



Focusing on the future

The pandemic has been a catalyst for transforming businesses and organisations, profoundly changing how we live and work. And as we publish our annual report, we're also facing a turbulent geopolitical landscape that will reshape our world for decades to come.

Despite these headwinds, we continued to focus on making the IoD fit for the future. Investing in leadership, streamlining operations, and building a more inclusive and diverse organisation and membership. These initiatives have been supported by an end-to-end digital transformation.

We are now seeing the benefits of our hard work over the last few years, with a strong foundation for growth in place. The organisation is stable. Our strategy gives us a clear direction and set of priorities. And our purpose continues to guide us. We are here to support our members, always putting them first. We continue to connect them to their peers, develop their knowledge and skills and influence government on their behalf.

Chair of the Institute’s report



Patrick Macdonald
Chair

The Institute of Directors is world-renowned for its support and services to its members; for its influence on policy and government, and for its expertise and innovation in governance. I am proud to have been a member for over 20 years and it was a privilege to step up to chair the Institute last year.

It is no secret that the IoD has had a challenging few years, capped by the human cost and business pressures of Covid. We have also faced a new tragedy and the economic dislocation of the horrific war in Ukraine.

My predecessors have done a fabulous job in stabilising the IoD by taking the very necessary – and at times painful – steps to realign with members’ needs, raise the bar in terms of excellence and match costs to income. I’m delighted to say that these measures, while difficult at times, have borne fruit. The IoD is now in much better shape for the future. Our finances and membership are stable; we are attracting a new, more diverse cohort of members who represent the future of the Institute; and our unparalleled influence on government policy and the business community has never been more important for the success of the economy.

In all of this I am very pleased to receive the support of our excellent management team, ably led by Jonathan Geldart, and our Board and Council. We recruited four new non-executive directors – Ieda Gomes Yell, Robin Watson, Anita Bernie and Graeme Jenkins – and invited our Chief Operating Officer, Esther Teeken, to join the Board. The Board is responsible for the overall direction and success of the IoD and their many strengths have been evident over the last 12 months. As we move through 2022 and beyond, I am grateful for their help in crafting the future of the IoD.

Looking forward, I see four main imperatives for the Institute:

- Grow our membership, reflecting the communities that we represent
- Ensure we add value to our members in all our interactions, including our events, member hubs and the Information and Advisory Service
- Build on our many strengths in governance, policy and professional development
- Continue developing our finances to give a firm foundation for the future

In all of these endeavours we will become more data-driven and evidence-based in our decision making. We are revamping our processes and systems, including a much-improved website. We will continue to develop our hubs around the country, not least 116 Pall Mall, as modern places to do business, meet other members and hold events. Overall, modernising the IoD will ensure we remain as relevant to the business leaders of 2022 and beyond as we were when we were founded in 1903.

Grassroots support

The IoD has always been a local as much as a national organisation, and I am very grateful for the support and hard work of our branches, regions and nations, including our overseas representation. Our volunteers work tirelessly to deliver outstanding value to members and recruit new ones, and I would like to record my appreciation for their support and work; often unsung. I would also like to call out our chartered directors (CDirs) who have invested the considerable time and effort needed to achieve our flagship qualification. They, along with our fellows, represent the pinnacle of the Institute’s membership journey.

Our North Star

Our Royal Charter gives us four objects:

Better Directors – advancing the profession of directorship

Better Economy – encouraging an entrepreneurial, wealth-creating business environment

Better Business – enhancing the practice of corporate governance

Better Services – promoting the interests of members and providing services to them

As we move into the next phase of the IoD’s development, these four objects continue to provide the North Star by which we guide the Institute, putting our members first at all times. My first year as Chair has confirmed for me the many strengths of our Institute. With your support, I look forward to an exciting future as we face these challenges and opportunities together.



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When building a more diverse workforce, it’s important to look at the data. Do we get diversity through attraction but lose it through recruitment? Or do we get it through recruitment and lose it in retention? It’s then about committing to tangible deliverables that we can hold ourselves to.

Aduke Onafowokan
Founder and Managing Director, Inclusiviti

Director General's report



Jonathan Geldart
Director General

The purpose of the Institute of Directors has never been more relevant – we help create better directors for a better world.

This is a maxim which applies to everything we do, and as we enter a world where we are beginning to live with Covid, even more important. We develop, support and represent skilled, knowledgeable and responsible leaders for the benefit of the economy and society.

One of the Institute's strengths is that it represents a true community, a unique network of peers exchanging knowledge, learning together and supporting each other.

The challenges of the last two years are well known, but there is nothing useful to be gained by constantly looking in the rear-view mirror. That doesn't mean we are complacent. As we have seen all too clearly recently, the danger of unexpected events out of our control, presenting new challenges, will always be there.

Delivering value for members

Ensuring our members are equipped with the skills to face these challenges remains core to our purpose. And to illustrate the importance of this, the number of professional exams sat across all qualifications during 2021 was over a thousand more than in 2020, despite the difficulties we all faced. I am delighted to also report that 91 new chartered directors were admitted to the Institute.

I look forward with great enthusiasm to continuing to develop our organisation, and deliver even greater value for members as we approach our 120th anniversary.

Hard work is bearing fruit

We are beginning to see the early signs that the difficult but necessary work to re-shape the Institute has begun to bear fruit. We are more diverse and inclusive; we are leaner and more efficient, and use our resources more wisely.

Membership of the IoD is now stable and we have grown interest in the organisation in other ways such as through social media. Our focus now must be on how we continue to grow in a long-term, sustainable way.

Membership is changing

As I said, we are more diverse than ever but we need to do more. There is a large and growing segment of female directors – more than one-third of new members in 2021 were women. New members are also getting younger. This is important given that across the world, millennials are moving into positions of leadership. It is our job to demonstrate to them why we are relevant and outline the long-term benefits of joining and staying with the Institute.

We opened ten new member hubs across the UK, from Scotland to Surrey. These are places where our members can benefit from local facilities to support them and their businesses. This is just one example of how we have empowered our membership to help drive us forward and I thank everyone for their efforts.

A resilient performance

We remain in a strong financial position. The year ended in a surplus of £0.8m, with revenue of £15.4m and total costs of £14.7m. As an organisation, we have a clear and united view on how we drive our future growth.

Making a difference

The work of the IoD has always been relevant to all directors no matter the size of their business or career stage. We are rightly proud of the work we do through our professional development programme but we must look to build on that success and respond to market demand with new, relevant courses.

We have to focus on where we believe we can make a difference. Our expertise on governance is unrivalled across the world and that applies no matter the size of the organisation, but again, we can do more. And we must always ensure that we are a united voice for our members, successfully pushing for government policies supportive of their needs.



Leadership is a remarkably complex subject, but it's also something natural to everybody. I believe effective leaders should act today in ways which will stand the test of time when considered at any point in the future.

Alex Chikhani
Entrepreneur

Director General’s report

One example where we made a real difference was the widening of the eligibility criteria for claiming tax credits for R&D expenditure, and in an increasingly digital economy, something the IoD has long called for. We were pleased when the chancellor announced in October 2021 that qualifying expenditure would be expanded to include data and cloud computing costs.

We also welcomed our new Chief Economist, Kitty Ussher, as part of our influential policy and governance team.

Positioned for growth

Our strengths remain our Royal Charter, our leadership on governance, our advocacy for members with government and the quality of our training. The opportunities for us lie in developing our governance proposition further, creating an even better professional development programme, influencing where we can and continuing to improve our digital delivery.

I firmly believe that the purpose and values of the IoD remain more relevant than ever before. I say this every year but that’s simply because it’s true – we could not do this without the help of everyone; employees and volunteers. It is your time and effort that makes us what we are today and with your continued support, I believe we can achieve even more in the years ahead.

Connect – Our LinkedIn community has grown from 54,000 at the beginning of 2021 to over 65,000. We also have members-only groups on LinkedIn with over 10,000 directors and senior management executives, which serve as dedicated spaces for professionals to share expertise, seek advice, and build meaningful relationships.

Develop – We expanded our Develop offering with 6,500 directors and senior leaders across the globe attending our courses; receiving an average 96% satisfaction rating from participants. Our net promoter scores continue to be well above the industry average, rising from 50 in 2020 to 63 in 2021.

Influence – As an organisation with members located across the UK, we know how important European Union funding has been to capitalise business lending via the British Business Bank in recent years. That’s why we asked the government in its Spending Review 2021 to commit to taking over the funding of these programmes now we have left the EU.

IoD at a glance

USP	Our Royal Charter with its four objects, granted in 1906	Advancing the profession of directorship Encouraging an entrepreneurial, wealth-creating business environment Enhancing the practice of corporate governance Promoting the interests of members and providing services to them
Purpose	Better directors for a better world	Better directors mean better run businesses. Better run businesses mean a better economy. A better economy means a better society and a better society means a better world.
Reputation	An authority on governance and director development	The Centre for Corporate Governance An influential voice on corporate governance with government Chartered Director, the gold standard director-level qualification
Customer	‘Directors’ and their equivalents	In all segments and at all career stages
Needs	Governance advice Director development Representation	Delivered through the three components of our member value proposition – Connect, Develop, Influence

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Leaders should see themselves as servant leaders working for their team. As a leader you should be asking – what can I do to get my staff and team to perform at their best? Working out what facilities, environment, training and tools they need to perform better, which means the business will perform better.

Tony Webster
Director, Adigi



Governance structure

Our governance structure is an integral part of the way the Institute of Directors delivers its Royal Charter obligations and strategy, supporting effective decision-making. This enables the right people to have access to the right information at the right time.

We are immensely proud of the diversity and depth of experience contained in our Board and Council, which are responsible for the Institute's strategic direction and sustainability.

Board

Sets the strategy and holds Management Team to account for its delivery, while also providing them with support and guidance

Non-executive chair

- Leads the Board and ensures it operates effectively
- Maintains a culture of openness and debate
- Ensures effective dialogue between the Board and members

Non-executive directors

- Work with and challenge executive directors
- Provide independent, external perspective
- Contribute a broad range of experience and expertise

Director general and executive directors

Day-to-day management of the business and implementation of strategy.

Committee of the Board and Council

Nomination Committee

- Leads process for board and council appointments

- Ensures the completion of an annual review of the performance of governance bodies with a focus on the structure, size and composition of the Board and Council

- Ensures that the Board and Council have a reasonable geographical distribution of members and a balance of diversity, sector and background

Sub-committees of the Board

Audit and Risk Committee

Oversees financial reporting, internal control, risk management systems and audit processes.

Remuneration Committee

Advises on the Institute's remuneration framework and policy and terms of employment for senior members of staff and executive directors.

Membership Committee

Advises on membership conduct matters.

Accreditation and Standards Committee

- Approves standards and competencies required by directors and boards and the methods for assessing directors

- Responsible for independent assurance of the Chartered Director Programme
- Ensures all current activity is reflected in the academic regulations

Management Team

Executive remit

- Is responsible for the ongoing management of the Institute. It considers day-to-day operational matters for running the business and reviews performance of the Institute, in line with the strategic plan

- Generally meets on a monthly basis and is chaired by the Director General
- The Director General then reports to the Board
- Is responsible for the development and implementation of the strategy

- Develops and delivers business plans and budgets
- Approves of procedures and policies
- Monitors operating and financial performance
- Is responsible for health and safety management

Council

Guardian of the constitution to make sure that the Chartered Objects are being delivered

- Appoints and removes the IoD non-executives and determines their independence
- Critiques and provides opinion to the Board on the overall progress of the IoD
- Holds the Board to account
- Monitors the Board's engagement with membership and stakeholders
- Appoints and removes the Senior Independent Council Member.

Region, Nation and Branch Chairs

- Work closely with all staff and volunteers in the IoD to promote the ethos of 'OneloD'
- Represent the public face of the IoD at a local level
- Play a vital role in the development of the IoD offering to our members, ensuring everything the IoD does places the member first.

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I was sponsored to do the Chartered Director Qualification alongside my executive director role. I then thought about the board I was on and realised we weren't talking much about strategy and not really touching on leadership. The qualification helped me understand how we needed to shift our focus as a board.

Penelope Shaw CDir

INED, AIG UK, Zurich Assurance Ltd



Governance of the Institute

The IoD is committed to a high standard of governance and uses best practice recommendations to guide our own governance.

The Institute of Directors was established in 1903 and became a body corporate under Royal Charter in 1906. The IoD's constitution comprises the charter, by-laws and regulations.

The Institute's principal office is at 116 Pall Mall, London, SW1Y 5ED. The Board is responsible for all of the affairs of the Institute and the Council is the forum in which the Board is held directly accountable to the charter.

As a chartered organisation, initial control of the Institute is vested in the members and the Institute is fundamentally controlled by the Privy Council and in turn the Queen in Council. The Institute does not have owners and is not subject to the normal laws and regulations relating to the operation of registered companies. The Institute, however, is accountable to the public as well as its members, and must therefore meet the public interest test in the pursuit of its objects.

The IoD is committed to a high standard of governance and uses best practice recommendations to guide our own governance. Our governance structure shapes the way that information flows throughout the Institute, and we constantly strive to improve our own governance procedures and processes. The relationship between the Board, Council and sub-committees as defined in the Institute's constitution are:

- The Queen in Council and Privy Council granted the Institute its Royal Charter and by-laws.
- The membership approves any changes to the Royal Charter prior to submission to the Queen in Council and Privy Council, who approve any changes to the charter and by-laws.
- The Council is the guardian of the constitution and considers any changes to the constitution before they are considered by members.
- The Council also appoints board members, via the recommendations of the Nomination Committee (the joint committee of the Board and Council). Council member appointments are approved by members at the Annual General Meeting.
- The Board is responsible for the overall leadership of the Institute and for holding the executive to account. The Board approves the strategy and is responsible for setting the Institute's values, standards, aims and objectives and delivering them in line with the Charter Objects. The Board has a number of sub-committees that support its decision-making across the Institute. The sub-committees of the Board are: the Audit and Risk Committee, Remuneration Committee, Membership Committee and the Accreditation and Standards Committee. There is also an established geographic network, which reports to the Board via the regional chairs.

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Launching a new business is daunting but there are people who will give as much help as they can to see a new business grow. Experienced leaders, like those in the IoD, will have encountered the same problems and challenges and will often have creative solutions to get past them.

Brendan Digney
Founder, Machine Eye

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The Institute is accountable to the public as well as its members, and must therefore meet the public interest test in the pursuit of its objects.

IoD Council



Ceinwen Jean Church MBE
Chair of Council and SICM

It has been a busy and interesting year for Council, not least in holding up a mirror to ourselves to understand how we can be more transparent with members and our people about our purpose. As the IoD seeks to actively influence how governance is enacted in the UK and internationally, it is vital that our own governance framework is understood and trusted by our members and stakeholders.

According to our Royal Charter, government and control of the IoD is vested in our two main governance bodies – the Board and Council of the Institute – each fulfilling a distinct but complementary governance role.

Council Working Groups

Council has continued to build on the output of the working groups’ activities started in 2020 namely:

- Council Composition Working Group (CCWG)
- Board and Council Communication Working Group

As SICM I am pleased to report that the recommendations from these groups (endorsed by the Board and Council) have resulted in the formation of the Executive, Senior Independent Director and Regional Chairs Communication Group meetings. A further outcome is the adoption of a new skills matrix used in Council recruitment and succession planning campaigns.

Another key deliverable of the CCWG was ‘to ensure that Council’s role is understood by the Institute’s membership and seen to be performing well by all stakeholders, as measured by feedback from the IoD membership’. This recommendation led to the construct of the Council Communications and Engagement Working Group.

Council Communications and Engagement Working Group

The purpose of this group is to define a description of Council’s role that, while true to its constitutional role, is expressed in terms that both members and the wider stakeholder base will easily understand and readily relate to. The group has presented a paper to Council for consideration that defines a multi-channel communications and engagement strategy to promote that understanding for all members and stakeholders. The spectrum of Council’s presence considered in this work has ranged from its level of visibility to our level of accessibility and finally, to our responsibility.

To optimise efficiency and capture annual activity for data analysis, the instruments Council has designed to measure its engagement and effectiveness will require digitisation and dialogue has begun to include these tools in the IoD’s digital strategy.

Performance and people appointments

Despite the unprecedented challenges of the last two years, it is reassuring to see that the Institute has returned to a position of stability on both a financial and membership front. Our professional development is recognised as the gold standard in director level development and the resonance of our Charter Objects with current business and global challenges is self-evident.

The constant review of performance against our Charter Objects ensures that we remain true to our purpose as an institute. It is pleasing to note that all employees, the executive, Board and Council embrace these principles. They continue to provide enduring guidance regardless of changes in strategies or structure. The reporting mechanisms now in place give transparency to performance achieved. Areas of strategic focus, in addition to finance, membership and professional development reported to Council include:

- Business transformation, regional and nations strategy and culture
- Policy and representation – underpinned by four key themes:
 - Effective business
 - Connected business
 - Global business
 - Inclusive business

It is good to report that despite business uncertainty and the challenges of predicting customer and market trends, the global economic climate etc – the Council, Board and executive of our Institute have made adding value for our members, front and centre of our delivery.

I am privileged to work with some very talented individuals throughout the Institute and I would like to thank my fellow council members for their continued commitment as well as welcome our two new members – Dr Eelco Fiole CDir and Andrew Griffiths.

As this report goes to press, we have in progress a further recruitment drive and I am delighted by the phenomenal response to our advertisement.

Council looks forward to embracing the future and continuing to thrive in these uncertain times.

Better directors mean better run businesses. Better businesses mean a better economy. A better economy means a better world.

Council
Chair of Council and Senior Independent Council Member (SICM)
Ceinwen Jean Church MBE

Elected Council members
David Langworth CDir
Mehrdad Mansourpour
Prof Marie McHugh OBE
Anneliese Reinhold
Sarah Soar

New members
Andrew Griffiths
(February 2022)
Dr Eelco Fiole CDir
(February 2022)

Member departures
Sharon O’Connor CDir
(November 2021)
Kim Adele Platts
(September 2021)
Graham Robb
(July 2021)
Emma Sheldon MBE
(July 2021)

Regional Council members
Brian Hall CDir
Aidan O’Carroll
Paul Terrington CBE
Member departures
Sir Roger Marsh OBE
(May 2022)
Nick Sturge MBE CDir
(July 2021)

International appointed representative
Rick Denton

IoD Board

The Board’s responsibility for leading the Institute and overseeing the governance of the organisation continues to be supported by a robust structure which allows for constructive debate and challenge.

This approach enables the members of the Board to make effective decisions at the right time and based on the right information.

Leadership

As at 1 May 2022, the Board comprised the Chair, ten other independent non-executive directors and two executive directors. We continue to have a strong mix of experienced individuals on the Board. The majority are independent non-executive directors who offer an external perspective on the business, constructively challenge executive directors in their performance and in the development of the Institute’s strategy. Our governance structure is designed to ensure that decisions are taken at the appropriate level and with the proper degree of oversight and challenge. Elements of our business require quick decision making and this is enabled by an agile board and management team that collaborate effectively on complex issues.

Strategy days

The Board held its annual strategy event during November 2021. The strategy days are structured to provide the directors, and the non-executive directors in particular, with an opportunity to focus on the development of, and challenge to, the Institute’s corporate strategy. The Director General, senior executives and external guests delivered a number of presentations to attendees, providing in-depth analysis on aspects of the business and the external environment. The days were carefully structured to achieve a balance between presentations, debate and discussion. Areas focused on at the 2021 strategy days included: creating sustainable long-term value; membership model and growth, a presentation from an external speaker; a renewed emphasis on professional development, and an enhancement of policy and governance presentation.

Role of the Board

The Board has reserved key decisions and matters for its own approval, including its core responsibilities of setting the Institute’s strategic direction, overseeing the delivery of the agreed strategy, managing risk and establishing the culture, values and standards of the Institute as a whole. Matters below the financial limit set by the Board are delegated to the Management Team. The board culture is one of openness

and constructive debate; the Chair has a continued dialogue with individual directors outside formal board meetings to allow for open, two-way discussion about the effectiveness of the Board, its sub-committees and its members. The Chair is therefore able to remain mindful of individual directors’ views.

Division of responsibilities

There is a clear written division of responsibilities between the Chair (who is responsible for the leadership and effectiveness of the Board) and the Director General (who is responsible for managing the Institute’s business). The Board has delegated authority for the day-to-day management of the business to the Director General, with specific areas of the business being managed by the other members of the Management Team. The management team members are involved in, or aware of, all major activities and are therefore well placed to ensure that any decisions align with the Institute’s agreed strategy. The Management Team has been given delegated authority by the Board to make decisions within specified parameters. Decisions outside of these parameters are reserved for the Board, although management will often bring decisions within their delegated authority to the Board for scrutiny and challenge.

Board non-executives
Chair

Patrick Macdonald

Senior Independent Director
Alexander Simpson

Members

John Watson
Deborah Davis CDir
Dr Suzy Walton CDir
Femi Bamisaiye
Amaechi Nsofor

New members

Ieda Gomes Yell
(August 2021)
Robin Watson
(August 2021)
Anita Bernie
(November 2021)
Graeme Jenkins
(January 2022)

Board executive directors
Jonathan Geldart

New member

Esther Teeken
(August 2021)



IoD Board

Operations of the Board

Our governance structure set out on page 42 ensures that the Board is able to focus on strategic proposals, major transactions and governance matters which affect the long-term success of the business. Regular board and sub-committee meetings are scheduled throughout the year. Ad hoc meetings may be held at short notice when board-level decisions of a time-critical nature need to be made or for exceptional business. Care is taken to ensure that information is circulated in good time before board and sub-committee meetings and that papers are presented clearly and with the appropriate level of detail to assist the Board in discharging its duties. The Institute Secretary assists the board and sub-committee chairs in agreeing the agenda in sufficient time before the meeting to allow for input from key stakeholders and senior executives. Papers for scheduled meetings are circulated one week prior to meetings and clearly marked as being ‘For decision’, ‘For information’ or ‘For discussion’. To enhance the delivery of board and sub-committee papers, the Board uses a board portal which provides a secure and efficient process for meeting pack distribution.

Under the direction of the Chair, the Institute Secretary facilitates effective information flows between the Board and its sub-committees, and between senior management and non-executive directors.

Each scheduled meeting includes a director general report delivered by the Director General and a finance report, as well as regular updates on the activities of various standing sub-committees. Discussions also take place on strategic proposals, risk management, legal and governance matters.

Our focus on governance, underpinned by our committed approach to making the right decisions, at the right time, based on the right information, has guided us through a year of uncertainty and difficult conditions. The Board has worked closely with management to provide oversight, challenge and debate to drive positive outcomes.

The Board has met mostly virtually throughout the year, except for the annual strategy review with management. The Board has been able to rely on the quality of the reporting that management provide as well as the open and respectful nature of debates to ensure that board and sub-committee meetings remained effective and constructive.

The Board has continued to focus this year on the financial stability and mitigation of the impact from Covid on the organisation’s core business areas. The organisation is seeing the benefits of the substantial restructure in 2020 and the Board has been able to focus on the foundations for growth. During the year substantial work has been carried out with a focus on brand and systems, as a result a new customer relationship management system (CRM), website and digital Academy were launched in Q1 2022. Continued progress has been made on the decentralisation, and the Board continues to work with a wide network of nation, region and branch chairs who are core to the future development of the organisation. This focus is already helping to improve diversity across the membership as a whole.

Board sub-committees

Four standing sub-committees have been operating throughout the year: Audit and Risk Committee, Remuneration Committee, Accreditation and Standards Committee and Nomination Committee (joint Board and Council), to which certain powers have been delegated. Membership of each of these sub-committees is comprised of independent non-executive directors and some council members. The reports of these standing sub-committees are set out in the following pages. The terms of reference of each sub-committee and the matters reserved for the Board are reviewed regularly.

Conflicts of interest

The directors are required to avoid a situation in which they have, or can have, a direct or indirect conflict with the interests of the Institute. The Institute has established a procedure whereby they are required to notify the Chair and the Institute Secretary of all new outside interests and actual or perceived conflicts of interest that may affect them in their roles as directors of the IoD.

Nomination Committee

The Nomination Committee supports the Board and Council on composition, succession and diversity matters.

The Nomination Committee continues to play a key role in supporting the Institute’s long-term sustainable success.

The development and execution of our strategic objectives, embedding of our culture and values and promotion of the interests of our stakeholders are all dependent upon effective leadership at board, council and executive level. It is the Committee’s responsibility to maintain an appropriate combination of skills and capabilities amongst the directors and council members. Long-term succession planning remains a key priority of the Committee.

Role and responsibilities

The Committee ensures integrity in all IoD office holder appointments by setting the overall appointment principles and processes, conducting board, director general and council appointment processes and by ensuring ongoing succession planning. The Committee is a joint committee of the Board and Council.

The Committee’s principal responsibilities remain:

- To approve the appointment principles for all IoD office holders and the processes by which the principles will be delivered
- To ensure that the appointment of all board and council members delivers a balance of skills, knowledge, experience, diversity and a geographical spread of members
- To annually review the effectiveness of governance across the Institute and to make recommendations regarding the structure, size and composition of the Board and Council. Effectiveness reviews are carried out by Board and Council separately

Board and Council membership

The Committee regularly reviews the structure, size and composition of the Board and Council in order to ensure it is made up of the right people with the requisite skills and experience including diversity of thought and approach, who can provide strong and effective leadership to the business and support the delivery of the Institute’s strategy and Charter Objects.

Succession planning

The Committee is responsible for reviewing the succession plans for the Board and Council. The succession plans for the executive directors are prepared on an immediate, medium and long-term basis, while those for non-executive directors and council members reflect the need to regularly refresh the Board and Council. Such plans take account of the tenure of individual members. The Director General, with the support of the people and culture team, is responsible for developing succession plans for executives and senior management.

The Committee adhered to our formal, rigorous selection, appointment and induction processes for new directors in a year where there have been a number of changes to the Board. Mullwood Partnership, a non-executive director search firm, was appointed from a shortlist of agencies to work with us on this initiative. The firm has adopted the voluntary code of conduct for executive search firms on gender diversity and best practice. The searches resulted in the appointments of Patrick Macdonald, Chair of the Board, and four non-executive directors: Ieda Gomes Yell, Robin Watson CBE, Anita Bernie and Graeme Jenkins. A further appointment was that of Esther Teeken, Chief Operating Officer, as an executive director to the Board.

Board and Council composition reviews and appointments

During the year the Committee reviewed the broader composition and balance of the Board and Council, their alignment with the Institute’s strategic objectives, and the need for progressive refreshing of the governance composition.

John Watson, Deborah Davis and Alex Simpson completed their first three-year terms as non-executive directors in January and April 2021 respectively. Amaechi Nsofor and Femi Bamisaiye completed their first three-year terms in February 2022. In making recommendations for their reappointments, the Committee considered their performance delivery and ability to contribute effectively to board discussions and to challenge the performance of management.

Selection and appointment process

The committee oversees the selection and appointment process for board and council appointments, which is summarised below.

1 | Role brief

The committee works only with external partners who have adopted the voluntary code of conduct for executive search firms on gender diversity and best practice. The committee and agency work together to develop a comprehensive role brief and person specification, aligned to the Institute’s values and culture. This brief contains clear criteria against which prospective candidates can be objectively assessed.

2 | Longlist review

The external search agency is challenged to use the objective criteria for the role to produce a longlist of suitably qualified candidates from a broad range of potential sources of talent. The candidate’s skills are scored against a skills matrix developed specifically for Board and Council. This process supports creation of a diverse longlist. The Nomination Committee selects candidates from this list to be invited for interview.

3 | Interview

A formal, multi-stage interview process is used to assess the candidates. For each appointment the choice of interviewers is customised to the specific requirements of the role and panel members are representative of both the Board and Council. All interview candidates are subject to a rigorous referencing process.

4 | Review and recommendation

The committee ensures that, prior to making any recommendation to the Board and Council, any potential conflicts and significant time commitments of prospective office holders have been satisfactorily reviewed.

Focus for coming year

As well as the regular cycle of matters that the committee schedules for consideration each year, we are planning over the next 12 months to continue to focus on succession planning for the Board, Council and senior management and will continue to develop a strong talent pipeline.

Chair

Ceinwen Jean Church MBE

Members

Brian Hall CDir
Sarah Soar
Dr Suzy Walton CDir
John Watson
Deborah Davis CDir
Patrick Macdonald

New members

Anneliese Reinhold (October 2021)
Alex Simpson (March 2022)
David Langworth (March 2022)

Member departures

Nick Sturge MBE CDir (July 2021)

Sub-committees of the Board

Our sub-committees are an integral part of the governance of the Institute, covering remuneration, professional development standards, membership and compliance.

Audit and Risk Committee (ARC)

Role and responsibilities

The principal responsibilities of the ARC are:

Financial reporting – Monitoring the integrity of the Institute's financial statements and considering significant financial reporting issues, judgements and estimates.

External audit – Oversight and remuneration of the external auditor, assessing effectiveness and making recommendations to the Board on the appointment of the external auditor.

Internal audit and controls – Monitoring and reviewing the adequacy and effectiveness of the internal financial controls and risk management, and approving the statements to be included in the annual report concerning internal control and risk management.

Risk management – Reviewing the system of internal control and risk management.

Key areas of focus

The Audit and Risk Committee (ARC) continues to play a key role in overseeing the integrity of the Institute's financial statements, including the Annual Report and Accounts, as well as ensuring that a sound system of internal control and risk management is in place.

During the year, the Committee reviewed the process for identification and mitigation of key business and emerging risks, challenging management actions where appropriate.

The Committee continued to monitor the performance of the finance function and the implementation of the recommendations regarding internal control.

Committee composition and governance

John Watson is the Chair of the ARC. The Committee continues to be composed mainly of independent non-executive directors and Council members with sufficient financial experience, commercial acumen and sector knowledge to fulfil their responsibilities.

Members of the Management Team, including the Chief Operating Officer, Institute Secretary and representatives of the external auditors, continue to attend committee meetings. In addition, the Director General and other key employees are invited to attend part, or all, of specific committee meetings.

The Committee meets privately with external auditors and is satisfied that neither is being unduly influenced by management. The Committee Chair additionally holds regular meetings with the Director General, Chief Operating Officer and other members of the Management Team to obtain a good understanding of key issues affecting the Institute and is thereby able to identify those matters requiring meaningful discussion at committee meetings.

External audit

RSM UK Audit LLP was appointed as the Institute's external auditor for the 2021 Annual Report following a formal competitive tender process.

The Committee is responsible for overseeing the relationship with the external auditor and for considering their terms of engagement, remuneration, effectiveness, independence and continued objectivity. The Committee annually reviews the audit requirements of the Institute, for the business and in the context of the external environment, placing great importance on ensuring a high quality, effective external audit process.

Internal control

In 2021, the Committee continued its focus on internal control and overseeing the Management Team's progress on the recommendations for the strengthening of the control environment and improvement of reporting for branches.

The Committee has continued to review the cash flow forecasting, which has been further strengthened during Covid, and the stress testing scenarios, which included assumptions of timings of temporary and permanent cost savings. The cash flow forecasts, including a detailed 90-day look forward and monthly forecast, have been circulated for review on a weekly basis by the Board during the first half of 2021.

The process of the finance function outsourcing to Equiom Group was completed in August 2020. Meanwhile, work has continued on the implementation of processes and monthly management account reporting.

Internal control review completed during the year included those in relation to key financial controls, financial reporting system implementation, insurance and cyber security. Key observations and management actions are reported to and debated by the Committee.

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As a qualified chartered director, we get invited to quarterly meetings with IoD board members and that helps us to understand where the IoD is heading, it gives us the opportunity to talk to peers and to get to grips with what's going on in government to help influence decision making.

Rashesh Joshi CDir
Managing Director, Alexander Rosse Ltd



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Having someone in a company who is dedicated to looking at innovation, whether it is product innovation or strategy, means you bring together all the ideas from the people within the company. Without it, you get silence within a business and the company doesn't get the progress it deserves.

Sadia E Ahmed
Chief Innovation Officer

“

To attract and retain the best people, businesses and organisations should be investing in strategies that focus on personal as well as professional growth, and tools that help people manage stress and anxiety. That way, they can develop a culture of wellbeing that prevents employee burn out, reduces absence and increases productivity.

Laura Watkins CD
CEO, The Donaldson Trust

Overall, no significant control issues were identified although some process and control improvements were highlighted, with follow up review scheduled in September 2022. The Committee has planned to move from self-assessment to an internal audit on this area at the end of 2022.

Risk management

The Board has delegated responsibility for overseeing the effectiveness of the Institute's risk management and internal control systems to the Committee.

The Institute's approach to risk management is based on a strong governance process, including policies and procedures to ensure consistency in the reporting of risk identification throughout the monitoring, measuring, and mitigation activities. This methodology provides comprehensive reporting and collective oversight across the Institute. All risks are assigned individual and/or group responsibility, depending on the nature of the risk itself. In addition, risks are assessed against the risk appetite framework, the residual risk that the Institute is willing to accept in order to deliver its charter objects, in order to ensure the risk is within acceptable levels.

At the beginning of the year, the Committee reviewed the Institute's principal and emerging risks including consideration of how risk exposures have changed during the period. Both external and internal risks are reviewed and their effect on the Institute's strategic aims considered. The assessment of emerging risks includes a bottom-up review of all business units and a deep dive by the Committee. The Committee made a recommendation to the Chief Compliance Officer regarding the identification and assessment of principal and emerging risks.

The Institute's whistleblowing arrangements which enable all staff, including temporary and agency staff, to report any suspected wrongdoing, remained unchanged during the year. These arrangements, which are monitored by the People and Culture team and General Counsel, include an independent and confidential whistleblowing service provided by a third party.

Focus for the year

During the year ending 31 December 2022, the Committee will continue to focus on the processes by which the Board identifies, assesses, monitors, manages and mitigates risk, particularly in light of the challenging conditions within the membership sector and Covid. The Committee will also continue to monitor key risk areas for the business, particularly those scheduled for review, including, but not limited to, key financial, operational and IT controls, the Institute's strategy, cyber security, sustainability and net zero targets.

Chair
John Watson

Members
Aidan O'Carroll
Amaechi Nsofor
Dr Suzy Walton CDir

New members
Graeme Jenkins
(February 2022)

Remuneration Committee

The Remuneration Committee has delegated responsibility for designing and determining remuneration for the executive directors and senior management, including the Institute Secretary. The Committee oversees the organisation's overall remuneration strategy and ensures it is aligned to the organisation's purpose and values, and clearly linked to the successful delivery of the long-term strategy.

Femi Bamisaiye, Non-Executive Director, was appointed as Chair of the Committee from 1 May 2022 succeeding Deborah Davis in the role who will remain as a member of the Committee. The Remuneration Committee reviews employee remuneration and related policies. The purpose of this review is to ensure the reward, incentives and conditions available to the Institute's employees are taken into account when deciding the pay of executive directors and senior management. This enables the Remuneration Committee to feed back to the Board and support the latter's monitoring of whether the Institute's policies and practices support culture and strategy.

During 2021, the Committee has conducted a full review of the total benefit package available to employees, including the pension scheme, in order to ensure that the total rewards package is fit for purpose, meets the needs of the business and colleagues, and allows the Institute to attract and retain talent. The review included matters such as pensions contributions, annual leave, private medical care, bonus scheme, employee assistance programme and commercial discounts. Colleagues were consulted on the proposed changes before putting the recommendations of the review for committee and board approval in June 2021.

Chair
Femi Bamisaiye

Members
Deborah Davis CDir
Dr Suzy Walton CDir
Patrick Macdonald

The Committee is committed to ensuring that pension contributions across our workforce are equitable. Following the total benefits consultation, senior managers receive the same pension benefit as the wider workforce at 8% of salary. The Institute of Directors 1997 Pension Scheme was a defined contribution scheme which closed to new members in June 2021. Funds from the scheme have been moved to Atlas Master Trust, which is the new pension scheme for the Institute's workforce.

In making key decisions, the Committee has been in close dialogue with the executive members of the Board and fellow non-executives. Discussions have taken place at length about how the pandemic has impacted all our people, having been briefed at each meeting by the people and culture team and COO, who was also in charge of the Institute's internal Covid response. This has enabled the Committee to remain in touch with the Institute's plans and actions to support employee wellbeing, hearing about concerns and achievements through regular surveys and other ways of understanding the issues. This connection has been important in the Committee's decision making.

Focus for the coming year

In the first half of 2022, the Committee has focused on the review of the Institute's salary framework and pay bands. The Committee has sought to balance the reward and incentivisation of our people with the challenging conditions and difficult outcomes that the organisation and its stakeholders have experienced throughout the pandemic and current cost of living challenges. Following the review, a recommendation on alignment of the salary framework and bands has been approved by the Board together with an overall increase of salaries effective from 1 April 2022. The Committee will continue to focus on the Great Place to Work certification and design of a bonus structure.

Sub-committees of the Board

Membership Committee

Recent changes in the IoD structure, and a more integrated approach to professional development and membership, have presented a good opportunity to review the structure of the Membership Committee, to ensure it continues to deliver value to members and the IoD executive alike.

The Committee is due to reconvene with a re-aligned purpose and refreshed membership. The focus of the Committee will be on member complaints and conduct issues.

Accreditation and Standards Committee (ASC)

The Accreditation and Standards Committee is chaired by Dr Suzy Walton, Non-Executive Director, and members of the Committee are appointed by the Board. The ASC sets the educational competencies and standards for directors and boards, oversees the standards for external accreditation providers and maintains and protects the integrity of professional standards for candidates for the principal professional assessments conducted by and under the auspices of the Institute. The ASC met two times during 2021 and has focused on the following areas: professional development strategy, professional standards and qualifications, continued professional development (CPD), Tomorrow's Director programme, Director Competency Framework, and the online Academy.

The ASC oversees the work of the Assessment Committee, and is ultimately responsible for the overall quality assurance of the examinations and assessments and supporting processes.

The Committee's main responsibilities remain:

- To approve the competency framework, accredited learning outcomes and assessment criteria
- To approve the code of conduct and CPD requirements for the professional competency of chartered directors
- To ensure the safeguarding of the IoD's powers to award by adherence to the accreditation principles and our policies and procedures and to escalate any issue to Board where integrity is not being maintained.

The ASC's remit will be reviewed in the short-medium term to ensure it remains focused on areas that are key to the Institute's strategy.

Chair

Dr Suzy Walton CDir

Members

Suzy Brain England OBE CDir
James Gambrell CDir
Carmel McKinney OBE
Robert Smith CDir
John Warden

Departed members

Giorgio Bendoni CDir
(January 2022)

Institute Secretary

The Institute Secretary ensures the highest standards of governance and compliance with legal requirements and best practice. This includes providing support and advice to all board, council and committee members and acting as the conduit for all communication and engagement with them.

The role contributes to achieving the aims of the IoD by advising on, and ensuring compliance with the laws and good governance practices relating to the workings of the organisation, and with the IoD's constitution.

Institute Secretary

Kristina Lewis

Management Team

The Director General is supported by the Management Team in discharging his/her duties which have been delegated by the Board. Comprised of the senior management team, the Committee's main areas of focus are the formulation and implementation of strategic initiatives, business performance monitoring and evaluation and overseeing culture and stakeholder engagement.

Members

Dr Roger Barker
Jonathan Geldart
Esther Teeken

New members

Paul Adams
(March 2022)
Kirsty McManus
(January 2022)
Richard Townsend
(September 2021)

Departed members

Louise Macdonald
(May 2022)
Natalie Sykes CDir
(September 2021 – currently
on sabbatical leave)

“

My practical director skills were at a good level, but I hadn't spent as much time on the theory. The Chartered Director Programme felt like the appropriate vehicle to address this and assess where I was as a director, to learn new skills, update my knowledge and meet other like-minded directors.

Malcolm Kpedekpo CDir

Partner, Panoramic Growth Equity

Statement of Board responsibilities

As a body corporate established by Royal Charter, the Institute is obliged to comply with its constitution (comprising charter, by-laws and regulations).

The constitution requires that the Board lays before the members, in a general meeting, financial statements for the year, giving a true and fair view of the state of affairs of the Institute. The financial statements must include the surplus or deficit of the Institute for that period. The Board is also required to approve the financial statements, only if they are satisfied that they give a true and fair view of the state of affairs of the Institute and of the surplus or deficit for that period.

In preparing the financial statements, the Board is required to:

- Select suitable accounting policies and apply them consistently
- Make informed judgments and estimates that are reasonable and prudent
- State whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Institute will continue in operation

The Board is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Institute. The Board is also responsible for safeguarding the assets of the Institute and taking reasonable steps to ensure the prevention and detection of fraud and any other irregularities.

Each board member confirms that:

- So far as they are aware, there is no relevant audit information of which the Institute's auditor is unaware
- They have taken all necessary steps to ensure that they are aware of any relevant audit information and to establish that the Institute's auditor is aware of the information

The Board is responsible for the maintenance and integrity of the financial information included on the Institute's website. Practice in the United Kingdom governing the preparation and dissemination of financial statements may differ from practice in other jurisdictions.



“The most valuable aspect about being part of the IoD has been the opportunity to work closely with inspirational members. It’s given me the strength and motivation to be a better director who can influence others and support future business leaders.

Jennifer Houghton CDir
NED, Chair, IoD Isle of Man

“

Directors must allow employees the time and space to innovate. However, the financial challenge of running a business means we don't tend to carry spare capacity meaning there is a tension between desire for innovation and imperative to deliver results. Innovation is a creative process, if we don't create the right environment for it to flourish, then it won't!

Mick O'Connor CDir
Founder and Director, HAELO

IoD Chairs

Regions and Nations

- East Midlands**
Vacant
- East of England**
Biplab Rakshi
- London**
Alastair King
- Northern Ireland**
Gordon Milligan
- North West**
Vacant
- Scotland**
Aidan O'Carroll
- South**
Faisal Khan
- South West**
Steve Hill CDir
- Wales**
Richard Selby
- West Midlands**
Inez Brown
- Yorkshire & the North East**
Delroy Beverley

Branches

- Aberdeen and Grampian**
Sarah Downs
- Berkshire**
Dr Shaun Davis CDir
- Black Country & Staffordshire**
Paul Wood
- Bristol**
Vacant
- Buckinghamshire & Milton Keynes**
Vacant
- Cambridgeshire**
Prof Rameen Shaku
- Central Scotland**
Neil Bradbrook
- Cheshire**
Richard Huxley
- Coventry & Warwickshire**
Abid Khan
- Cumbria**
Jennifer Cormack

- Derbyshire & Nottinghamshire**
Vacant
- East Yorkshire**
Debra Leeves
- Edinburgh and Lothians**
Julie Ashworth
- Essex**
Vacant
- Fife & Tayside**
Ian Collins
- Glasgow & West of Scotland**
John Anderson
- Greater Birmingham**
Andy Wilkinson
- Guernsey**
Wendy Dorey CDir
- Hampshire & the Isle of Wight**
Vacant
- Hertfordshire**
James Keeling
- Highlands & Islands**
Donald Forsyth
- Isle of Man**
Jennifer Houghton

- Jersey**
Natasha Egge
- Kent**
Nigel Earnshaw CDir
- Lancashire**
Martyn Jones
- Leicestershire & South East Midlands**
Sarah Canning
- Lincolnshire & Rutland**
Michelle Allison
- Liverpool**
David Wafer
- Manchester**
Debbie Francis OBE
- Mid Wales**
Gareth Jarman
- Norfolk**
Vacant
- North East North**
Sarah Waddington CBE
- North East South**
Karl Pemberton CDir

- North Yorkshire**
Caroline Pullich
- North Wales**
David Roberts
- Oxfordshire**
Mark Johnson CDir
- South Scotland**
Paul Houlden
- South Yorkshire**
Victoria Clarke Brown CDir
- South Wales**
Vacant
- South West Wales**
Debra Bowen Rees
- Suffolk**
Vacant
- Surrey**
Sue Lawrence CDir
- Sussex**
Michele Augousti
- West Yorkshire**
Poonam Kaur
- Worcester & the Marches**
Michael Doolin

International branches

- Belgium**
Mark Cunningham
- Bermuda (Co-Chairs)**
Michelle Cardwell
Sara Schroter CDir
- China**
Lutao Ning
- Cyprus**
Evdokimos Xenophontos
- Malta**
Edwin Ward
- Monaco**
William Easum

Affiliated bodies

- IoD, Hong Kong**
CEO: Carlye Tsui
- IoD, Republic of Ireland**
CEO: Caroline Spillane

Objects of the Institute of Directors' Royal Charter

To promote for the public benefit high levels of skill, knowledge, professional competence and integrity on the part of directors, and equivalent office holders however described, of companies and other organisations.

To promote the study, research and development of the law and practice of corporate governance, and to publish, disseminate or otherwise make available the useful results of such study or research.

To represent the interests of members and of the business community to government and in the public arena, and to encourage and foster a climate favourable to entrepreneurial activity and wealth creation.

To advance the interests of members of the Institute, and to provide facilities, services and benefits for them.

