became the founding chair, established the executive – one of two women in a male-dominated private and public sector board (13 members) – and set about engaging, mobilising businesses, central and local government, and communities and cities in NZ and Tonga for the opening game between the All

Blacks and the Tonga's 'Ikale Tahi team. Many believe RWC 2011 was the catalyst to begin to recognise the contribution value of New Zealand's Pacific diaspora.

This leadership by a "youngish" Pacific woman "propelled her into places of governance", particularly concerning socio-economic development and bilateral trade and investment regularly invited to travel on official government business missions to the region.

Afeaki then sat on a crown entity board and began to formalise and better articulate what governance looks like through professional development. She joined the IoD in 2016, initially as member in Auckland and is now an executive committee branch member for Waikato.

"What is important for me is knowing the value I can bring to the table. My mantra is authentic leadership and governance underpinned by integrity, goodwill and excellence.

"I am a Pacific woman of Ngāti Awa descent, a New Zealander. I believe I am authentic in speaking truth, or what needs to be said, yet I am willing to bridge build to ensure increased understanding across the table.

"I also know humility is important and as my late mother would say –'Sometimes it is better to speak less and listen more'."

LIVED EXPERIENCE

A 2017 Global Woman Breakthrough leader and a 2020 EY Darden Executive leader, Afeaki is at her most authentic best when trying to address societal problems, such as inequity concerning leadership and governance, mental health, housing, international relations, and socio-economic development.

"Quite often I am at the table sitting with people who have no lived experience with our most vulnerable communities and our most vulnerable young people, or they don't have an understanding of cultural intelligence or cultural appropriateness."

Afeaki sits on boards for Habitat for Humanity NZ, Ember Wellbeing Trust, Bowel Cancer NZ, Vitae Trust, Community Link Trust and is part of the leadership team for the World Evangelical Alliance (WEA) to name a few. She has recently stepped down as chair for the New Zealand Tonga Business Council.

"I am a Pacific woman of Ngāti Awa descent. I believe I am authentic in speaking truth, or what needs to be said, yet I am willing to bridge build to ensure increased understanding across the table."

She is also chair of the Waikato Pacific Business Network and the Waikato Women's Fund supporting the aspirations of women and girls.

In the Waikato, she said she is seeing a huge shift with emerging and current governors wanting to meet more often to discuss and address matters of cultural intelligence, diversity, principles of Māori governance, people wellbeing and inequities across the board.

"Directors must be more discerning and aware of just how important the board and management must be 'as one' in its corporate social voice – sharp alignment is required," she says.

"We bridge build and we need to get to the point where everyone gets it."

Afeaki says chairs, in particular, must become agile navigators to set the tone and culture.

The brain drain, global supply chains, labour shortages, global instability because of war, and human fear topped with rising mental health concerns in the workplace and at home, are just a few of the major issues Afeaki believes boards will be talking about for a few years to come.

"Budgets have become more conservative as we move into the next 12-18 months of slow and lower economic growth so staff are feeling the pinch. Boards need to respond with empathy to ensure retention and loyalty."

Afeaki, who has completed her Advanced Directors Course at the IoD, says "we live in a world of increasing acceleration and this requires governing at pace, relative to the environment we are in" – something she wished others would embrace because "people need to catch up in some areas". BQ

A top gun in his own right

AUTHOR:
NOEL PRENTICE,
EDITOR

Brad Hurndell has earned plenty of production credits in blockbuster movies for his bespoke camera design solutions, but now he has a big supporting act.

Brad Hurndell CMInstD sat in a movie theatre watching *Top Gun: Maverick* and, like everyone, joined Tom Cruise in the cockpit as a jet-fighter pilot defying the laws of gravity and aerodynamics.

But Hurndell's experience was heightened and it was real. Two years ago, the hi-tech camera designer flew in the two-seater jets used for the acrobatic and high-speed testing for the stabilised camera system that would be used.

Hurndell and his team at Shotover Systems had developed a custom nose-mounted camera system allowing the producers to film at higher speeds and G loadings than cinema cameras had ever been able to be used before.

"I was lucky enough to go and do the test flights. It was absolutely amazing. It was scary and thrilling and exciting, all at the same time," he says. "The whole experience of watching the movie was so much greater because I was aware of how they captured the images, and where the filming aircraft were."

Hurndell is already an Academy Award winner (scientific and engineering in 2018) for his work on K1, a gyro-stabilised, helicopter-mounted camera system used in hundreds of blockbuster movies, such as *James Bond, Star Wars, Guardian of the Galaxy Vol 2, Dunkirk, Jurassic Park: Fallen Kingdom, Captain Marvel, Joker, Fast & Furious . . .*

"These camera systems for TV and motion pictures go on boats, helicopters, planes – anything that shakes around. We stabilise the camera mechanically so you don't lose any resolution, which is key for viewing on large screens and adding CGI."

Hurndell, the CEO, left Shotover nine months ago to set up his own company, Immortal Camera Systems, to pursue his love of bespoke design work and allow himself to further his governance career.

"I decided to build my own company based around unique and bespoke design solutions for motion picture and TV. Traditionally, companies serving this market have transitioned and moved into other markets over the course of a decade or more, but I have a passion for this industry.

"There is so much happening in this space, so much innovation, technology and development around multi-camera arrays, high-resolution cameras and equipment. It is an opportunity to build some amazing and interesting products."

He is a big believer and investor in the Kiwi can-do attitude – 'Yeah, I'll have a crack at that' and 'I think I can do that'. His new products are already at work in a movie at the moment but he can't say what it is.

CALL OF GOVERNANCE

With Hurndell's accomplishments – and all those movie credits – another role beckoned. "About six years ago, I started as a board member for Film Otago Southland, a not-for-profit trust looking to grow the local industry and raise awareness of our film-friendly locations in the region. It was a good fit for me and an entry point into getting into governance. I wanted to add some value to the local industry with the connections I have."

Hurndell, who was named the Institute of Directors' Otago Southland branch emerging director for 2021, is now chair of Film Otago Southland and has had to navigate through the Covid-19 pandemic.

"It was a difficult time with borders closed. It was impossible to bring in certain talent and crew so it meant there were a lot of productions that simply couldn't get filmed here. Local crew had very little work.

"We are now seeing a recovery with lots of inquiries and projects coming back, but it is still in the ramping process. We are doing work around training and increasing crew on the ground, also the availability of studios and the projects themselves."

"There is so much happening in this space, so much innovation, technology and development around multi-camera arrays, high-resolution cameras and equipment. It is an opportunity to build some amazing and interesting products."

As chair of a not-for-profit, Hurndell says funding is one of their biggest challenges. "It's always tricky. We get excellent support from local councils, Great South and the Southern Institute of Technology, which is invaluable. Being able to deliver year-on-year and implement long-term strategies is always challenging when funding is not guaranteed. We are always trying to juggle and manage resources."

Sometimes, that means rolling up his sleeves and "getting his hands dirty", especially with a collective that he also chairs – Mainland Angel Investors. The collective of local investors helps fund start-ups and companies in the region.

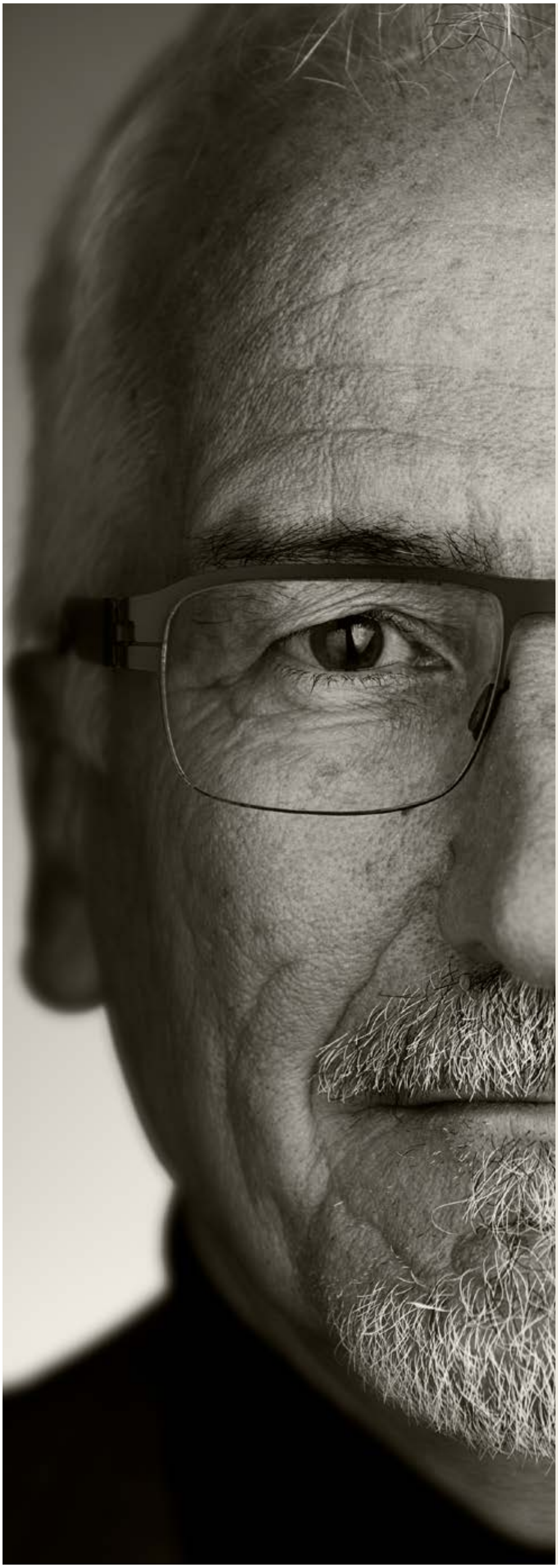
"There is a little bit of hands-on governance," he says. "I'm still supplying that high-level governance but, as an angel investor, it's also about getting in and getting your hands dirty. And how I can help share wisdom or experience, rather than just giving them money.

"The goal with angel investing is we actually give them smart capital, where the investors themselves can be useful and help de-risk and grow the project. Sometimes for NFPs and smaller entities, the 'eyes in, hands out' mantra can be harder to manage. People know they need governance but they need resources and for people to roll up their sleeves and make things happen.

"It's not quite like some of your more traditional board roles where you really are 'eyes in and hands out'. For me, there is a need to get involved and understand how things work and meet the people. Getting to ground level is much more fulfilling and interesting."

Although there is place for both types of governance, he says the last thing you want to do is take over.

"That's not the goal. If you are helping and it is well-received, then that is valuable – even if you are just helping host evenings or organising the drinks," says Hurndell, who has just been appointed to the Skyline International Luge board. BQ



Stop 'fixing' the women – fix the structure

Gender-related barriers still exist in the workplace, with women who have children also facing a 'mum penalty'.

AUTHOR:
ELLEN JOAN NELSON

With volumes of research to support that gender diversity in leadership teams, coupled with an inclusive environment, leads to improved performance, there are also societal pressures to address gender inequities in the workplace.

Aside from the moral and ethical imperatives, organisations are expected to do more to increase the representation of women in senior leadership positions. When it comes to board members, board chairs, CEOs and other senior roles, women are massively underrepresented.

Statistics show that women make up only 25.9% of directors on private company boards, although research shows the figure at 50.9% on public sector boards.

Current offerings to prepare and encourage more women towards senior roles tend to be focused on 'fixing' the

individual women. There are ‘women in leadership’ courses, women’s networking groups, coaching for women, courses for women (especially mums) to manage their competing priorities, and programmes to increase women’s confidence.

They are good offerings, add value and are needed, but they are only Band-Aids. If organisations are serious about increasing the representation of women, which they should be, they need to stop looking at ‘fixing’ the women and start looking at fixing the structures which are causing barriers to successful advancement.

Changing these structures to support women would also be good for men, and also for organisational performance and profits.

Women face gender-related barriers in some workplaces, such as harmful or sexist attitudes, and a lack of appreciation for alternate approaches to leadership.

In addition, women who have children face a further ‘mum penalty’, exacerbated by the value organisations place on people who work long hours.

Addressing the ‘mum penalty’ is one of the most impactful things an organisation can do to meaningfully increase its representation of women, and at the same time, experience improvements in overall productivity, staff wellbeing and retention.

Following my PhD (which focused on the leadership and wellbeing experiences of women in the workforce), my less formal post-doctoral research involved conversations with more than 500 parents, mostly mums, about the experiences of being a working parent.

“The ‘9-to-5’ construct was cemented in society more than a century ago, and it was based off the assumption that every household had a dedicated worker (a man) and a dedicated caregiver (a woman).”

The results were:

1. Parents couldn’t make work *work* so left the workforce.
2. Parents worked full-time and missed their children.
3. Parents worked part-time for less pay, but inevitably still completed the same workload and their career prospects were limited.

The root cause of these three disappointing outcomes is the societal-wide mismatch between the schedules of adults and children.

The ‘9-to-5’ construct was cemented in society more than a century ago, and it was based off the assumption that every household had a dedicated worker (a man) and a dedicated caregiver (a woman).

This does not reflect the demographics of our society today, yet the construct of work has remained largely unchanged.

With school being less than ‘9-to-5’, this creates a substantial challenge for every single parent (about 80% of the population become parents), and the burden of managing a paid job, as well as the majority of the child-related tasks, is still falling predominantly on women.

Hence the #workschoolhours movement was born. It aims to reduce the work schedule to align with the school schedule, without reducing salaries. This is not an idea just for mums, or even just for parents, this should be for everyone.

It focuses on outputs (what it is we want staff to deliver), as opposed to their inputs (their hours and location of work), as well as on flexibility and autonomy.

Perpetual Guardian and Andrew Barnes' four-day-week is already proving that the same amount of work can be done in fewer hours, just as the hundreds of part-time workers from my study are demonstrating.

There are productivity gains to be made by focusing more on outputs and less on hours. If all staff had more time outside of work, their wellbeing would improve, making them better focused and better performers when they are at work.

From an attraction and retention point of view, just imagine the calibre of talent you could bring to your organisation if you said, 'We will never make you feel guilty about your commitments outside of work, such as collecting your children from school or going surfing – we care that you do your job well, not when or where you do it'.

As well as moving towards **#workschoolhours**, and normalising this for all staff, organisations who do more to support all parents during parental leave will also see benefits in improving their representation of women.

Instead of viewing parental leave as 'time out', organisations should value the myriad skills gained during this period and as their children grow: patience, time management, empathy, negotiation, multi-tasking and much more.

We need to stop expecting parents to 'work like they don't have children' and 'parent like they don't have jobs'. The more organisations can do to support working parents and normalise this for all staff, the better for it they will be. Moving in this direction is both socially and commercially smart. BQ

"We need to stop expecting parents to 'work like they don't have children' and 'parent like they don't have jobs'. The more organisations can do to support working parents and normalise this for all staff, the better for it they will be."

Ellen Joan Nelson served as a leader in the New Zealand Army for 10 years, which included operational service in Afghanistan. During 2021 & 2022, she was part of a volunteer team, including Chris Parsons and Martin Dransfield, who evacuated 563 people from Afghanistan to New Zealand. Her PhD focused on authentic leadership and social wellbeing experiences of women in the workforce, with her case study being the Army. She then worked with the Army to improve the attraction, recruitment, retention and advancement of women. Her post-doctoral research (experiences of parents in the workforce) focused her understanding of leadership and high-performing teams, which led to **#workschoolhours**. She runs her own business as a speaker, trainer and consultant, helping organisations improve in the areas of leadership, wellbeing, gender and the future of work.

Her website is **www.ellenjoannelson.com**

The missing thousands

AUTHOR:
JO CRIBB CFInstD

Photo by:
Rishabh Dharmani
on Unsplash

Mind the Gap says only 63 businesses will be reporting their gender pay gaps on their registry by October, despite there being more than 5,500 businesses and 360 charities with more than 50 employees who could be reporting.

At the end of July, 54 businesses were reporting their gender pay gaps on the Mind the Gap registry and 10 were also reporting their ethnic pay gaps. A further nine have committed to reporting by 1 October.

These companies should be applauded for their commitment to being transparent about their pay gaps and working hard to address them.

In October, it will also be a happy 50th birthday to the Equal Pay Act. But it is clear the Act has not closed pay gaps and those who campaigned hard to ensure all workers are paid the same for the same work will be disappointed we are still talking about it.

By our calculations there are more than 5,500 businesses and 360 charities with more than 50 employees who could be reporting. So there are many missing.

Maybe they are missing because they don't know about the pay gap registry and are already reporting, and Mind the Gap has just missed them.

Or maybe these businesses and charities know their gender and ethnic pay gaps and are working hard to reduce them, but don't see the need to publicise them.

Or worse-case scenario, they don't know about pay gaps? Or don't believe they have any so haven't done the analysis? Or they have done the analysis, but not made it a priority to address them?

Mind the Gap is intrigued about the choices of the directors of those nearly 6,000 businesses and charities. That is potentially 42,000 directors (assuming board sizes of seven and no overlaps).

More than 90% of businesses will have gender pay gaps (if we are like our international counterparts). No nation has legislated for ethnic pay gap reporting, therefore we can't predict how many will have ethnic pay gaps, but it is a fair assumption it will be similar.

Based on international experience, we can predict that potential employees are more likely to apply for roles if there are low pay gaps and/or a clear plan to eliminate them. They will even forgo some of their pay knowing they will be treated fairly.

Based on findings from European research, we also predict that consumers, especially women, are likely to choose to purchase from a low pay gap company.

Given the environment is beset by inflation and talent shortages, where every sale and every hire matters, transparency around pay gaps seems like it is just modern business practice.

COMMITMENT IN PRINCIPLE

Based on the findings of the Education and Workforce Select Committee's inquiry into pay transparency, the government recently committed in principle to legalisation for compulsory gender and ethnic pay gap reporting.

Mind the Gap has advocated that the government needs to be clear about what this means for business to give certainty of expectations and timelines.

We have recommended any announcement should happen as soon as possible to give business leaders the opportunity to analyse their gaps and put plans in place to address them.

A standard method of reporting will need to be adopted. This should be designed by business leaders based on what will work best, is simple, and fair across business types and industries.

We also recommended there needs to be a decent period of voluntary reporting before sanctions are applied.

For us, pay gap reporting is what business leaders do because they are committed to treating their employees fairly. Any legislation should not be about trying to catch businesses out, but rather about ensuring all employees work for businesses who know and are working to reduce their pay gaps.

While we celebrate those who are the first movers in pay gap reporting, and ponder the reasons while others have not followed suit, what we can conclude is that transparency around pay gaps is here to stay as part of modern business leadership. **BQ**

"Mind the Gap is intrigued about the choices of the directors of those nearly 6,000 businesses and charities. That is potentially 42,000 directors (assuming board sizes of seven and no overlaps)."

Jo Cribb is a co-founder of the Mind the Gap campaign.

Courageous reporting

AUTHOR:
DARBY HEALEY, KPMG PARTNER – RISK AND AUDIT QUALITY

Photo by: Oliver Cole on Unsplash

A good director wants to be challenged because that means the auditor is doing their job, and in turn the director is fulfilling theirs.

Confidence in businesses and public institutions is essential to New Zealand's prosperity. High-quality reporting, backed by independent audit, are the cornerstones of that confidence and, in turn, the jobs, wealth and wellbeing created by those businesses.

Of course, directors and auditors both have roles in building and sustaining that confidence. Accounting is about being held to account for the results and position of the organisations that directors govern. Directors have ultimate responsibility for telling a true and fair story to investors, regulators and communities.

New Zealand organisations are becoming more complex. They are more transnational, more digital, less tangible, more dynamic and less stable. This organisational intricacy is why auditors also play a crucial role in ensuring confidence in the market.

When we spoke to directors, investors and regulators about what makes a high-quality audit, they talked about a range of things, but kept coming back to one thing in particular – courage.

"The first attribute I look for in a new audit partner relationship is courage and being brave," says Bruce Hassall CMInstD.

"Great audit partners have lots of courage. But not reckless courage."

AUDIT QUALITY TAKES COURAGE
Courage has a number of different contexts when it comes to delivering a quality audit. Our conversations with directors, investors and regulators explored three themes:

1. Courage within our audit teams.
2. Courage in our relationship with client management.
3. Courage with the board.

It starts with team members having the courage and confidence to raise their hand when they don't understand, they disagree, or they haven't had enough time, experience or expertise to complete a task.

That confidence comes from the way their supervisor, manager and partner behaves on the job.

And that, in turn, starts with the values of the firm, the culture and the tone at the top.

Issues that arise on audits are not always from the risky or judgemental areas of the entity that attract the most manager or partner time. They can sometimes arise from areas junior staff work on. It is vital that all team members understand the role they play in delivering a quality audit.

"Culture and values are the most important," says Jacco Moison, Head of Audit & Financial Reporting at the Financial Markets Authority.

"You can have the most brilliant people, but if they aren't in the right environment to put their hand up and say something is wrong, that is the biggest risk."

Experienced directors also emphasised the importance of auditors having a courageous relationship with management.

Courage with management requires individual auditors not to 'let things slide', not to be fobbed off by a light management response, not to rely on weak evidence, and not to be intimidated.

A power imbalance can come from junior auditors dealing with more experienced management teams. This means the make-up of audit teams in the field is particularly important.

Audit work is teamwork and audit teams need to be led by regular, engaged and supportive supervisors, managers and partners who are there to encourage their team members to understand where that line is drawn.

Challenging evidence, judgements and estimates to ensure they are robust is the essence of an auditor's relationship with management teams.

"The auditor needs to challenge the business," says Susan Paterson CFInstD.

Finally, a good director acknowledges and understands the purpose of auditors challenging them. A good director wants to be challenged, because that means the auditor is doing their job, and in turn the director is fulfilling theirs.

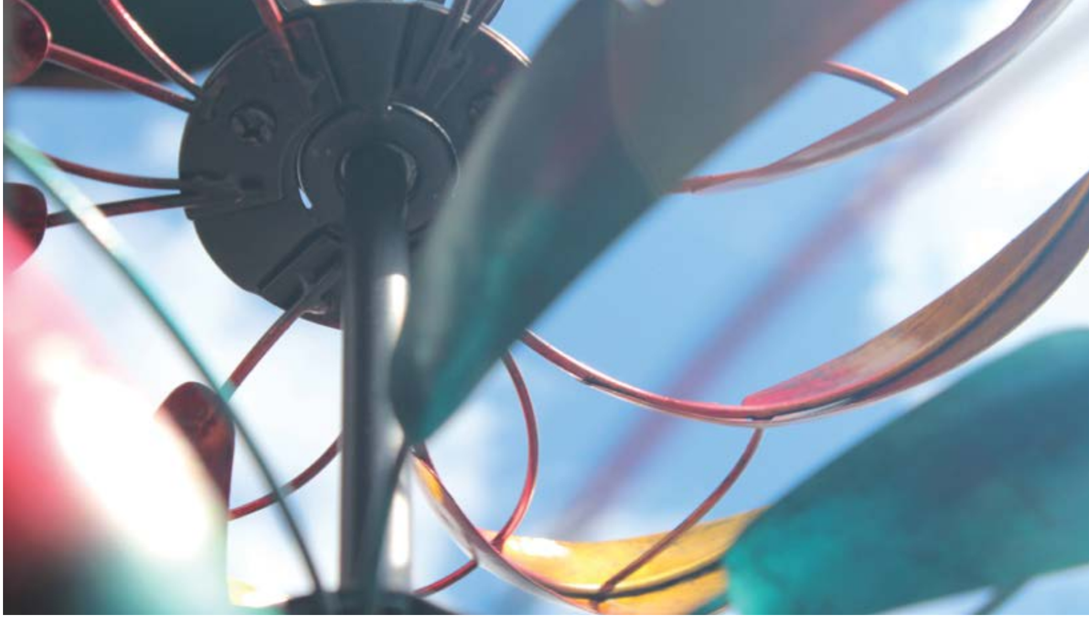
That starts with courage in the communication between the auditor, management and the board. Regular, open communication that is focused on the hard things, explores alternative views and judgements, and draws a line appropriately where it should be drawn is essential to auditors and directors playing their roles.

"The auditor-management-board triangle must be strong. Face-to-face discussion between the audit partner and the Audit Committee Chair or Audit Committee is an essential part of the three-way communication," says Jonathan Mason CFInstD.

Push for auditors to have a courageous, open relationship with you. Expect it, demand it and challenge when you are not getting it. BQ

"The first attribute I look for in a new audit partner relationship is courage and being brave. Great audit partners have lots of courage. But not reckless courage."

***Darby Healey** is one of the authors of KPMG's 2022 Audit Quality Report which takes a deep dive into the theme of courage alongside the framework used by KPMG to measure and deliver audit quality. Read more at* **www.kpmg.com/nz**



Chilling trade winds

Rising inflation and labour shortages are among a raft of new problems adding to the Covid-19 melting pot, and crippling global supply chains and trade growth.

After a strong initial recovery from the effects of Covid-19 in 2021, New Zealand is likely to feel the impact of slowing global trade well into 2023, according to ASB's latest Trade Disruption economic report.

The report looks at the impact of international and domestic forces on supply chain and global trade, and forecasts what lies ahead for directors and businesses for the remainder of 2022 and beyond.

Consumer price inflation is currently tracking at an annual rate of 7.3%, the highest in more than 30 years. Much of this rise is due to higher costs for imported consumer goods, having risen by 15% since late 2019 and this is expected to rise further.

Higher import prices are hitting businesses as well as consumers. Prices for imported intermediates (oil and other raw materials) are up nearly 25% on pre-Covid-19 levels and prices for imported capital goods, which have moved considerably to date, look likely to climb given the rising cost environment.

ASB International Trade Consultant Paul Gestro says the "melting pot" has got hotter. Six months ago, directors of New Zealand businesses were confronted with major shipping and manufacturing interruptions, paired with growing consumer demand that created the perfect storm for major supply chain disruption, he says.

Now factors such as rising inflation, labour shortages, Russia's invasion of Ukraine, severe China lockdowns, central bank rate hikes and adverse global weather events are adding to the Covid melting pot, crippling global supply chains and trade growth.

Gestro says global forecasts have been downgraded and with New Zealand's economy susceptible to international frictions, we can expect to see reduced demand for our exports, coupled with shrinking demand for imported goods and lessened availability.

EXPORT DEMAND TAKING A HIT

Businesses and consumers in New Zealand and internationally are facing increasing costs at a time when global growth is slowing. In 2021, the country's key trading partners recorded 6.1% growth and this figure is expected to slow to just 3.5% in 2022 and 3.4% in 2023.

Photo by:
Kai Tremblay
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ASB ONE STEP AHEAD

As the rising cost of living continues to bite consumers in New Zealand's key export markets such as the United States, Europe and the United Kingdom, demand for the country's high-end commodities has taken a hit.

New Zealand's wine and seafood exports are suffering the most with some export volumes down almost a third on pre-Covid-19 levels.

Meat and dairy exports remain the country's strongest players, although exports for both are down on previous years. Prices are holding for meat and dairy, but labour constraints and bad weather have impacted export volumes. For the year ending June, whole milk powder exports are down 23% on last year and beef exports are behind about 3-8%.

Despite global forestry supply being hampered by the absence of Russian logs, New Zealand producers are facing turbulent times. About 87% of the country's forestry exports are sent to China where a cooling property market is curtailing demand.

Gestro says at a national level, exporters are being plagued by rising input costs and widespread labour shortages which are being exacerbated by the Omicron outbreak and constraining outputs, therefore it is unlikely export volumes will make a return to their 2020 peak until 2024.

These dynamics are being felt more so by smaller exporters, like seafood and wine producers, because they have less established trade networks and are less readily able to increase prices compared to larger commercial exporters.

PLUNGING IMPORT DEMAND

With New Zealanders tightening their belts as the cost of living soars, demand for imported goods is set to slow as Kiwis reduce discretionary spending.

ASB Senior Economist Mark Smith says the early onset of the pandemic significantly changed spending patterns.

With the borders closed and Covid restrictions embedded, Kiwis, while stuck at home, splurged on imported consumer durables, including new cars. This spending is now tailing off as high inflation crimps household budgets, he says.

Higher costs, slowing demand and elevated uncertainty is impacting the business sector, with firms signalling they intend to cut back on investment, including imported capital equipment. This will weigh on economic activity this year and the cutbacks will not help in addressing widespread capacity constraints within the economy.

SHIPPING DISRUPTIONS

Shipping costs remain at historic highs but are beginning to cool somewhat, potentially bringing some reprieve.

With some main ports congested and facing skilled labour shortages, reliability continues to be one of the biggest issues impacting businesses, having worsened since the height of the pandemic in 2021.

Smith says being unable to rely on timely deliveries of stock is putting a strain on business cash flow as it becomes harder to stagger supplies.

Despite falls of late, it is unlikely shipping costs will drop to pre-Covid levels. Smaller businesses could be more impacted as they are less likely to have well-established trade relationships and are more sensitive to geographical exposure, he says.

Despite all the doom and gloom, New Zealand still managed to ratify an upgrade to the China free trade agreement, and sign deals with the UK and the EU.

Gestro says there are some fantastic areas of collaboration across government and industry, addressing big challenges and developing some smart home-grown technology to make New Zealand an even 'fitter' place for trade.

The *Trade Disruption report* provides New Zealand businesses with critical insights into import and export markets with a focus on supply chains, allowing operators to make informed decisions and reduce risk. BQ

KEY POINTS FOR DIRECTORS

- Global trade outlook weakens as inflation, labour shortages and the Ukraine conflict compound Covid-19 woes.
- Import prices continue to rise, up 15% on pre-Covid-19 levels, with further increases to come.
- Export volumes not expected to return to 2020 peak until 2024.

The *Trade Disruption report* is available for IoD members online at **www.asb.co.nz**

How to prepare for new disclosures

While waiting for the XRB to release specific climate-reporting standards, organisations should prepare by implementing systems for tracking, measuring and reporting their data.

In 2021, the New Zealand government passed legislation to make climate-related disclosures mandatory for more than 200 financial institutions, including publicly listed companies, insurers, banks, non-bank deposit takers and investment managers.

Affected organisations are expected to publish disclosures from financial years starting in 2023, subject to the publication of climate standards from the External Reporting Board (XRB).

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 amends the Financial Markets Conduct Act 2013 (FMC Act), the Financial Reporting Act 2013 and the Public Audit Act 2001.

The XRB is set to issue reporting standards in December 2022 based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which are considered international best practice for climate-related financial reporting and are already in use on a voluntary basis in New Zealand.

According to the XRB, "the climate-related disclosure framework is being informed through engagement with a broad range of stakeholders – in particular, entities that will be subject to the regime, as well as the investors who will benefit from it".

If the XRB's standards are released as scheduled by the end of 2022, subject entities would be required to make disclosures alongside their wider year-end reporting in 2023.

Among the 200-plus entities required to produce climate-related disclosures are:

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Erward Howell
on Unsplash

Diligent

- All registered banks, credit unions and building societies with assets totalling more than $1 billion.
- All managers of registered investment schemes with more than $1 billion in total assets under management.
- All licensed insurers with more than $1 billion in total assets, or annual premium income exceeding $250 million.
- Crown Financial Institutions with more than $1 billion in total assets.
- Listed issuers of quoted equity securities with a combined market price exceeding $60 million (excluding those listed on growth markets).
- Listed issuers of quoted debt securities with a combined face value of quoted debt exceeding $60 million.
- Overseas incorporated organisations whose New Zealand businesses exceed the thresholds outlined above.

In their Low Emissions Economy report, the Productivity Commission identified an "ongoing and systemic overvaluation of emissions-intensive activities due to a lack of information about risks or alternatives".

This is largely due to few financial organisations in New Zealand reporting climate-related information, and existing reports are often inconsistent.

Thus, the goal of this new legislation is to promote transparency and help climate-reporting entities better demonstrate responsibility and foresight in their consideration of climate issues. This will also support New Zealand in its efforts to reach net-zero carbon by 2050.

As they wait for the XRB to release specific reporting standards, subject entities should prepare by implementing systems for tracking, measuring and reporting their climate-related data.

By preparing as early as possible, organisations will have ample time to implement processes and test out systems before the first reports are due.

An auditable ESG platform, such as Diligent ESG, can also help to ensure compliance with the new disclosure requirements while yielding significant time and cost savings.

> "ESG has risen in the consciousness of corporate boards, employees and communities as they challenge organisations to have a more positive impact on the world around them."

It empowers organisations to address the key components of ESG that matter most to their stakeholders, while meeting current reporting requirements and planning and preparing for the future.

According to an independent study by Forrester Consulting, the ROI of Diligent ESG was 167% over three years.

The study also identified time savings of 60-80% thanks to the automation and centralisation of data collection and reporting, as well as a 50% reduction in auditing costs over three years.

Amanda Carty, General Manager, ESG & Data Intelligence at Diligent, says ESG has risen in the consciousness of corporate boards, employees and communities as they challenge organisations to have a more positive impact on the world around them. At the same time, regulations and disclosure requirements have become increasingly complex.

She says organisations need the right tools in place to steer their ESG strategy, and believes this research reveals the ROI Diligent ESG drives as executives look for the clarity and confidence to support investments amid economic uncertainty.

With Diligent ESG, organisations can:

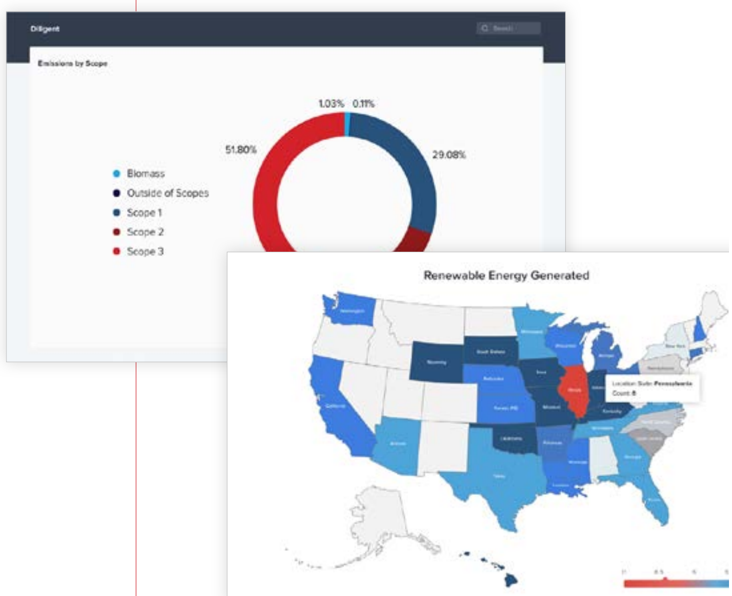
- Pull ESG data from records, surveys and spreadsheets across the organisation.
- Get a complete picture of their ESG data, without duplications or gaps.
- Ensure consistent disclosures across multiple frameworks.
- Track ESG data against a variety of standards.
- Deliver updates to executives, board members and stakeholders through visual storyboards and dashboards.
- Monitor compliance, public perception, third-party risk and progress. BQ

To learn more about how your organisation can prepare for new climate disclosure requirements and save time and money, download the full Forrester TEI of Diligent ESG report at **www.diligent.com/en-au**

Diligent

ESG Reporting Technology to Turn Insights Into Actions

Diligent Sustainability & ESG Reporting is an agile, purpose-built platform, and nexus for ESG data from diverse sources to support goal setting, risk monitoring, GHG measurement and stakeholder reporting, including to the board of directors and investors.



Easily collect, normalise, centralise and report on ESG data

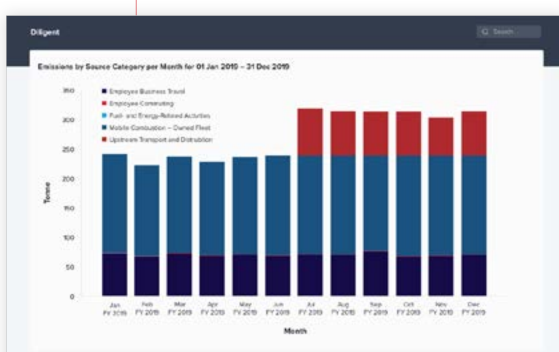
Multiple, flexible methods of data collection that can be reused and converted across reporting formats with a full audit trail.

Track Against Common Standards

Produce sustainability and ESG reports for your organisation formatted for rating agencies and standards including DJSI, GRI, CDP, GRESB and more.

Improve Confidence and Investor Sentiment

Quickly respond to stakeholder information requests leveraging dashboards and analytics to share performance and progress toward ESG goals.



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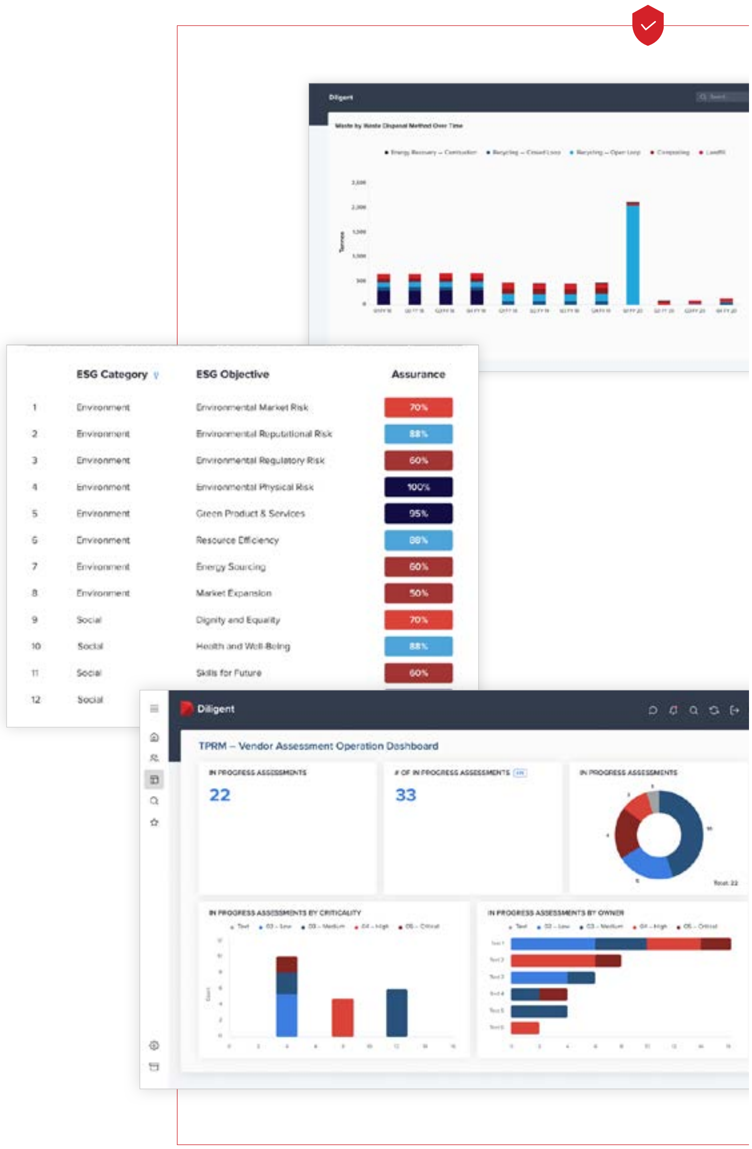

Why Diligent for ESG Technology?

Reduce Reporting Redundancy

Diligent maps metrics to reporting standards, reducing manual entry when reporting across different frameworks, so your team has more time to focus on reaching your goals.

Monitor Climate Data and Third-Party Risk

Optimised for speed and auditability, Diligent can provide calculations and reports from over 62,000 emission sources with a robust audit trail.

Capture your organisation's ESG risk exposure along the supply and value chains with sophisticated third-party risk tracking, including scope 3 GHG emissions, so you can feel confident in your partners.

Leader in Modern Governance Technology

Diligent created the modern governance movement. As the leading governance, risk and compliance (GRC) SaaS company, we serve 1 million users from over 25,000 customers around the globe. Our innovative platform gives leaders a connected view of governance, risk, compliance and ESG across their organisation. Our world-changing idea is to empower leaders with the technology, insights and connections they need to drive greater impact and accountability – to lead with purpose.

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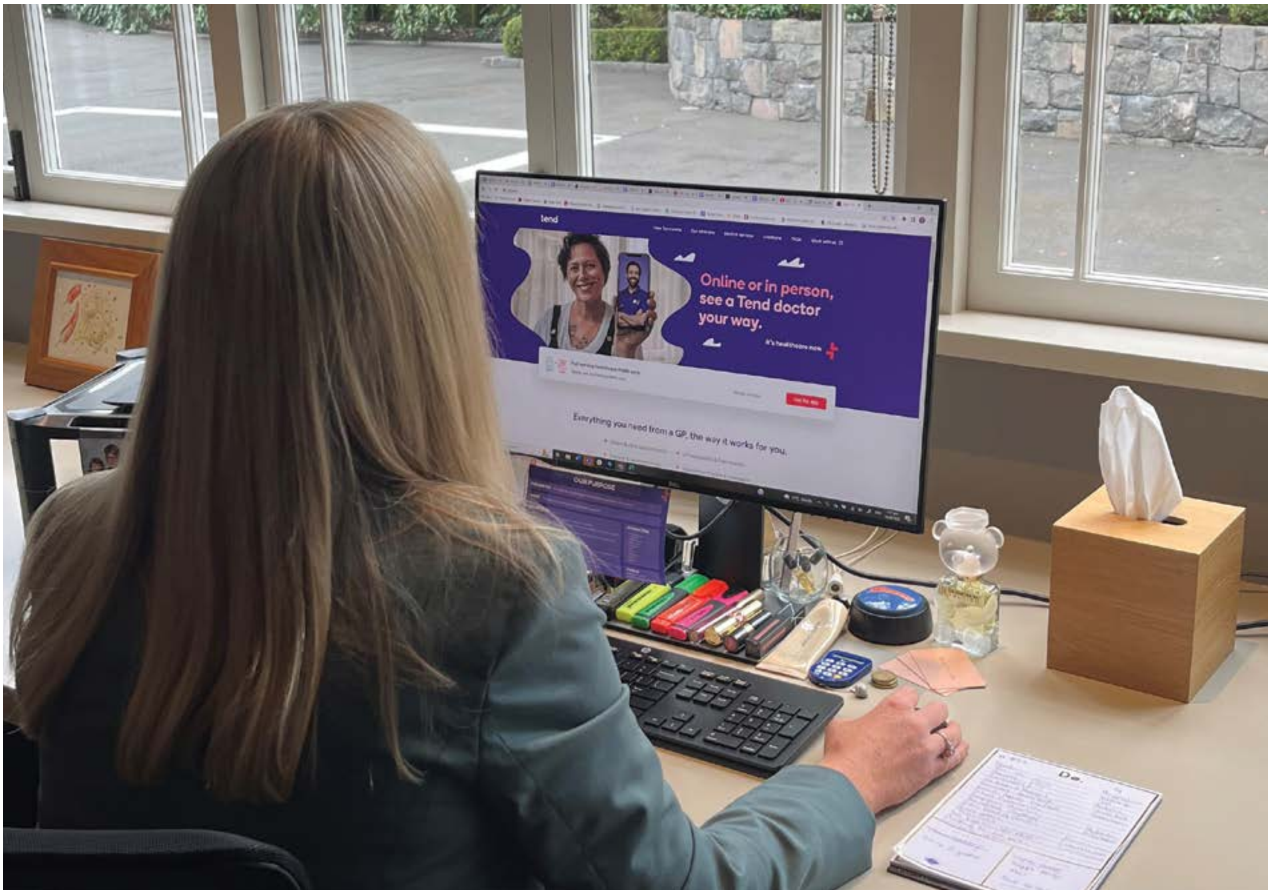
Work:Space



Cecilia Robinson's latest venture is a digital-first primary healthcare platform, Tend Health, and naturally it takes pride of place at her workstation, along with her family.

"I have two things that are important to me," says Robinson MInstD, the founder and co-CEO. "First, I have Tend's purpose statement on my monitor. It keeps me focused on who we are and what we do.

"The second thing is a photo of my three gorgeous kids, and working alongside me in the same room is my husband James, so I have close proximity to everything I need. It is a blend of work and family."

The office has plenty of books and resources on hand, giving it the look and feel of a "little library".

Robinson says she likes to keep her work environment "organised and focused", but at the same time it is "a balance between work-related things and kid coordination/ planning".

"There are healthy snacks on hand, frequent cups of tea and lots of water. I like to start my days by either walking our kids to school or in our gym (or both when I'm lucky). Doing this is what keeps me sane."

Robinson is not superstitious but she does have some rules when choosing new office space. "Tend is just taking a new space in Parnell and we don't occupy spaces where businesses have failed (or failed to thrive)," she says.

Tend Health is the Robinsons' vision to transform healthcare for current and future generations. They have assembled a team of health professionals, technologists and entrepreneurs to deliver full-service primary healthcare, offering GP services online and in clinic.

The Robinsons founded My Food Bag in 2012 and changed the landscape of the online retail food sector. Cecilia also founded Au Pair Link in 2007.

Did you know...?

THOUSANDS ON THEIR TE AO MĀORI JOURNEY

The IoD's new Māori cultural intelligence mobile app has proved an instant hit with more than 2,500 downloads. Named Hautū, the app has been well received by members and staff as they start – or continue – their journey with te ao Māori.

Hautū means to lead or to guide and is also the term used for the leaders in a waka that call the time to the paddlers to travel in the same direction. Members have been able to improve their literacy and confidence in te reo Māori, thanks to the interactive tools helping with pronunciation, greetings, learning their pepeha, formally opening and closing meetings, understanding tikanga and other foundation level skills. The tool also provides a range of useful resources, such as karakia (prayers or blessings), waiata (songs) and a kupu (glossary) of key terminology.

IoD chief executive Kirsten (KP) Patterson said she was delighted with the response to the app, a project that is close to her heart."We hope that wherever directors are in their own cultural journey, the app will provide a simple reference to help build their knowledge and confidence when using te reo and in applying key aspects of te ao Māori in a business or community setting," she said.

"This app will be an important taonga for IoD staff, including our branch and facilitator networks. Increasing te reo literacy and building our internal understanding of te ao Māori is a fundamental layer of the IoD's Te Kākano strategy. This recognises the importance of diversity around the board table and our commitment as an organisation to building cultural competence."

The app can be downloaded for free from the Google Play Store for Android devices and the App Store for Apple devices.

‘BRAND NZ’ STILL AS STRONG AS EVER, SAYS EXPERT PANEL

An expert panel representing sectors heavily impacted by the closure of New Zealand’s borders was overwhelmingly positive about businesses being able to recover from the Covid-19 pandemic and capitalise on new global demand.

Hosted by the Institute of Directors in Wellington, New Zealand Trade and Enterprise chief executive Peter Chrisp MInstD, Education New Zealand chair Steve Maharey and Tourism Industry Aotearoa chair Gráinne Troute CMInstD addressed the question “Our borders are open. Now what?” in a discussion livestreamed from the National Library.

Chrisp, who travelled with Prime Minister Jacinda Ardern on recent visits to Singapore, Japan, the USA and Australia, said: “Brand New Zealand is really strong out there. Don’t believe for a minute our Covid-19 management has damaged our international brand. It has not. If anything, it showed we have a strong care for the sanctity of life. Our national brand sits around our care for people and place over generations. We are not just a good country, we are good for the world.”

Troute says New Zealand remains a “bucket-list” destination for many people in our traditional markets so the major challenges for the industry are internal – capacity, workforce, preparedness. “The issue within tourism is not demand. The demand will continue to be there and to exceed our capacity,” she says.

Maharey says the task of rebuilding the education sector will be complicated by bureaucratic hurdles to travel and the dramatic collapse of what was a $5.2 billion industry. But growing demand for education globally means a recovered industry could exceed its previous size within a few years.

FOLLOW ROADMAP ON CLIMATE, SAYS DEPUTY PM

Deputy Prime Minister Grant Robertson says a climate action roadmap already exists and has called on directors to follow the Climate Change Commission’s lead.

Speaking at “Now or never: the role of the director in the climate crisis”, an in-person event hosted by the IoD’s Chapter Zero in Auckland, Robertson said: “One of the things that often gets raised with government, on any given issue, is: ‘What is the roadmap? Give us the roadmap’. I hear this from business all the time. With climate, you have got no excuse. Rod Carr and his team [at the Climate Change Commission] have given us the roadmap.”

Carr, who also spoke at the event, turned up the heat on directors in an exclusive interview with *Boardroom* on p34-39.

The roadmap is **Ināia tonu nei: a low emissions future for Aotearoa**, which lays out a plan for emissions reductions as New Zealand aims to achieve a net-zero greenhouse gas economy by 2050. “There is a great deal of good intention in New Zealand’s boardrooms,” Robertson said. “But I am not seeing that intention translate to action.”

The Minister of Finance urged boards not to wait for mandatory reporting or other legal requirements to come into force, but to take a lead on an issue that goes beyond compliance. “If you just do the minimum, you will sell your business short, you will sell New Zealand short and you will sell the planet short.”

The next in-person Chapter Zero event will be on December 2 with leading environmentalist Sir Jonathan Porritt the key speaker.

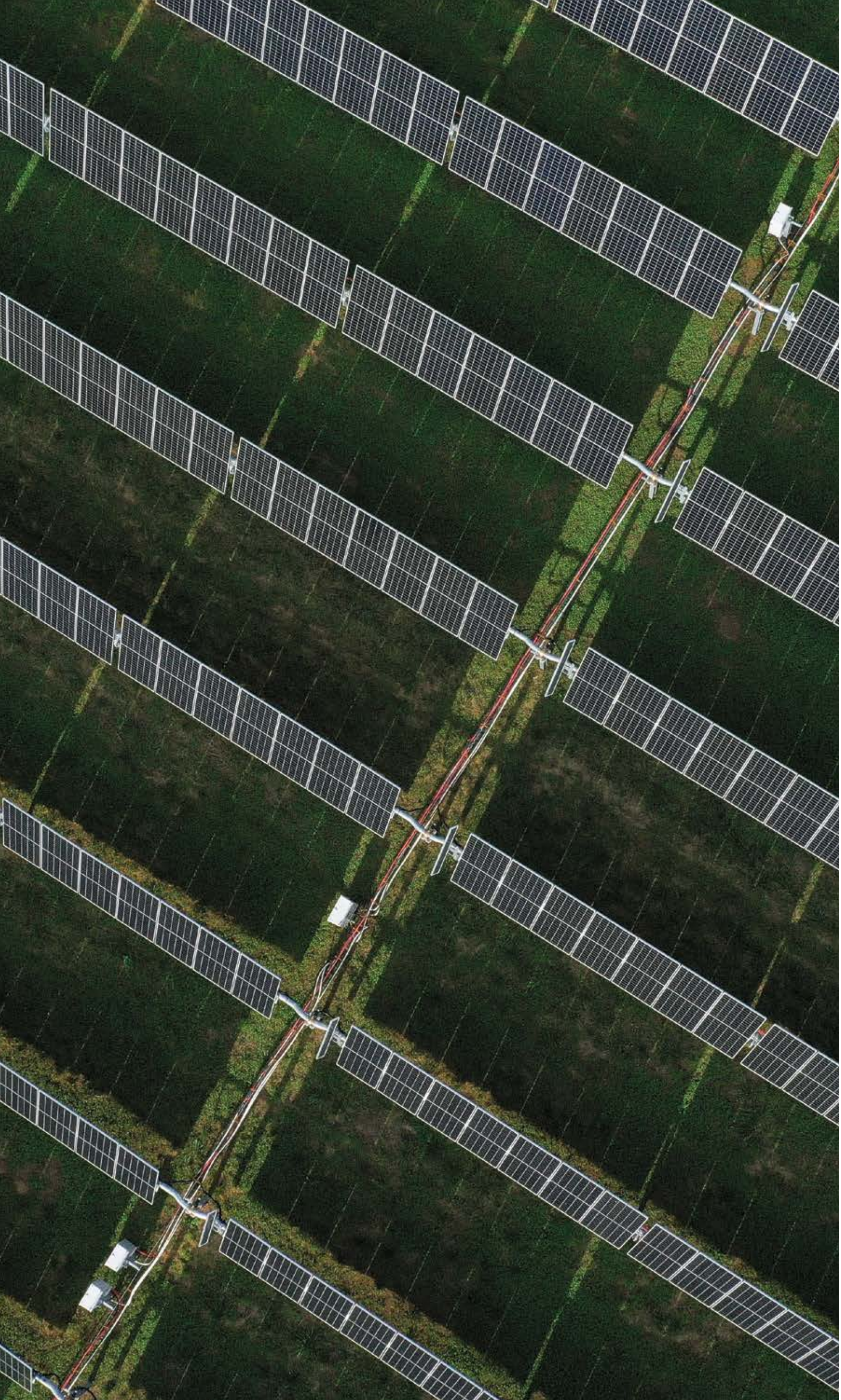
PODCAST SERIES DIVES INTO LIFE OF A DIRECTOR

A new podcast series by the IoD, hosted by Steven Moe MInstD, shines a light on the governance journey of some of New Zealand’s directors. In each episode, Moe and his guest discuss what motivates them and their vision for the future of governance.

The line-up includes Giselle McLachlan CFInstD, Peter Stevens CMInstD, Melanie Templeton MInstD, Kevin Jenkins CMInstD, Maxine Graham MInstD, Joe Hanita MInstD, Jana Rangooni CMInstD, Jonathan Mason CFInstD, Samantha Sharif CMInstD, Rachel Afeaki-Taumoepeau CMInstD, Ngahihi o te ra Bidois MInstD, Julia Chambers CMInstD and Chris Webber MInstD.

Moe, who works in corporate law providing advice to companies, not-for-profits and social enterprises, and his guests all participated in the IoD’s inaugural **Advanced Directors’ Course**. As part of the course, participants were asked “what would the title of your own book on governance be, and why?”

Find out what Moe’s guests said by clicking on the player on the IoD website – search for Board Matters podcast – or at your favourite podcast app.



Amazon, the world's largest corporate buyer of renewable energy, has partnered with Dominion Energy to build over 19 solar farms in Disputanta, Virginia. The Fort Powhatan farm is used to power Amazon Web Services, its cloud-computing service, and eventually its HQ2 location in Northern Virginia once complete.

Photo by Drew Angerer/ Getty Images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