

## **Resilience and strong leadership in challenging times**



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# Resilience and strong leadership during challenging times

Global events had a profound effect on the outlook for business in 2022. Russia's invasion of Ukraine had far reaching consequences for both the cost of living and the cost of doing business. Much of our focus over the last 12 months has been on mitigating the impact of these global events.

It is times like these when resilience is most needed.

We have provided members with the ability to be able to continue to develop themselves. We have extended the breadth of what we do, and we are refreshing our course content to ensure it is up to date and relevant as the landscape shifts and changes.

As we publish our annual report, we will continue to be absolutely focused on adding value for members and building our community. And, we will seek to engage with government wherever we can to the wider economic benefit of our members, and indeed the country.

# Chair of the Institute's report

**In 2022 we continued to modernise and renew your Institute to make it fit for a more digital and dynamic future. Most visibly, we completely refreshed our brand, giving us a clean new look which reflects our aspirations for the future. As part of this we relaunched our website and Digital Academy in the middle of the year, a move which was well-received by members and non-members alike.**



**Patrick Macdonald**  
Chair

We saw our LinkedIn followership grow by another 10,000, reflecting our increasing salience across both traditional and social media. Our professional development offer continued to evolve, delivering over 400 programmes to almost 6,000 participants both online and in-person.

We renovated our flagship building at 116 Pall Mall, refurbishing the façade and developing our hospitality offer, leading to increased footfall and customer satisfaction.

Finally, we scored some notable policy wins, including persuading the UK Government to scrap the proposed National Insurance tax rise. We were also at the forefront of moves to encourage businesses to harness more diverse talent through the Shinkwin Commission on 'The Future of Business'.

Not everything went to plan. Our members felt the economic chill and, in turn, the IoD was not immune from its effects. We had planned for and invested in an economic recovery following the difficulties of Covid. The investment took place; the

economic recovery did not. Lingered pandemic concerns, cost inflation (including energy) and the illegal invasion of Ukraine all combined to impact on our activity. In addition, we saw a large number of members retire from business activity altogether, leading to a reduction in membership numbers.

Your Board responded swiftly to these challenges, adjusting costs to fit the current realities while continuing to invest in improved systems, technologies and processes.

Nevertheless, we were unable to avoid making a loss in 2022. We are focused on improving the result for 2023. We continue to push forward a strategy which builds upon the IoD's many strengths while continuing to update our business model for the present and future.

As one small example, we have worked to increase the reach of our Policy Voice platform. More members are now adding their input to the work of the Policy and Governance team who in turn delivered a higher profile and salience with policy makers and in the media. The team is also



delivering exciting new content including the new quarterly Director's Update, exclusively for members. We have had very positive feedback from members who appreciate every competitive edge they can find at the moment.

### Strategic direction

In last year's report, I described 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

We share the vision of a vibrant, dynamic Institute with a large and growing membership that reflects today's society; a modern Institute that influences the development of business leaders and business policy to the benefit of the economy and the UK as a whole; an Institute we are all proud to belong to. We are making progress — there is more to be done.

### Council, Board and Management

The Board continued to set the direction and strategy for your Institute and to hold the executive to account for its

delivery. We have a strong team at the top and I'd like to thank all board members for the time and energy they devoted to the Institute in 2022.

This year, Dr Suzy Walton CDir completed an amazing nine years as a non-executive director, a special record of service. We will miss her wisdom, insight and humour on the Board, not least as Chair of the Accreditation and Standards Committee. Esther Teeken, Chief Operating Officer, left to take up a new position at the UN-backed Principles for Responsible Investment. She left, having started the transformation of the Institute's financial processes, with our best wishes.

In addition, Anita Bernie decided to step back from the Board to focus on personal commitments. Jean Church, our long-serving Senior Independent Council Member and Council Chair, retired. I'd like to thank Jean for her wise counsel and support through this transformational period for the Institute. I look forward to working with David Langworth, her successor, to continue our transformation.

I'd also like to thank Jonathan Geldart, our Director General, the management team and the entire executive for a year of, at times, hard-won results. We are lucky to have such a committed and dedicated team.

### Grassroots and beyond

At times like these we turn even more to our incredible network of volunteers. Alongside our brilliant staff, they work day in, day out to

support our members and I can never be thankful enough for all the work they do.

I have mentioned the renovation of 116 Pall Mall. We are fortunate to be able to offer a base in the heart of London for members from all over the globe. As we carried out important, careful restoration, with the building shrouded in scaffolding, it was for a while a less attractive place for our members. Hopefully everyone can now see the fruits of those labours and once again it is refreshing to see the place back in operation as a vibrant hub of activity.

As I write, the war in Ukraine rages on. The human suffering alone is terrible enough but without stability in Europe, we will still face uncertainty and challenges. The resilience we have shown in recent years will be called on again but I am confident that we, and you, are more than up to those challenges.

### Vision

Thank you for your support in 2022. Our values, guided by our founding Royal Charter, remain as relevant today as they ever have. The IoD has never had a more important role to play in UK business and we are working hard to fulfil that role for the benefit of members and the wider economy.

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It is times like these when resilience is most needed and our world-class professional development programme comes into its own.

**Jonathan Geldart**  
Director General, IoD

# Director General's report

**I have always believed one of our great strengths as an organisation is that, as a business, we are no different to those we represent. We are a similar size to many and as such, face similar challenges.**

That means when times are tough for you, they are tough for us. And that's when one of the most important qualities any business needs comes into play — resilience.

It is a quality that we have had to call on far too often in recent years and I feel we all may still need that resilience for some years to come. It was perhaps a little too optimistic, as 2022 began, to hope that the travails of the past few years might finally be behind us.

As the year began, some Covid restrictions remained in place, but it was possible to begin considering a world after the pandemic. Any glint of hope, however, was quickly extinguished as events began to unfold that would shape much of the global outlook for the rest of the year and beyond.

Russia's illegal invasion of Ukraine on February 24 2022 plunged Europe into a conflict with far reaching consequences and is a tragedy that is still playing out today.

At the IoD, within hours of the invasion, we took the decision to suspend all activity in Russia and our position will remain as long as this illegal war continues. This war is the fault of Vladimir Putin, not ordinary Russians, but it was important for the Institute to support sanctions against his country and we made it clear that it was not tenable for directors working

with any companies linked to Russia and Belarus to remain in a governance position.

The decision to pull out of Russia had an immediate financial effect on the Institute but we were determined it was the right thing to do.

The war also had an impact on businesses everywhere as the cost of energy, which was already high, began to increase more sharply but more broadly, it affected the fragile economic confidence that had begun to return.

## Resilience

While much of our focus at the Institute over the last 12 months has been on mitigating the impact of these global events, we were still able to focus on more positive aspects.

It is times like these when resilience is most needed and our world-class professional development programme comes into its own, providing directors with the skills and support they need to face new challenges and throughout the year demand remained high.

We also looked at changes we could make behind the scenes investing in revamping our brand and website as well as bringing in a new CRM system. Some work remains to be done but I am confident we are on the right path.

We launched a well-received, new policy paper which

## Director General's report

### Average age of new members

46

From Jan-May 2023

### Female new joiners

1 in 3

From Jan-May 2023

made recommendations to government on how to create favourable conditions for businesses and directors with specific reference to gender, ethnicity, disability and sexual orientation — 'The Future of Business: harnessing diverse talent for success'.

And again we were able to recognise the best of us with our annual Director of the Year Awards.

After Louise Macdonald left to join the Scottish Government, we appointed Catherine McWilliam as our new Director of Nations – Scotland. Our Management Team was also bolstered with the appointment of Kate Cooper who joined us as Director of Finance from the energy sector in March 2023. We are continuing to make positive changes to ensure the Institute's staff is more diverse.

### Membership

Over the last few years, we have reshaped the Institute to make it more attractive to a wider range of members especially those outside London and from diverse backgrounds. That work is beginning to pay off, although the complications of the last year made progress slower than it should have been.

Membership declined last year from 20,005 at the end of 2021, to 18,220 at the end of 2022. However, this was for understandable reasons. For example, having endured the difficulties of the last few years during the pandemic, it was unsurprising that a few of our members decided to accelerate their decision to retire or close their businesses as new challenges created more uncertainty. But the underlying membership figures do provide some encouragement. The number of full members only fell slightly, and we saw increases in some areas, such as Northern Ireland. I am also pleased that the signs in 2023 are that we are seeing a steadying of our membership numbers. As we look across our membership as whole, we can see how the Institute is changing day by day. One in three of our new joiners is female and the average age of new members is now 46. Across every branch, every region and every nation the IoD is more reflective of the community we support.

### Connect

One of our strengths is how we connect members, in-person and online. Last year, we focused our resources as efficiently as possible, going in-person for larger events while utilising our digital capability more widely for smaller, regional gatherings. Our regular virtual events, ensure that, no matter where you are based, you are able to appreciate the value of membership. Alongside engagement at our events, other measures showed that interest in the Institute remains high and our engagement through the media using the work of our Policy and Governance team was significant with coverage bigger than an organisation of our size could reasonably expect.

### Develop

In times of need, our professional development courses are more important than ever and despite the difficult environment, we saw demand for these increase last year. Based on member feedback, we introduced a new online ESG course in partnership with IoD Ireland — 'Leading Sustainability for Directors' — designed to equip directors with the knowledge and skills to strengthen their organisation's move towards sustainability.

Sustainability remains a key focus for us as a business and we know we can and must do more in this space. As an





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**Jonathan Geldart**

Director General, IoD

example, for the first time, this year's Annual Report and Accounts will not be printed.

Our core purpose remains 'Better directors for a better world' and over 100 members qualified as chartered directors in 2022. These CDir's are demonstrating the importance of good governance, leadership and progress across the world.

**Influence**

It was a challenging year politically with the period between the summer and late autumn particularly difficult with the continuing uncertainty at the top of UK Government. There is a little more stability now and the economic signs are more encouraging. I am grateful for the work of our small but brilliant Policy and Governance team who reacted astutely to the seemingly never-ending changing circumstances and were able to make our voice

heard at the highest levels. There is much to be proud of in this regard but I am particularly pleased at how we successfully led the #scrapthejobstax campaign for the Government to dump the proposed National Insurance tax rise alongside other significant wins including the introduction of the energy bill relief scheme. Under our governance remit, we are strengthening our proposals for the voluntary code of conduct for directors. Even when we face difficult challenges, we should never forget one of our primary purposes.

**Finances**

The war in Ukraine and the difficult economic conditions had a direct impact on our finances in 2022. That did mean, like so many of our members, we faced some difficult decisions but the Board and management approached those challenges head on.

**Future**

We have always been enormously proud that the Institute is governed by a Royal Charter and as King Charles' reign begins, that remains one of our key strengths as does our focus on leadership on governance and being a strong advocate for our members.

Many of the challenges of the last year remain but along with the Board, who again have been incredibly supportive over the past year, I believe that we have done our best to mitigate the worst impacts. That does not mean we no longer need to be resilient but alongside this maybe we can also try to be a little more optimistic about the future.

A handwritten signature in black ink, appearing to read 'Jon Geldart', written over a light blue grid background.

# Equity, diversity and inclusion

**This year the IoD continued to pursue equity, diversity and inclusion across all of its activities but recognises more needs to be done. A key foundation for this work is our ED&I commitment, which was first published in 2021. This articulates the unique contribution that the IoD can make — what we can do that others can't. You can read more on this [here](#) >**

A major IoD contribution to the ED&I discourse in 2022 was the launch of our Commission, 'The Future of Business: harnessing diverse talent for success'. Its aim was to examine the key barriers to the recruitment, retention, and progression of individuals from underrepresented groups, with specific reference to disability, ethnicity, gender, and sexual orientation.

The Commission was chaired by Lord Shinkwin and guided by a panel of 11 senior business leaders and experts. Officially launched in February 2022, the Commission gathered evidence over the spring and summer through a series of roundtables with IoD members, interviews with subject-matter experts, a Call for Evidence, and polling of IoD members.

In October 2022, the Commission launched a guidance document for businesses at a reception at 116 Pall Mall. This provided a comprehensive set of recommendations for employers on how to create working environments in which all talent can thrive and contribute to business bottom-line and growth.

## The guidance covers five themes:

- 1 **How to develop a data strategy to inform all decisions relating to equity, diversity and inclusion.**
- 2 **How to review and update recruitment practices to ensure that applications are processed based entirely on candidates' skills, experience, and potential.**
- 3 **How to review the extent to which there is a pipeline of diverse talent into an organisation's senior leadership.**
- 4 **How to develop an inclusive workplace culture, including assessing how all communications convey and project how organisations value and harnesses diverse talent.**
- 5 **How to drive change on ED&I through senior leadership and accountability structures, including at board level.**

In November 2022, the Commission published a policy paper, making a series of recommendations to UK Government aimed at supporting ED&I progress in the workplace. Since publication, the UK Government has announced that one of the key recommendations — making the right to request flexible working a day one employment right — will be introduced.

In November 2022, the IoD also launched an internal ED&I committee as a means of gathering ideas and inspiration from colleagues on how to take forward this agenda within our own organisation. Meeting quarterly, the committee provides advice to the Management Team regarding future ED&I activities and initiatives. It also seeks to share best practices and improve ED&I awareness across the organisation. Colleagues from all the IoD's main departments are represented on the committee. In addition, the national spokesperson for the IoD's ED&I ambassadors from across the UK joins the discussion to provide external perspectives and insight.

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The Institute of Directors provides me with the necessary tools I need to take my two businesses to the next level. I joined the membership with a specific set of strategic skills and experience working with a plethora of educational establishments for over 10 years on inclusive education. These skills have been further enhanced, as I became an active member of the Institute and was elected as the National Spokesperson for the Equity, Diversity and Inclusion Ambassadors. I am proud to drive the ED&I agenda as a business leader and utilise my expertise supporting the various IoD ED&I initiatives.

**Sofia Azam**

National Spokesperson for the Equity, Diversity and Inclusion Ambassadors



# Connect

**2022 saw the first full year of face-to-face events since 2019, allowing members to connect and share ideas in person. We also saw good usage of the co-working spaces across all regional and national IoD hubs, including our flagship building at 116 Pall Mall.**

January 2022 saw the national relaunch of the Special Interest Groups; initially based in London, by the end of the year these had organically expanded to reach an increasing number of members across England. With the aim of creating centres of excellence in a particular sector, these groups offer members another means to connect and develop in areas they are both knowledgeable and passionate about.

A full list of our current Special Interest Groups can be found on our website. By the end of 2022, we had nine groups running, including completely new groups in Finance and FinTech, Insurance, Africa, International Trade, Glass Ceiling and British Asian Business.

Continuing our focus on amplifying membership benefits for all, we launched a national programme of webinars to reach as many directors as possible, wherever they are. These one-hour daytime updates included our Chief Economist Kitty Ussher delivering a regular forecast alongside the Bank of England, Director of Policy and Governance Dr Roger Barker presenting the quarterly Director's Update, alongside

guides to maximising your membership, and introductions to our Certificate in Company Direction and Chartered Director Programme. Regularly achieving audiences of over 300 members and non-members, these have continued and grown in 2023.

The opening up of international travel allowed the resumption of our key roundtable discussions for members with visiting trade bodies and associations. These included a meeting with a trade delegation from Costa Rica, amongst many others.

We have continued the expansion of IoD member hubs offering co-working space and meetings rooms across the country, using data collected through membership heat mapping and direct feedback to ensure we are visible and accessible where members need us most.

The prestigious Director of the Year Awards celebrate high quality directors and the impact they make every day. In early 2022 we undertook a review to explore how the awards might evolve so they are aligned strategically with our purpose and remain relevant and aspirational to those nominated.

## IoD members

**18,220**

As of 31 December 2022

## LinkedIn followers

**72,782**

As of 31 December 2022



**Paul Durrant**  
Chair, IoD Essex Branch

**Yvonne de Ville**  
Chair, IoD Finance and FinTech Group



## Connect

### A snapshot of event highlights from across our regions and nations

#### IoD Scotland

- The launch of 'It's a Governance Thing' – a signature eight event series across Scotland's seven branches.
- Launched new member hub in Aberdeen to promote member connections.
- Held our inaugural 'State of the Nation' survey with a 20% member response rate from Scotland members.



#### IoD Wales

- Held our first NED forum, bringing together a group of directors of various experience to share best practice.
- Delivered three large-scale national events:
  - Wales Director of the Year Awards with 416 directors in attendance;
  - Wales Week in London with the Department of International trade, and;
  - a sell-out Christmas lunch bringing together a panel of speakers to discuss good leadership and governance with members and guests.
- Provided over 15 regional opportunities to connect across the four regions, discussing topics including: cybercrime, circular economy of Wales, offshore wind and wave technology opportunities, the importance of governance, business leaders' lunch, professional development taster sessions and Coffee and Connect sessions.



Event highlights  
from across the UK  
regions and nations



Event highlights  
from across the UK  
regions and nations



## IoD England

- Shinkwin Commission launch event at 116 Pall Mall.
- IoD West Midlands Commonwealth event at The Grand Hotel, Birmingham.
- Chair's Christmas Dinner at Warwick Castle.
- IoD Manchester face-to-face event on 'Go green and affordable: sustainability in your business'.
- A podcast interview with Mick Mulvaney, Donald Trump's Chief of Staff and Director of Office of Management and Budget.
- 'Trade and investment opportunities in Canada for UK businesses', hosted by the International Trade Group, at Canada House in October.

## IoD Northern Ireland

- Developed and executed over 30 networking events for our members in Northern Ireland. This included the:
  - IoD NI Women's Leadership Conference which attracted over 550 attendees with special guest speakers Dame Kelly Holmes DBE OLY and Baroness Floella Benjamin OBE DL;
  - the IoD NI Annual Dinner which attracted over 450 delegates, and;
  - the IoD NI Director of the Year Awards which had 120 attendees and 13 award winners.
- Worked in collaboration with over 25 sponsors, corporate partners, and stakeholders.
- Saw over 50 delegates attend the Certificate in Company Direction and held our first graduation ceremony for professional development graduates.



# Develop

**Almost 6,000 directors sought out director development with the IoD in 2022. Faced with even more uncertainty post-Covid, and a challenging economic outlook, directors from across the globe continued to upskill and arm themselves with the knowledge, skills and mindset needed to lead their organisations.**

Over 400 IoD members attended the free Professional Director Series sessions in 2022. We continue to support our members with lifelong learning opportunities with this series of virtual courses, offering digestible CPD mapped to the IoD Director Competency Framework. These free courses also serve to identify knowledge gaps and areas for growth amongst our thriving business community.

## **Increasing numbers of chartered directors**

In 2022, the foundations were put into place to allow us to increase the number of new chartered directors, from around 100 per year who qualified in each of the past seven or eight years, to 150 in 2023 and higher in 2024.

The first step was to increase the numbers coming through the Certificate and Diploma in Company Direction examinations. To enable this to happen, we replaced the online platform used for delivering the examinations and doubled the number of diploma assessors.

The new delivery platform uses leading edge technology allowing candidates to take

their exams at times to suit themselves rather than having to select times during the day. It is anticipated that the number of certificate exams conducted outside the pre-arranged dates will increase during 2023 and by 2024 candidates will be able to sit their exams on demand.

In anticipation of increasing numbers coming through to being assessed for chartered director status, we also doubled the number of assessors who can conduct interviews.

## **Tomorrow's Director**

We are committed to educating the new generation of directors and assisting organisations with their succession planning for director and board positions. This starts with the younger generation of aspiring directors and future business leaders. We were delighted to launch Tomorrow's Director in 2022. This is a ground-breaking e-learning programme aimed at meeting the needs of our younger generation. Learning at your own pace, via the IoD Digital Academy, delegates identify key aspects of

the director's role, including their legal responsibilities to the organisation and its stakeholders. They will also be able to explain the importance of ethical considerations in governance best practice, including environmental and social reporting criteria.

## **Developing new courses**

Having a positive impact and striving to affect change within the wider community is becoming much more of a focus for business leaders. Equipping delegates with the knowledge and the skills to make those changes within their own businesses is an important factor in the director training the IoD offer.

2022 saw the development of a four-part series in partnership with IoD Ireland on 'Leading Sustainability for Directors' and a one-day course 'Fraud Risk for Directors', both of which were subsequently launched in 2023.

## **Board Evaluation**

In 2022, there was greater focus on growing the number of board evaluations conducted and increasing awareness of the IoD's service. Listed or unlisted it is right to say that never before





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Undertaking the journey towards CDir is as valuable as, if not more so than, the designation itself. The introspection and self-examination required to adequately prepare for the Chartered Status Interview is a hugely valuable exercise, and encourages one to really interrogate one's abilities and experiences — highlighting areas for attention and development quite apart from the context of the qualification.

**Tom Boardman-Weston CDir**  
Member of our expert advisory  
group on corporate governance

## Develop



Accelerated Certificate in Company Direction delegates, Norton House Hotel, Edinburgh, October 2022

have boards been subject to such intense performance scrutiny. While evaluations may seem to be an additional burden amid a myriad of other new regulatory requirements, they also represent opportunities for enrichment on multiple levels. For example, effectiveness reviews enable boards of directors to enhance team-building, strengthen decision-making capabilities and improve the board-member relationship. They help to refine strategic focus and address skills gaps. Best practice governance requires boards to self-evaluate their effectiveness on a regular basis.

We have seen a significant increase in the number of boards wishing to engage the IoD in conducting board effectiveness reviews across a range of sectors from transport to insurance.

### New qualification

In a first for the Institute, we signed a contract to launch qualifications other than those leading to chartered director. In 2022, we expanded our partnership with the Education and Training Foundation (ETF) to improve standards throughout the education sector. We have been delivering leadership courses for governance professionals and chairs in the further education (FE) sector since 2021 and, in 2022, were contracted by ETF to design, develop and deliver qualifications for governance professionals in FE.

The qualifications will broadly mirror those of the chartered director, with three levels of assessment:

- An undergraduate qualification – Award for Further Education Governance Professionals (FEGP Award);
- A bachelor's level qualification – Certificate for Further Education Governance Professionals (Cert FEGP) and;
- A master's level qualification – Diploma for Further Education Governance Professionals (Dip FEGP).

As we have never before offered any qualifications other than those leading to chartered director, this is a very exciting development for the Institute and will form a model for us to expand our range of qualifications even further in the future.

## Professional Development 2022 in numbers:







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Being part of the IoD provides members with an amplified voice to influence change and bring about legislation that is needed. This has been demonstrated time and time again throughout my time with the IoD.

**Rashmi Dubé**

National Spokesperson for the Policy and Governance Ambassadors



# Influence

**During a tumultuous year in economics and politics, the IoD sought to maintain a level-headed and evidence-based approach to policy issues on behalf of its members and the wider business community.**

Although the year began with high hopes for a post-pandemic rebound, the invasion of Ukraine in February soon gave rise to negative consequences for business. Driven by rocketing energy prices, inflation surged, reaching a 41-year high of 11.1% in October. Policy makers stepped in to support consumers and businesses with their energy bills. But interest rates also moved sharply upwards as the authorities sought to dampen inflationary pressures. The net result was a sharp decline in business confidence and the dissipation of economic growth by the final quarter of the year.

The UK political environment was just as volatile. Boris Johnson stood down as Prime Minister in September and was replaced by Liz Truss. However, in the wake of Chancellor Kwasi Kwarteng's ill-fated 'mini-budget', which caused turmoil in financial markets, Truss resigned after less than 50 days in office. The final part of the year saw Rishi Sunak take over as Prime

Minister and Jeremy Hunt as Chancellor of the Exchequer. Their shared focus has been on stabilising UK public finances and regaining credibility with financial markets.

In this rapidly changing environment, the IoD remained a steady advocate of the policy priorities of its members. We were prominent campaigners for the reversal of the previous year's increase in employers' National Insurance contributions and for a business energy support package. We pressed the UK Government on the need to address long-standing skills shortages in the economy which have significantly worsened in the post-pandemic period. We published substantial proposals on the need for policy measures that would enhance business investment and rebuild confidence in the post-Brexit trading environment. And we made the case for the UK Government to incentivise the decarbonisation of business through a lower rate of corporation tax for companies that achieved net zero.

The IoD Centre for Corporate Governance continued to be active and published a major report on the relationship between governance and innovation. This highlighted the key role played by boards of directors in stimulating an innovative business culture. We also published a proposal for a voluntary code of conduct for directors. This received a strong endorsement from the

UK Government, and we plan to take forward this initiative in 2023. We encouraged the UK Government to implement reforms of audit and corporate governance, which it agreed to do as part of the Queen's speech. Throughout the year, the IoD remained the leading business voice in favour of the Better Business Act, which aims to reform directors' general legal duties within the Companies Act 2006 in a manner that better balances the interests of stakeholders with those of shareholders.

**We encouraged the UK Government to implement reforms of audit and corporate governance, which it agreed to do as part of the Queen's speech.**

## Influence

### A snapshot of key policy wins in 2022:

National Insurance Contributions increase reversed

Annual Investment Allowance for capital investment maintained at the higher level of £1bn

Labour committed to a new skills agency Skills England, linked to IoD proposal. Remit of the DFE's existing Future Skills Unit extended to having a greater focus on economy-wide skills shortages

Government announcement of six-month energy bills support package for businesses

Business Secretary support for IoD's Code of Conduct for Directors

Publication of draft Audit Reform Bill

Economic Crime Bill announced in Queen's Speech, which aims to reform Companies House

**Throughout the year, the IoD remained the leading business voice in favour of the Better Business Act, which aims to reform directors' general legal duties within the Companies Act 2006.**

## Current IoD policy priorities

IoD members continue to express their views to us through their responses to our monthly Policy Voice surveys. These form the basis for the policy priorities on which we are actively engaging with government.

Policy topic	What's the issue?	What needs to happen?
Rebuilding confidence in trade	The trade environment for businesses has become a lot more challenging. Primary issues include the trading relationship with the EU, supply chain disruption and geopolitical factors. Smaller businesses often don't feel they have the capacity to look beyond the EU for new markets.	The Government has made some progress in building a more constructive relationship with the EU. However, it should now work to reduce the frictions associated with the post-Brexit trade regime and focus on measures that will facilitate the revival of exporting.
Skills shortages	Skills shortages consistently rank in the top three issues facing members' businesses. Low unemployment and high vacancy rates persist due to increasing economic inactivity amongst the labour force.	Sharper business tax incentives to invest in training in skills shortage areas. Greater flexibilities in the use to which Apprenticeship Levy funds can be put. An expansion of existing government skills programmes to include all people looking to retrain in shortage skills areas. An independent, technocratic Shortage Occupations Agency to advise on likely skills shortages.
Better directors	There is a clear need to enhance the professionalisation of directors and responsible business in a manner which rebuilds societal trust whilst avoiding a disproportionate regulatory burden.	A voluntary code of conduct for directors, which frames best practice for directors and highlights the need for continuing professional development.
Help to get to net zero	Businesses — particularly SMEs — need appropriate support to meet the government's net zero targets and associated upcoming legislative and regulatory changes.	A combination of financial incentives, transparency requirements, corporate governance changes, and toolkits to support businesses to transition to net zero. A lower corporation tax for net zero firms.
Equity, Diversity and Inclusion	Inclusive workplaces are more productive and resilient. There is a need to create favourable conditions for businesses and directors to flourish, with specific reference to gender, ethnicity, disability and sexual orientation.	Introduce mandatory ethnicity pay gap reporting and disability workforce reporting for large employers. Appoint a childcare czar and commission a review on the accessibility and affordability of childcare in the UK.
Audit and corporate reporting	A draft Bill to establish the Audit, Reporting and Governance Authority (ARGA) has been published.	The Government should move ahead with these reforms without delay as a key means of rebuilding trust in the UK's corporate governance regime.

# Chartered Directors 2022

**We celebrate  
the directors  
who achieved  
the gold  
standard in  
director-level  
accreditation  
this year.**

Rupert Adrian  
Agius-Pease CDir  
Madhu Ahluwalia CDir  
Richard Ainscough CDir  
Lee Bailey CDir  
Brian Baldrey CDir  
Gary Brennan CDir  
Kieron Brennan CDir  
Andy Brown CDir  
Andrew Bolter CDir  
Michael Beckett CDir  
Damien Butler CDir  
Albertus Barend  
(Alk) Brand CDir  
Elaine Byrne CDir  
Geoffrey Byrne CDir  
John Cahalan CDir  
Peter Carroll CDir  
Ray Carroll CDir  
Roger Casey CDir  
Helen Conlan CDir  
John Cotter CDir  
Shirley Coulter CDir  
Eimear Cowhey CDir  
Fiona De Lacy CDir  
Lisa Dillon CDir

Carol Dixon CDir  
Karen Dunne CDir  
Alexia Farrugia CDir  
Ann Fleck-Byrne CDir  
Rebecca Gageby CDir  
Eamon Gallen CDir  
Aideen Goggin CDir  
Stephen Groarke CDir  
Clare Guinness CDir  
Denise Harman CDir  
Lucy Harrier CDir  
Yvonne Harris CDir  
Gary Headland CDir  
Roger Henderson CDir  
Michael Holley CDir  
Andrew Honey CDir  
Mark Huddleston CDir  
Fiona Hudson-Kelly CDir  
Mark Hutchinson CDir  
Tony Hynds CDir  
Liam Kavanagh CDir  
David Keenan CDir  
Vincent Keenan CDir  
Pádraig Kehoe CDir  
Tsira Kemularia-  
Kartozia CDir  
Aisling Kennelly CDir  
David Kerr CDir  
Pat Kidney CDir  
Gareth Lambe CDir  
Niamh Lamond CDir  
Tony Lawless CDir  
Shanna Lespere CDir  
Deirdre Lillis CDir  
Gerry Madden CDir  
Eugene Maher CDir  
Martina Maher CDir  
Paul Marshall CDir  
Paul Robert Mayo CDir  
Cormac McCarthy CDir

Ruth McCarthy CDir  
Chris McDowell CDir  
Colin Mitchell CDir  
Des Moore CDir  
Louis Moore CDir  
Derek Moulds CDir  
Fiona Mulcahy CDir  
John Mullen CDir  
Marion Mulvey CDir  
Gillian Newton CDir  
Dan O'Brien CDir  
Philip O'Callaghan CDir  
Hubert O'Donoghue CDir  
Fiona O'Driscoll CDir  
Karen O'Flaherty CDir  
Emma Osmundsen CDir  
Donal O'Sullivan CDir  
Shane O'Sullivan CDir  
Michael Patten CDir  
Sean Read CDir  
Michelle Robilliard CDir  
Marion Ryan CDir  
Tom Ryan CDir  
Anne Scott CDir  
Raj Kumar Singh CDir  
Paul Stanley CDir  
Paul Sykes CDir  
Mark Synnott CDir  
David Thomson CDir  
Chris Thurling CDir  
Marc M. Tohme CDir  
Frances Torsney CDir  
Galen Richard  
Townson CDir  
Maurice Tunney CDir  
Chijioke Ugochukwu CDir  
Robert Veron CDir  
Olcay Yilmaz CDir  
Ian Waddelow CDir  
Adrian Walkling CDir



“

Completing the journey towards achieving the IoD Chartered Director Qualification, even after sitting on various boards and committees for a number of years, has been valuable. It has strengthened my conviction about the necessary processes and value of proper governance, and provided additional language and frameworks to enable me to be an effective board director and chair.

**Tokunboh Ishmael CDir**  
Managing Director, Alitheia Capital



# Our people and culture

**Our people are paramount to our success. Together we are building a collaborative and inclusive organisation where everyone can flourish and grow. Throughout 2022, we continued to review our structure, culture, performance and processes, to help our people deliver more effectively.**

## Hybrid working

Following the Covid-19 pandemic, we recognised that where, how, and when our colleagues work had radically changed. We have learnt that hybrid working can be a powerful tool in improving work-life balance and job satisfaction, and internal feedback has shown this choice and flexibility is more important than ever.

To support our colleagues to successfully work in a hybrid manner, we spent 2022 developing and implementing a permanent approach to hybrid working. We began by reviewing, consolidating and refreshing our key employment policies, ensuring we had a solid foundation underpinning the way we work now.

We specifically focused on how we communicate and engage internally, helping us to stay connected wherever we are working from. In April 2022, we brought our colleagues from across the UK together for our first ever annual All Colleague Away Day, an opportunity to build and improve our relationships across teams and to communicate the strategy and vision of the IoD. The year also saw the launch of our Management Team and People and Culture virtual drop-in sessions, the introduction of monthly People and Culture updates, and our weekly Get to Know a Colleague posts.

We empowered colleagues to take the time they need to focus on themselves, and to do the things that matter to them in their communities. Last year was the first full year colleagues could take their Wellbeing and CSR Days. In 2022, we had 34 colleagues use a Wellbeing Day and 25 CSR Days were taken by 20 individuals. They supported a range of organisations in their local communities through volunteering, gardening, litter picking, and chaperoning school trips. In 2023, we will continue to build on the use of these days with company-wide CSR themes and activities.

## Recruitment and retention

We continue to review our recruitment approach to help us attract and retain talented people who can contribute to the future successes of the IoD. This year to overcome the recruitment challenges in the marketplace, we created a new external careers page and advertised roles across more job boards with transparent pay ranges, inclusive language and where possible, an openness to flexible working arrangements. We assessed and implemented new job-specific selection criteria for each level of role at the IoD to ensure fairness and inclusivity. When we engage search firms, we request that their search methodologies reach diverse candidates.

In 2022, we began to see the impact of the refreshed approach in helping us to continue to attract and retain

Colleagues based in Northern Ireland team up for their CSR Day, gardening at the Northern Ireland Hospice





IoD team members





## Our people and culture

committed colleagues. We filled 26 vacancies from 1,540 direct applications last year, with over a quarter of these being filled by our internal talent pool.

Our employee turnover for 2022 was 38.8% and, although this is comparable to other similar businesses in the marketplace, ideally we would like this to be lower. We are committed to reducing this and the recruitment work discussed above, along with other key employee relation initiatives, has contributed to a lower employee turnover at the start of 2023. We will continue to understand the key trends and reasons behind our turnover and look to continue to develop further initiatives with this information.

### Great Place to Work

We are committed to making the IoD an attractive employer, and at the end of 2021 we conducted our inaugural Great Place to Work Survey. These surveys are our colleagues' opportunity to let us know, in an anonymous and confidential way, how they feel about working at the IoD and how we could improve their working lives. Following the results of the first survey, we implemented a number of changes across the IoD, including an organisation-wide salary increase of 5% to support colleagues through the cost-of-living crisis, improved communications, better allocation of resources, and a focus on internal career progression and development.

These were our initial steps in our aim to become a Great Place to Work, and the results of the 2022 Annual Survey showed that this work was having an impact. In 2022, we saw an improvement in 49 out of 72 statements, an increase in overall participation (90% in 2022 vs. 78% in 2021), and a Trust Index score of 64% (increased from 59% in 2021). While we recognise this improvement, we believe we can do better and are aiming to go beyond the 65% needed for certification in 2023.

Members of the IoD Policy and Governance team



● Male  
● Female

## Number of employees (full time equivalent)

86

As of 5 April 2022

## Gender composition of our employees across our organisation

31.4%

68.6%

## Management Team

57.2%

42.8%

## Senior Function Lead

50%

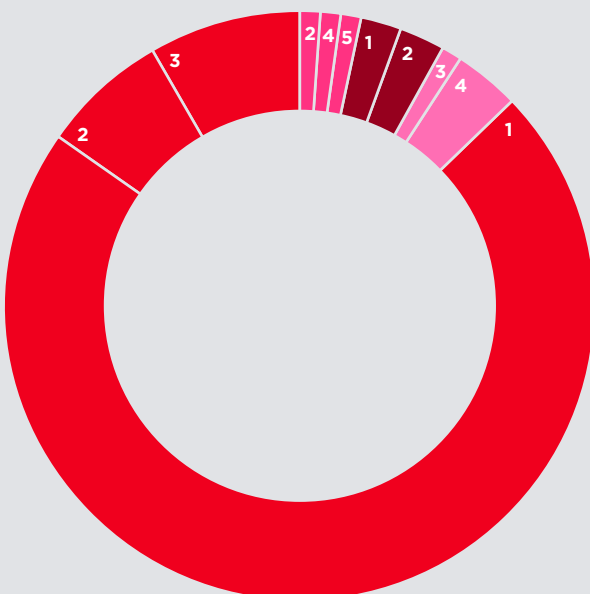
50%

## Experienced Lead

14.3%

85.7%

## Ethnic origin



Ethnic origin	MT	SFL	EL	All colleagues
● <b>Asian / Asian British</b>				<b>3</b>
1 Indian				1
2 Pakistani				1
3 Bangladeshi				1
4 Chinese				1
5 Other Asian				1
● <b>Black / African / Caribbean / Black British</b>				<b>4</b>
1 African				2
2 Caribbean				2
3 Other Black / African / Caribbean				
● <b>Mixed / multiple ethnic groups</b>				<b>4</b>
1 White and British Caribbean				
2 White and Black African				
3 White and Asian				1
4 Other mixed / multiple				3
● <b>Other mixed / multiple ethnic groups</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>75</b>
1 White British	5	5	6	62
2 White Irish	1		1	6
3 Other White	1	1		7
<b>Other ethnic groups</b>				
1 Arabic				
2 Any other ethnic group				

## Our people and culture

### Gender pay gap

As an employer with fewer than 250 employees, the IoD does not fall within the scope of legislation on gender pay gap reporting but publishes this information in the interests of transparency.

The data below is based on the 'snapshot' date of 5 April 2022, but it is worth noting that the IoD's workforce has changed since, and this does not represent the current position.

The mean gender pay gap rose between 2021 and 2022 from 25.9% to 30.4%, with the median pay gap also rising slightly from 25.1% to 26.7%. This was materially impacted by a small number of employee changes in the upper quartile of pay, with a decrease in the proportion of female employees in this section. Since this snapshot,

we have seen more females in senior positions and therefore would expect the pay gap to shorten in 2023.

In addition, we saw the greatest level of employee turnover and recruitment from 2021 to 2022 in the lower and lower middle quartiles of pay. By advertising vacancies with transparent pay ranges, inclusive language and, where possible, an openness to flexible and remote working arrangements, we have seen an increase in the number of female candidates applying for roles at this level. This has increased the proportion of female employees in this section and has contributed to the widening of the mean and median gender pay gap in 2022.

When looking at bonuses, no individuals received a bonus

during the period. Moving into 2023, we are implementing a new bonus structure based on performance which will see all colleagues included and ensure there is no gender imbalance.

**Mean gender pay gap**  
(hourly pay relevant employees)

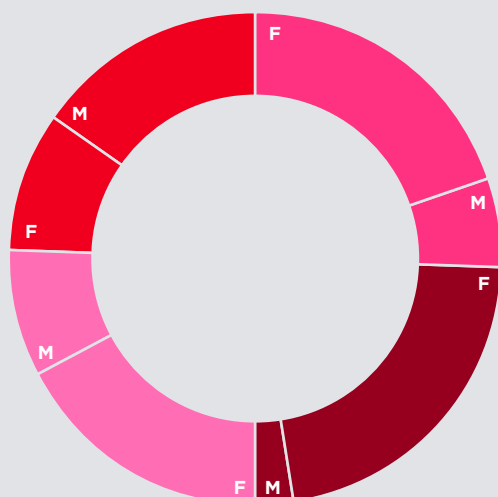
**30.4%**

**Median gender pay gap**  
(hourly pay relevant employees)

**26.7%**

### Proportion of males and females in each pay quartile

Lower quartile, lower middle quartile, upper middle quartile and upper quartile



### Ethnicity pay gap

As with the gender pay gap figures, the numbers below relate to the snapshot date of 5 April 2022 and should not be taken as reflective of the current position.

The mean ethnicity pay gap fell between 2021 and 2022 from 14.7% to 12.7%, with the median pay gap raising from 15.3% to 21.8%. This is likely due to the IoD having a much higher proportion of White British/Irish employees in the upper and upper middle quartiles than other ethnic group employees.

The move to a regionalised model, and the adaption of a hybrid working model since 2020, enabled the relocation of a number of roles to outside of London. This, coupled with an overall reduction in employee

headcount, has contributed to the significant decline in the number of overall employees from an ethnically diverse background.

We recognise that there is still much we can do to promote inclusion and diversity across our organisation and have initiated a number of initiatives to support this, including the establishing of an ED&I committee, a review of our recruitment practices and key employment policies. In addition, the introduction of a salary framework in 2021 has ensured that we are consistently determining salaries in a fair and consistent way. We continue to work closely with stakeholders to improve representation at all levels and address any gaps.

**Mean ethnicity pay gap**  
(hourly pay relevant employees)

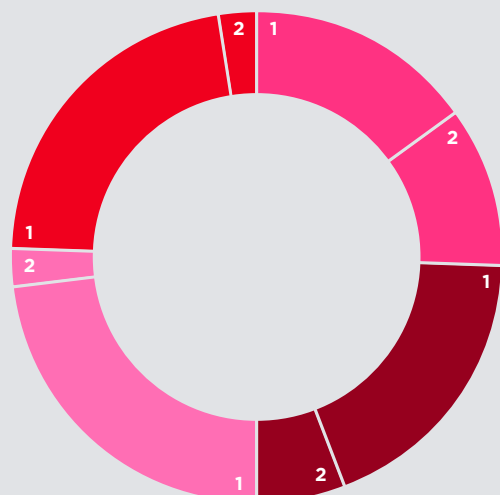
**12.7%**

**Median ethnicity pay gap**  
(hourly pay relevant employees)

**21.8%**

### Proportion of ethnicity in each pay quartile

Lower quartile, lower middle quartile, upper middle quartile and upper quartile



Quartile	Ethnicity	Count of ethnicity	Count of ethnicity %
● Lower	1 White British / Irish	13	59%
	2 Other ethnic groups	9	41%
	<b>Lower total</b>	<b>22</b>	<b>25.6%</b>
● Lower middle	1 White British / Irish	16	76.1%
	2 Other ethnic groups	5	23.9%
	<b>Lower middle total</b>	<b>21</b>	<b>24.4%</b>
● Upper middle	1 White British / Irish	20	90.9%
	2 Other ethnic groups	2	9.1%
	<b>Upper middle total</b>	<b>22</b>	<b>25.6%</b>
● Upper	1 White British / Irish	19	90.4%
	2 Other ethnic groups	2	9.6%
	<b>Upper total</b>	<b>21</b>	<b>24.4%</b>
<b>Grand total</b>		<b>86</b>	<b>100%</b>





Chinese business directors and managers from the EMBA programme at Peking University HSBC Business School visit 116 Pall Mall to learn about the global standard for good corporate governance and membership benefits

## International community

**In 2022, our international business experienced significant growth, ending the year with 3,000 international members across 90 countries worldwide.**

Our seven international branches saw membership growth, building on our benefits and value proposition for senior managers and directors. Driven by our volunteer network and branch officers, these branches are shaping their local economies, encouraging members to broaden their networks and building their careers through continued lifelong learning to strengthen their organisations.

The international business events are designed to help directors and business leaders network, share ideas and build their business community. They offer a variety of key topics for discussion and invite influential key guests to drive the conversation in their markets. The Director of the Year Awards is the most prestigious event in the annual calendar, celebrating success for the best international business leaders and rewarding and recognising them in front of their peers.

Changes within the volunteer network has demonstrated a high commitment to good governance and professionalism to drive director development. They play a vital role in the development of the IoD offering to our members, ensuring everything the IoD does places the member first. The branch volunteer activities have a significant influence, not just on the membership but on the stature, image and reputation of the Institute and its global community.





Event highlights from the international community



### Growth areas

2022 also identified key areas worldwide to start the process to re-launch existing branches as we continued to navigate our way out of the pandemic. We recognised and listened to our international members' business changes and challenges, and the impact it had on their sectors and local communities. Building on this relationship we have successfully set up working groups in three countries to identify the need for director training and connecting business leaders. This will lead to the creation of new international branches for the Institute as we continue our professional development drive to make better directors for a better world.

Our commitment to lifelong learning is at the heart of

the IoD values, and we have successfully delivered our professional development courses in new and emerging markets across the globe. This has resulted in a significant increase in demand for our courses and the need for corporate governance training both through our branches and our reseller agreements, which have positively supported our members in various markets and business sectors.

Our reseller agreements have opened opportunities for director training through large corporations and universities we have built long standing relationships with across the globe. 2022 saw an increase in international chartered director qualifications — a community that will only continue grow through our networks.



### IoD International members

3,000

As of 31 December 2022

### Number of countries

90



## 116 Pall Mall and partners

**116 Pall Mall is a Grade 1 listed building, designed by Regency architect John Nash, and has been home to the IoD since 1978.**

In line with our longstanding lease and in partnership with The Crown Estate and specialist contractors, a full external redecoration and stonework repair project was implemented during 2022. This unique piece of work and large-scale facelift has greatly highlighted the wonderful architecture on show at 116 Pall Mall, cementing this beautiful, historical site as the flagship premise of the IoD.

As part of this refurbishment, a new lift and fire alarm system have been installed. The 5th floor was also

completely upgraded to enable a new hot desk offering for members.

Thousands visit 116 Pall Mall each week to work, connect and advance their professional development, with 2022 seeing a total footfall of 165,987 guests. With five floors of unique spaces in a Central London location, 116 Pall Mall provides a space to suit every sort of business event. This included 58 conferences, 60 drinks receptions and 1,240 meetings.

116 Pall Mall also offers a breath-taking setting for social events and weddings. In 2022, the venue hosted 11 weddings, with double that confirmed for 2023. It was also used as a filming location by Netflix five times during 2022, notably for *The Diplomat*, *You* and *Luther*.

In partnership with our official caterer, Searcys, who joined us at the end of 2021, we delivered many events at 116 Pall Mall in 2022. These included the *Bridgerton* Ball for 1,000 attendees, the *Green Dress* Ball for 1,200 attendees, a *Jubilee*





116 Pall Mall guests in 2022

**165,987**

afternoon tea, 11 Christmas events all in one day and Searcys' very own 175th Anniversary Ball. It was also awarded 'Best Historic Venue or Livery Hall' (300+ Attendees Reception Style) at the London Venue & Catering Awards 2022, and runner-up in the 'Most Versatile London Venue' (Under 900 Attendees Style) category.

Event highlights from the  
116 Pall Mall calendar





# Sustainability and ESG

**Supporting businesses to become net zero in their operations was a focus of IoD activity in 2022. This was undertaken by providing members with information and guidance on sustainable business, working with UK Government to create a policy environment conducive to a managed transition to a net zero economy.**

Early in 2022, the IoD published its 'ESG Priorities for UK Companies'. These define a checklist of key issues which have been highlighted by recent corporate behaviour, IoD member surveys and advisory groups, and our perception of emerging business norms. We were delighted that the report was cited by the FCA as a key reference on sustainable governance in its February 2023 discussion paper on 'Finance for Positive Sustainable Change'.

The ESG Priorities cover five major aspects of an effective ESG approach, including stakeholders and business purpose, sustainability, inclusion and diversity, governance and executive remuneration. We believe that, by addressing these issues, the sustainable performance of enterprises can be improved. And if widely adopted, they could serve to enhance the reputation of the UK business community.

In May 2022, the IoD published 'The Green Incentive: how to put net zero at the heart of business planning', with a series of recommendations to UK Government as to how to move the dial on net zero amongst the business community, including leveraging the corporation tax system to incentivise companies to invest in becoming net zero. In January 2023, the IoD was quoted in Chris Skidmore's 'Mission Zero: Independent Review of Net Zero' report to UK Government, calling

for a managed transition marked by effective government leadership on, and commitment to, net zero.

At the end of 2022, the IoD announced the launch of a new professional development programme, 'Leading Sustainability for Directors'. The two-day course equips directors with the knowledge and skills to strengthen their organisation's orientation towards sustainability.

In Q1 2023 the IoD launched a sustainability campaign, which saw a series of blogs and social media posts containing case studies, advice, and guidance for members on various issues relating to net zero.

The IoD's carbon footprint was certified by PlanetMark for the fourth consecutive year in March 2023. The total carbon emissions reported within the agreed Scopes of Measurement were 333.6 tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) emissions. This represented a year-on-year increase in emissions of 25%, a trend which was due to the increase in use of the IoD's headquarters in 2022 as the UK emerged from pandemic restrictions. The IoD's 2022 carbon footprint still represents a 40% decrease from its 2019 position. The IoD has therefore been recertified by PlanetMark using an Emissions Banking approach, which allows companies to re-distribute savings made in one year across the following three years of certification.

Decrease in emissions

**40%**

From 2019 carbon footprint

“

The IoD gave me the platform to create a community to bring Japanese and UK businesses together to connect, develop and influence trade policies, and the rest is history. Volunteering can be the most wonderful privilege.

**Dr Indranil Nath**  
Chair, IoD Japan Business Group



# 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.

## 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.

## 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.

## 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.

## Region, Nation and Branch Chairs

- Work closely with all staff and volunteers in the IoD to promote the ethos of 'OneIoD'.
- 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.



**Argentina Hung, Jeremy Duncan  
and Keith Donnelly**  
IoD London committee members







”

**Good governance is at the heart of successful business: ensuring processes and controls reflect company values, balancing the needs of different stakeholders, and as a critical part of effective risk management.**

**Giles Ward**  
Chair, IoD Insurance Group

# 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 King 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 King 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 King 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 committees that support its decision-making across the Institute. The 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.

**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.**

# Council report

**In my first contribution to the Annual Report and Accounts since taking over the Senior Independent Council Member and Council Chair role from (Ceinwen) Jean Church MBE in 2022 I would firstly like to pay tribute to her. Jean's stewardship of the Council and of its responsibilities was first class, bringing about initiatives to realign the composition of the Council to better effect, and seeking a clearer understanding of the Council's role by the membership, as well as steadfastly upholding the Council's role as guardian of its constitution.**



**David Langworth CDir**  
Chair, IoD Council and SICM

I was delighted to be asked by Council members to take the chair and become Senior Independent Council Member following Jean's term. My aim is to further the aims that Jean set in motion and to continue to engender an ever more constructive relationship with the board.

It's clear that the Institute was facing difficult times and we, as Council, must ensure that we're fulfilling our own role whilst mindful of the enormous pressures upon the Board and management as working patterns of members, and potential members, continue to evolve post-Covid and they and their organisations face increasing supply chain and energy costs. All of this is changing our membership demographic and the Institute had to cut its cloth accordingly and re-envisioned its offering.

"Our role" is to act on behalf of the members to ensure that the Institute meets the obligations of its Royal Charter and by-laws. It's important to remember that those obligations include not just the interests of its membership

but also the wider business community; we should be the very benchmark for 'better directors'. Our role also includes providing constructive critique to the Board on the Institute's direction of travel and we, ultimately, appoint the Institute's Chair and the other non-executive directors.

The Council is a diverse group with a collective breadth of experience and geographies. We regularly engage with the Institute's Chair and DG and, occasionally, with the whole board to monitor that we're remaining true to our Royal Charter. It is also our role to constructively voice our concerns and observations, as would, say, a shareholder at a company AGM.

I should add that whilst the last year has been disappointing in terms of membership numbers, including the financial consequences for the Institute that flow from that, the commitment of all board members, executive and non-executive, to stabilise the situation and create a new future has been exceptional and on behalf



## IoD Council

**Chair of Council and  
Senior Independent  
Council Member (SICM)**  
David Langworth CDir

**Elected Council members**  
Mehrdad Mansourpour  
Prof Marie McHugh OBE  
Anneliese Reinhold  
Andrew Griffiths  
Dr Eelco Fiole CDir

**New elected Council members**  
Kahumbya Bashige CDir (July 2022)  
Robert Stansbury CDir (July 2022)  
Derek McIntyre (July 2022)

**Elected Council  
member departures**  
Sarah Soar (July 2022)  
Ceinwen Jean Church MBE  
(November 2022)

## Regional Council members

Brian Hall CDir  
Paul Terrington CBE

**Regional Council  
member departures**  
Aidan O'Carroll CDir  
(October 2022)

**International appointed  
representative**  
Rick Denton

of the Council, I would like to pay tribute to their extraordinary dedication.

Looking forward to 2023, as a Council we will actively maintain our dialogue with the Board and will have an ear to the membership and potential membership whenever and wherever possible. We will also be contributing to a review of the Institute's governance, ensuring that the constitution is current. There will be three vacancies for Council members to complement the very able team that we have on Council — those leaving at the end of their terms and those remaining — and to who I would like to thank for their enormous support, dedication and contribution.



**“Our role” is to act on behalf of the members to ensure that the Institute meets the obligations of its Royal Charter and by-laws. It’s important to remember that those obligations include not just the interests of its membership but also the wider business community.**

**David Langworth CDir**  
Chair, IoD Council and SICM

# 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 31 May 2023, the Board comprised the Chair, the Director General and eight other independent non-executive directors. We continue to have a strong mix of experienced individuals on the Board. The majority are independent non-executive directors who are not only able to offer an external perspective on the business, but also constructively challenge executive directors, particularly when developing the Institute's strategy and in their performance. 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

Following the lifting of pandemic restrictions, the Board was able to hold its annual strategy day in person in London in September 2022. 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 and Management Team members 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 2022 strategy days included: immediate matters related to internal systems, finance, membership model and growth, creating sustainable long-term value and professional development.

## 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; when running board meetings, the Chair maintains a collaborative atmosphere and ensures that all directors have the opportunity to contribute to the debate. The directors are able to voice their opinions in a calm and respectful environment, allowing coherent discussion. The Chair also arranges informal meetings and events throughout the year to help build constructive relationships between Board members and the Management Team.

### 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 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.

### Operations of the Board

Our governance structure set out on page 38 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 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 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 Committee Chairs in agreeing the agenda in sufficient time before the meeting to allow for input from key stakeholders and senior executives. Chairs of Committees are also sent draft papers in advance of circulation to committee members to give time for input.

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 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 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 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 held a combination of virtual and face-to-face monthly meetings since July 2022. The Board has responded swiftly to the external environment, focusing on the financial stability of the organisation, adjusting costs to address the impact of the economic challenges, while continuing to invest in improved systems, technologies and processes.

During the year, substantial work has continued with a focus on brand and systems, the launch in Q1 2022 of a new customer relationship management system (CRM), website and Digital Academy, and the Institute's key policy priorities.

### Board committees

Four standing 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 committees is



## IoD Board

comprised of independent non-executive directors and some council members. The reports of these standing committees are set out in the following pages. The terms of reference of each 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 directors submit annual declaration of interest forms and 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.

### Board non-executives

#### Chair

Patrick Macdonald

#### Senior Independent Director

Alexander Simpson

#### Members

John Watson  
Deborah Davis CDir  
Femi Bamisaiye  
Amaechi Nsofor  
Ieda Gomes Yell  
Robin Watson CBE  
Graeme Jenkins

#### Departed members

Anita Bernie (November 2022)  
Dr Suzy Walton CDir  
(December 2022)

### Board executive directors

Jonathan Geldart

#### Departed members

Esther Teeken (August 2022)

# Nomination Committee

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

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.

Our rigorous and transparent procedures for appointing office holders are led by the Nomination Committee. 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.

## **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.

The Committee adhered to our formal, rigorous selection, appointment and induction processes for new directors and council members in a year where there have been a number of changes to the Board and Council. This included conducting a recruitment process for new council members resulting in three appointments,

## Nomination Committee

Kahumbya Bashige CDir, Robert Stansbury and Derek McIntyre in July 2022. Council recruitment will continue to be made on a rolling basis throughout the year.

Dr Suzy Walton CDir, completed the nine year appointment limit and stepped down from the Board in December 2022, Esther Teeken, Chief Operating Officer and Anita Bernie, Non-Executive Director, stepped down from the Board in August and November 2022 respectively.

The Committee is currently conducting a recruitment process for a non-executive director with expertise in professional development, qualification pathways and accreditation. Thewlis Graham Associates, 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.

### 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.

The Committee is satisfied that, following the board and council composition changes described above, the Board and Council continue to maintain an appropriate balance of skills and experience required to fulfil their roles effectively.

### Diversity

The Committee, the Board and Council are committed to increasing gender and ethnic diversity when searching for candidates for board, council and other appointments. Looking ahead, the Committee is focused on the long-term succession of the Board and Council. As directors and Council members approach the end of their second term, the Committee has an opportunity to consider more broadly the skill set and diversity of the governance bodies. In addition, an appointment process for a non-executive director is ongoing, and being conducted within the context of our commitment to improving inclusion and diversity across the Institute.

### Nomination Committee

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#### Chair

David Langworth CDir

#### Members

John Watson  
Deborah Davis CDir  
Patrick Macdonald  
Anneliese Reinhold  
Alex Simpson

#### New members

Ieda Yell (May 2023)  
Marie McHugh OBE (May 2023)

#### Member departures

Ceinwen Jean Church MBE  
(November 2022)  
Brian Hall CDir (July 2022)  
Sarah Soar (July 2022)  
Dr Suzy Walton CDir  
(December 2022)

# Committees of the Board

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

## Audit and Risk Committee

### Role and responsibilities

**The principal responsibilities of the Committee continue to be:**

#### 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.

Reviewing the process for identification and mitigation of principal and emerging risks, assessment of risk appetite and key risk indicators, and challenging management actions where appropriate.

### Key areas of focus

The Committee 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.

Throughout the year the Committee has paid particular attention to the performance of the finance function and the review of internal control processes and procedures, as well as other main areas of responsibility.

### Committee composition and governance

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

Members of the Management Team, including the Director of Finance, 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.

In August 2022, the Committee welcomed Mairianne Stewart as interim Director of Finance following the departure of Esther Teeken, Chief Operating Officer. Since then, in March 2023, Kate Cooper was appointed in the permanent Director of Finance role.

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, Director of Finance 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 (RSM) was appointed as the Institute's external auditor for the 2021 Annual Report following a formal competitive tender process. Given the continuing

effectiveness of RSM in their role as external auditor, the Committee believes it is in the best interests of members for RSM to remain in role for the following financial year.

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 2022, 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 paid particular attention to the underlying business performance of the Institute, closely monitoring the deferred balances, debtor and creditor processes and cash flow forecasting, 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 a sub-group of Board members since September 2022.

Work has continued on the implementation of processes and monthly management account reporting since the outsourcing of the finance function to Equiom Group was completed in August 2020.

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

The Committee has highlighted some process and control improvements, with follow up review scheduled in September 2023.

### Risk management

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

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

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.

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



## Committees of the Board

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 2023, 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 the inflationary environment. 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.

### Audit and Risk Committee

#### Chair

John Watson

#### Members

Aidan O'Carroll CDir  
Amaechi Nsofor  
Graeme Jenkins

#### Departed members

Dr Suzy Walton CDir  
(December 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.

The Committee is chaired by Femi Bamisaiye, Non-Executive Director. 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 the year, the Committee has focused on the review of the Institute's salary framework and pay bands. The Committee has worked with the People and Culture team following

feedback via workforce engagement mechanisms around the structures of reward and recognition that exist within the Institute against the backdrop of an emerging cost of living crisis. 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. Following the review, a recommendation on alignment of the salary framework and bands was approved by the Board together with an overall increase of salaries.

The Committee has reviewed the design of a new bonus structure and has continued to monitor progress on the Great Place to Work certification.

The Committee is committed to ensuring that pension contributions across our workforce are equitable. Following the total benefits consultation, Executive Directors and senior managers receive the same pension benefit as the wider workforce at 8% of salary.

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 uncertain external environment has impacted all our people, having been briefed at each meeting by the People and Culture team and Director General. 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

During 2023, the Committee has planned 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, mental health incentives and commercial discounts. Focus will continue on the Great Place to Work certification, monitoring of choice of performance measures for the bonus scheme and approach to recruitment remuneration.

## Remuneration Committee

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### Chair

Femi Bamisaiye

### Members

Deborah Davis CDir  
Patrick Macdonald

### New members

Robin Watson CBE  
(December 2022)

### Departed members

Dr Suzy Walton CDir  
(December 2022)

## Membership Committee

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.

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

## Committees of the Board

### Accreditation and Standards Committee (ASC)

The Accreditation and Standards Committee is chaired by Deborah Davis CDir, following the departure of Dr Suzy Walton, Non-Executive Director in December 2022. 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 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.

### Accreditation and Standards Committee (ASC)

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#### Chair

Deborah Davis CDir

#### Members

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

#### Departed members

Dr Suzy Walton CDir (December 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

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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.

### Management Team

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#### Members

Paul Adams  
Dr Roger Barker  
Jonathan Geldart  
Kirsty McManus  
Richard Townsend

#### New members

Kate Cooper (March 2023)

#### Departed members

Mairianne Stewart (August 2022–February 2023)  
Natalie Sykes CDir (March 2023)  
Esther Teeken (August 2022)

**Nyasa Beale**

Ambassador, IoD Property and  
Built Environment Group



# 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.





**Founding and chairing the IoD British Asian Business Community Group has been a remarkable endeavour. It has provided a platform for fostering cross-cultural collaboration, celebrating diversity, and unlocking the immense potential of the British Asian business community. Together, we are shaping a future where diverse voices thrive and drive innovation in the business world.**

**Abid Khan**

Chair, IoD Coventry &  
Warwickshire Branch



# IoD Chairs

## Regions and Nations

### Central

Inez Brown

### East of England

Biplab Rakshi

### London

Alastair King

### Northern Ireland

Gordon Milligan OBE

### North West

Vacant

### Scotland

Julie Ashworth

### South

Faisal Khan

### South West

Steve Hill CDir

### Wales

Richard Selby

### Yorkshire & the North East

Delroy Beverley

## Branches

### Aberdeen & Grampian

Sarah Downs

### Berkshire

Dr Shaun Davis CDir

### Black Country & Staffordshire

Paul Wood

### Bristol

Vacant

### Buckinghamshire &

### Milton Keynes

Keith Straughan

### Cambridgeshire

Lake Falconer

### Central Scotland

Neil Bradbrook

### Cheshire

Vacant

### Coventry & Warwickshire

Abid Khan

### Cumbria

Jennifer Cormack

### Derbyshire & Nottinghamshire

Vacant

### East Yorkshire

Debra Leeves

### Edinburgh & Lothians

Nathalie Agnew

### Essex

Paul Durrant

### Fife & Tayside

Marlene Lowe

### Glasgow & West of Scotland

Mark Spragg

### Greater Birmingham

Andy Wilkinson

### Hampshire & the Isle of Wight

Matthew Wallis

### Hertfordshire

James Keeling

### Highlands & Islands

Donald Forsyth

### Kent

Nigel Earnshaw CDir

### Lancashire

Martyn Jones

### Leicestershire & South

### East Midlands

Sarah Canning

### Lincolnshire & Rutland

Michelle Allison

### Liverpool

David Wafer

### Manchester

Vacant

### Mid Wales

Gareth Jarman

### Norfolk

Saul Humphreys

### North East North

Sarah Waddington CBE

### North East South

Vacant

### North Yorkshire

Caroline Pullich

### North Wales

David Roberts

### Oxfordshire

Tagore Ramoutar

### South Scotland

Chris Emmerson

### South Yorkshire

Victoria Clarke Brown CDir

### South Wales

Geoff Hancock

### South West Wales

Vacant

### Suffolk

Barry Downham

### Surrey

Jarmila Yu

### Sussex

Michele Augousti

### West Yorkshire

Poonam Kaur

### Worcester & the Marches

Tim Jones

## International branches

### Belgium

Deborah Nash

### Bermuda

Michelle Cardwell

### China

Professor Lutao Ning

### Guernsey

Glen Tonk

### Isle of Man

Jennifer Houghton

### Jersey

Natasha Egge

### Malta

Vacant

### Monaco

William Easum

## Affiliated bodies

### IoD, Republic of Ireland

CEO: Caroline Spillane

# Financial review

**As Covid restrictions lifted during the year we refocused on investing in the future of the Institute, upgrading our systems and brand as part of the execution of strategic plans developed during 2021.**

## Overall results

As the organisation recovered from the impact of the pandemic during the year, investment projects continued with exceptional strategic spend driving a loss of £1.2m. Revenue for the year was £16.4m, an increase on 2021 as professional development courses started to recover as Covid restrictions were lifted. Total costs including depreciation came out at £17.6m (2021: £14.7m, 2020: £17.8m), an increase on the prior year due to higher revenue driving activities, Covid relief schemes in 2021 and £1.1m of strategic spend relating to reorganisation. The underlying cost base is significantly lower than pre pandemic levels due to the reorganisation and benefits of investment in systems during the year.

On 31 December 2022, the Institute's accumulated funds stood at £2.1m compared with £3.3m a year earlier, a decrease of £1.2m, which is a result of strategic investments made in the year, in relation to our systems and brand totalling £2.3m.

The balance of cash and cash equivalents at the end of 2022, including those held as investments, decreased by £2.9m to £3.5m. Further details of cash movements during the year can be found in the Statement of Cash Flows.

The underlying operating position before depreciation and specific 'one-off' reorganisation costs was a surplus of £979k (2021: £2,206k).

## Income

### Membership income

In what continued to be a challenging environment, membership income reduced by £0.4m to £5.9m for 2022. The fall in income was due to significant business challenges amongst members post-Covid. This was followed by the invasion of Ukraine, energy price increases, the cost-of-living challenges and political uncertainty. These factors combined to see membership continue to decline, though not at the rate during Covid. Membership numbers stabilised in Q4 to end the year at 18,220. Early signs in 2023 are for a recovery of membership as business confidence in the economy returns.

### Revenue earning activities

During 2022, as Covid restrictions lifted, we were able to reintroduce face-to-face courses but benefitted from the virtual offering also, enabling access to a wider market. Income from hospitality events also increased year on year as Covid restrictions lifted.

While overall income from revenue earning activities increased by £1.4m to £9.9m, professional development remained as the area with the highest sales of £7.5m (2021: £6.9m).

## Expenditure

Total expenditure of £17.6m was £2.9m higher than the previous year. It is analysed across membership, revenue earning activities, member services, operating and overhead costs and represented, as shown in Analysis of Operating Surplus by Activities (Note 2).



With system investments going live in 2022, the depreciation charge has increased from last year to £1.1m (2021:0.9m).

#### **Employment costs**

Employment costs, together with direct and indirect costs, are the biggest costs incurred by the IoD. In 2022, they increased slightly by £0.3m to £5.1m (2021: £4.8m) as a result of investment in supporting revenue generating activities and an increase in contracted staff working on delivery of strategic projects.

#### **Balance sheet**

##### **Creditors**

For all trade creditors, it is the Institute's policy to agree terms of payment with suppliers at the start of business and to ensure that they are paid in accordance with the agreed contractual and other legal obligations. The total creditor balances at 31 December 2022 reduced to £5m (2021: £5.3m) as a result of a reduction in deferred non membership income of £1.2m related to a reconciliation of historic debtor balances, offset by an increase in trade creditors and accruals due to investments in the infrastructure and brand.

##### **Debtors**

A reconciliation of historic debtor balances and appropriate allocation of deferred income saw outstanding debtor balances drop to £1.3m at 31 December 2022 (2021: £2.3m).

#### **Fixed Assets (Tangible and Intangible)**

Strategic projects, investing in the growth of the organisation, continued into 2022 with a new CRM tool, online IoD Academy, new website and updated finance system all going live during the year. With total investment of £2.3m in 2022.

#### **Going concern**

In 2022, the Board continued to review regularly all management information, including the impact of lifted Covid restrictions and investments in strategic projects, to consider whether or not the Institute should prepare the financial statements on a going concern basis.

The Board has reviewed the latest financial information available as well as the trading and cash flow forecasts (that have been stress tested on a quarterly basis), including the assumptions that underpin these. In addition, the Board has also continued to support the implementation of the longer term strategy for the Institute.

After reviewing the information available, the Board considers that the Institute has adequate resources to continue operations as normal and, in particular, that there are no material uncertainties casting doubt over the Institute's ability to operate on an ongoing basis for a period greater than the tested 12 month period following the approval of this report and accounts. Further details are provided within the accounting policies that accompany the financial statements. For this reason, the going concern basis continues to be adopted in preparing the financial statements.

# Non-statutory independent auditor's report to the Board of Institute of Directors

## Opinion

We have audited the financial statements of the Institute of Directors (the 'Institute') for the year ended 31 December 2022 which comprise the Statement of income and retained earnings, the Balance sheet, Statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Accounting Standards).

In our opinion, the financial statements:

- give a true and fair view of the state of the Institute's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our non-statutory report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Boards' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Institute's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our non-statutory auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our non-statutory opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Matters on which we are engaged to report by exception**

In the light of the knowledge and understanding of the Institute and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 would require us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our non-statutory audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law, where the Board are considered as equivalent to directors of a private limited company, are not made;
- we have not received all the information and explanations we require for our non-statutory audit.

### **Responsibilities of the Board**

As explained more fully in the board's responsibilities statement set out on page 57, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intends to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.



## Independent auditor's report

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Institute operates in and how the Institute is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are Royal Charter, FRS 102, the Companies Act 2006 requirements in respect of directors' remuneration and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting available correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to general data protection regulations and health and safety legislation. We performed audit procedures to inquire of management whether the Institute is in compliance with these laws and regulations and inspected relevant correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and the completeness and cut off of non membership income as the areas where the

financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, testing revenue substantively to supporting evidence in year and after year end.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This non-statutory report is made solely to the Institute's board, for their confidential use, in accordance with our engagement letter dated 1 September 2021. Our non-statutory audit work has been undertaken so that we might state to the Institute's board those matters we are engaged to state to them in a non-statutory auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institute and the Institute's board, for our non-statutory audit work, for this non-statutory report, or for the opinions we have formed.

*RSM UK Audit LLP*

RSM UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB  
20 July 2023

# The accounts

## Statement of income and retained earnings

Notes	2022	2021
	<b>£'000</b>	<b>£'000</b>
<b>2. Income</b>		
Membership income	5,862	6,295
Revenue earning activities	9,878	8,497
Other trading income	673	620
Furlough income	-	13
Interest receivable and similar income	-	7
	<b>16,413</b>	<b>15,432</b>
<b>2. Expenditure</b>		
3. Employment costs	5,112	4,795
Employment costs - furlough	-	13
Direct and Indirect costs	7,246	6,811
Property expenditure	3,076	1,698
Depreciation	1,051	894
Specific costs relating to IoD fundamental re-organisation in 2022 & 2021	1,092	485
	<b>17,577</b>	<b>14,696</b>
2. (Deficit)/Surplus before taxation	<b>(1,164)</b>	736
5. Taxation	-	-
(Deficit)/Surplus after taxation	<b>(1,164)</b>	736
<b>Other comprehensive income</b>		
16. Closed defined benefit pension scheme adjustment	-	91
Total comprehensive (expenditure) / income	<b>(1,164)</b>	827
<b>Reconciliation of accumulated funds</b>		
Accumulated funds at 1 January	3,290	2,463
Accumulated fund at 31 December	2,126	3,290
The underlying operating position before depreciation and specific "one-off" reorganisation costs (net of Government furlough income and matched expenditure) was a surplus of £979k (2021 surplus £2,206k)	979	2,206

## Balance sheet

Notes	2022	2021
	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>		
6. Tangible fixed assets	2,828	1,950
7. Intangible fixed assets	2,285	1,923
	<u>5,113</u>	<u>3,873</u>
<b>Current assets</b>		
8. Debtors	1,271	2,349
9. Cash at bank and in hand	3,473	6,437
	<u>4,744</u>	<u>8,786</u>
<b>Current liabilities</b>		
10. Creditors – amounts falling due within one year	(4,472)	(5,277)
12. Deferred membership income	(1,959)	(2,404)
Total current liabilities	<u>(6,431)</u>	<u>(7,681)</u>
Net current (liabilities) / assets	(1,687)	1,105
Total assets less current liabilities	<u>3,426</u>	<u>4,978</u>
<b>Non current liabilities</b>		
11. Creditors – amounts falling due after more than one year	(590)	(454)
12. Deferred membership income	(709)	(1,234)
Net assets excluding pension liability	2,127	3,290
16. Pension liability	-	-
Net assets including pension liability	<u>2,127</u>	<u>3,290</u>
Represented by:		
Accumulated funds at 31 December	<u>2,127</u>	<u>3,290</u>



**Patrick Macdonald**

Chair

20 July 2023



**Jonathan Geldart**

Director General

20 July 2023



## Statement of cash flows

Notes	2022	2021
	£'000	£'000
<b>Net cash flows from operating activities (Note A)</b>	(671)	2,896
<b>Cash flows from investing activities</b>		
Interest received	-	7
Purchase of tangible and intangible fixed assets	(2,293)	(2,130)
<b>Net cash used in investing activities</b>	(2,293)	(2,123)
<b>Change in cash and cash equivalents in the year</b>	(2,964)	773
<b>Cash and cash equivalents at 1 January</b>	6,437	5,664
<b>Cash and cash equivalents at 31 December (Note B)</b>	3,473	6,437
<b>A Reconciliation of net (deficit) / surplus for the year to net cash flows from operating activities</b>		
(Deficit) / Surplus for the year	(1,164)	736
Adjustments for:		
- Depreciation on tangible and intangible fixed assets	1,053	894
- Interest receivable and similar income	-	(7)
- Decrease/(increase) in debtors	1,078	(178)
- Decrease/(increase) in trade creditors	(981)	1,025
- Increase/(decrease) in other creditors, accruals and provisions	1,533	(621)
- Increase in multiple years' advance membership over one year	(525)	305
- Increase/(decrease) in deferred membership income	(445)	(673)
- Increase/(decrease) in finance leases	(27)	484
- Increase/(decrease) in other deferred income	(1,193)	840
- Difference between pension charge and cash contributions	-	91
Net cash (used in) operating activities	(671)	(2,896)
<b>B Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	3,473	6,437
	3,473	6,437

## Notes to the Financial Statements

### Note 1 Accounting policies

The Institute of Directors (the 'Institute') is not subject to the Companies Act 2006, as a Royal Charter. However, these financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and incorporate the disclosures required by the Companies Act 2006 in respect of directors' emoluments for a private limited company.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

#### Basis of accounting

These financial statements have been prepared for the year to December 2022, with comparative information provided in respect of the year to 31 December 2021.

The financial statements comprise the consolidated accounts of the Institute and the net revenue and assets of its branches. Its wholly owned subsidiaries, The Director Publications Limited, IoD Management Limited, iod.com Limited, and Tomorrow's Directors Limited, IoD International Limited are all dormant.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Critical accounting estimates and areas of judgement Preparation of the accounts requires the Board and management to make significant

judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- The depreciation / amortisation charge for the year which is based on the estimate of the useful economic lives attributed to the relevant assets
- The provisions made in respect of bad or doubtful debts.
- The period over which income from lifetime memberships is recognised (see note 12).
- The provision made in respect of expenditure required to bring 116 Pall Mall back to a proper state of repair at the end of the lease (See Note 11).
- The treatment of overseas branches as non controlling interests. International branches of the Institute have autonomy over their operations. The value of these investments has been reflected in the financial statements by the inclusion of unspent funds held in overseas bank accounts (See note 9).

#### Assessment of going concern

During 2022, businesses started to recover from the effects of the global Covid pandemic but were subsequently impacted by increased energy costs and inflation as result of Russia's invasion of Ukraine. However, by Q1 2023 we have started to see a return to more normal trading conditions for the Institute with a return to face to face professional development courses, supplemented by our virtual offering, and director development higher on the agenda for businesses.

As part of the Board's consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, the current economic climate has been considered. The assumptions modelled are

## Notes to the Financial Statements

### Note 1 Accounting policies

based on the potential risk of a decline in membership and a reverse stress test, along with our proposed responses over the course of the next 12 months (to 31 July 2024).

These include a range of estimated impacts primarily based on an unanticipated decline in membership, with the reverse scenario considering how far membership and other forms of income would need to decline in order to push the Institute into failure.

For each of our business areas, we have sensitised revenue, profit and cash flow impact of reduced trading activity, using membership levels as the key driver. The scenarios are most sensitive to the assumptions made for membership. Outside of Covid restrictions, evidence shows that a decline of UK GDP does not correlate with any changes in professional development activity. However, increases in significant economic structures impacting on both membership and professional development revenues have been factored into the reverse stress test.

A key judgement applied is the potential impact of higher inflation on the discretionary spend of directors. These stress tests demonstrate that even in the case of a catastrophic event, which could not reasonably be foreseen, the data insight available and the mitigating factors available to management would allow us to take swift action in order to prevent Institute failure.

Under each scenario, mitigating actions are within management control, can be initiated as they relate to spend, and do not impact the ability to deliver to our members.

In the worst case scenario modelled our cash reserves are in line with the ranges set out in our Reserves Policy, and satisfy the Institute's needs to be able to meet its liabilities as they fall due.

Under all the scenarios modelled, after taking mitigating actions as required, our forecasts did

not indicate any possible or probable exhaustion of cash reserves. To get to this position, there is a need to remove a reasonable amount of the current cost base, which is achievable through controllable spend. A reduction to the Institutes cost base following restructuring in 2021 and control measures implemented at the start of 2023 have allowed us to replenish our reserves up to a point where we are resilient to the materialisation of unforeseen risks.

Based on these reviews, the Board has concluded that while there may be reductions in income and reshaping of some activity, notwithstanding, the Board does not believe that there are material uncertainties related to events or conditions that may cast significant doubt on the ability of the Institute to continue as a going concern.

The Board is of the opinion that the Institute will have sufficient resources to meet its liabilities as they fall due.

### Membership income

Annual membership subscriptions are recognised as income on an accruals basis applicable to the membership period, and part of the subscription applicable to the following year is carried forward as deferred income.

In the case of multiple year membership subscriptions, an annual allocation is included within income for the year, with the unutilised income, carried forward to future years.

### Revenue earning activities

Revenue earning activities income consists of member services that are recognised when the service is provided and risks and benefits have been transferred.

## Notes to the Financial Statements

### Note 1 Accounting policies

#### Furlough income

Coronavirus Job Retention Scheme grants are credited to the statement of income and retained earnings when the Institute has entitlement to the income and when the amount receivable has been quantified.

#### Tangible fixed assets

Tangible fixed assets are recorded at historic cost, together with any incidental costs of acquisition.

Tangible fixed assets are recorded at historic cost, together with any incidental costs of acquisition. An impairment review of all tangible and intangible fixed assets is completed at the end of each financial year with any impairment losses recognised in the profit and loss account for the excess of the carrying value of the asset.

Depreciation is calculated on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

#### Leasehold improvements

10% or the period of the lease if lower

#### Computers, furniture & fittings

20%

#### Intangible assets

The cost of acquired computer software licenses is capitalised. These costs are amortised over their expected useful lives – up to five years. Costs incurred on development projects relating to the design or improvement of systems are recognised as intangible assets when the recognition criteria set out in FRS 102 are met. Capitalised development costs are amortised from the date available for use of the system over their expected useful lives – not exceeding five years.

Research expenditure is recognised as an incurred expense.

#### Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

#### Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt, where such discounting is material.

#### Bad debt provision/impairment of trade debtors

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor.

Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the statement of income and retained earnings in arriving at the net surplus for the year.



## Notes to the Financial Statements

### Note 1 Accounting policies

#### Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the Institute anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment, where such discounting is material.

#### Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Institute to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and excludes recoverable VAT.

#### Property maintenance

Under the terms of the various leases held by the Institute, there is an obligation to keep the relevant properties in a proper state of repair, together with rentals charged as incurred. In addition, and where necessary, the Institute has set aside a provision for expenditure required to bring 116 Pall Mall back to a proper state of repair at the end of the lease. For this Grade 1 listed property, which is held under a lease expiring in 2043, the public areas of the building are maintained to a standard which is consistent with their revenue earning potential. A provision of £0.6m was held at the balance sheet date, the basis of which is described in Note 11.

#### Leased assets

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Consolidated Statement of Income and Retained Earnings on a straight-line basis over the term of the lease.

#### Pension scheme

The Institute operates both a non-contributory defined contribution pension scheme for benefits accruing from 1 January 1997 and a closed defined benefit pension scheme.

Pension costs for the defined contribution scheme are charged to the Statement of Income and Retained Earnings when they are payable to the scheme.

For the closed defined benefit pension scheme, finance income is credited to the Statement of Income and Retained Earnings. As the scheme is in surplus, the surplus is not carried on the balance sheet in accordance with the requirements of FRS 102. Accordingly, a corresponding adjustment equivalent to the finance income is recognised within other comprehensive income.

#### Employee termination benefits

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the organisation is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

## Notes to the Financial Statements

Notes	2022 Income	2022 Expenditure	2022 Net	2021 Net
<b>2. Analysis of operating surplus / (deficit) by activities</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Membership	5,862	(752)	5,110	6,006
<b>Revenue earning activities</b>				
Hospitality	1,348	(471)	877	302
Professional (director) development	7,490	(3,723)	3,767	3,559
Office solutions	330	(104)	226	128
Business centre	-	-	-	3
Director events	290	-	290	43
Commercial (product marketing)	420	(172)	248	465
	9,878	(4,470)	5,408	4,500
<b>Member services</b>				
Regional services	694	(1,166)	(493)	(1,424)
Information and advisory services	-	(456)	(456)	(408)
	694	(1,622)	(949)	(1,832)
<b>Policy and directorate</b>	-	(1,742)	(1,742)	(1,443)
<b>Operating and overhead costs</b>				
Property costs (excluding regions)	-	(2,714)	(2,714)	(1,883)
Loss on disposal of assets	-	-	-	-
Depreciation	-	(1,051)	(1,051)	(894)
IT, iod.com, marketing and new initiatives	-	(1,792)	(1,792)	(1,397)
Central administration	-	(2,342)	(2,342)	(1,856)
	-	(7,899)	(7,899)	(6,030)
Furlough income	-	-	-	13
Interest receivable	-	-	-	7
Specific costs relating to IoD fundamental re-organisation in 2021 & 2022	-	(1,092)	(1,092)	(485)
Surplus / (deficit) on ordinary activities before taxation	16,413	(17,577)	(1,164)	736

## Notes to the Financial Statements

Notes	2022	2021
	£'000	£'000
<b>3. Employment costs</b>		
(a) The average number of employees during the year was:	92	94
(b) Salaries	3,900	3,763
Social security	417	381
Pension costs – see note 16	337	306
Contracted and temporary staff	203	128
Subsistence and insurance	67	68
Redundancy, termination & ex gratia payments	–	(27)
Recruitment and training	105	153
Motor vehicle and travel	79	34
Other	4	4
	<u>5,112</u>	<u>4,810</u>
(c) The fees paid to the Chair totalled £0 during the year (2021: £0).		
(d) Emoluments paid to the Director General (2021: 1), who was the highest paid director, amounted to:		
– Salaries	250	250
– Payment in lieu of employer pension contribution	35	35
	<u>285</u>	<u>285</u>
(e) Executive directors' emoluments		
Emoluments paid to the two executive directors (2021: 2), amounted to:		
– Salaries	366	430
– Payment in lieu of employer pension contribution	35	35
– Pension contributions	9	13
	<u>410</u>	<u>478</u>

Contributions are not payable under money purchase pension schemes to any directors (2021: 0 directors).

## Notes to the Financial Statements

Notes	2022	2021
	£'000	£'000
(f) Emoluments paid to key management		
Eight key management including the Director General and other executive directors (2021: six key management)		
- Salaries	837	748
- Payment in lieu of employer pension contribution	35	35
- Contracted and temporary staff	14	14
- Pension contributions	44	33
- Ex-gratia payment	-	37
	930	867
Also provided in the year was one ex-gratia payment totalling £0 (2021: £37,212).		
Directors' emoluments disclosures have been prepared in compliance with Companies Act requirements for a limited company.		
<b>4. Surplus after taxation</b>		
This is stated after charging:		
Fees in respect of services provided by the auditor.		
In respect of prior year	(2)	(2)
Statutory audit	79	41
Pension advisory services	5	5
	82	44



## Notes to the Financial Statements

Notes	2022	2021
	£'000	£'000
<b>5. Taxation</b>		
Current tax:		
UK Corporation tax	-	-
Tax reconciliation:		
(Deficit) / surplus on ordinary activities before taxation	(1,164)	736
Multiplied by the standard rate of UK Corporation tax of 19% (2021: 19%)	(221)	140
Tax effect of: Surplus/(deficit) arising on non-taxable activity and non deductible expenditure	159	(55)
Movement in deferred tax not recognised	89	(70)
Depreciation in excess of capital allowances	(27)	(15)
	-	-

The Institute's membership activities are outside the charge to corporation tax.

No provision for deferred taxation is required (2021 – £Nil).

Factors that may affect future tax charges:

In October 2022, the government announced changes to the Corporation Tax rate from 1 April 2023, increasing the main rate of Corporation Tax to 25%.

## Notes to the Financial Statements

Notes	Leasehold improvements	Furniture and fittings	Computer hardware	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>6. Tangible fixed assets</b>					
<b>Cost:</b>					
At 1 January 2022	4,385	2,066	282	11	6,744
Additions	1,451	18	135	-	1,604
Disposals	-	-	-	-	-
At 31 December 2022	5,836	2,084	417	11	8,348
<b>Depreciation:</b>					
At 1 January 2022	(2,911)	(1,660)	(220)	(3)	(4,794)
Charge for the year	(440)	(239)	(43)	(3)	(726)
Disposals	-	-	-	-	-
At 31 December 2022	(3,351)	(1,899)	(263)	(6)	(5,520)
Net book value 2022	2,485	185	154	5	2,828
Net book value 2021	1,474	406	62	8	1,950

The net book value of furniture and fittings includes an amount of £35,461 (2021: £45,839) in respect of assets held under finance leases. The depreciation on these assets for the year was £10,379 (2021: £6,054).

	Computer software etc.
	£'000
<b>7. Intangible fixed assets</b>	
<b>Cost:</b>	
At 1 January 2022	3,500
Additions	689
Disposals	(685)
At 31 December 2022	3,504
<b>Depreciation:</b>	
At 1 January 2022	(1,577)
Charge for the year	(327)
Disposals	685
At 31 December 2022	(1,219)
Net book value 2022	2,285
Net book value 2021	1,923

The net book value of computer software, etc includes an amount of £30,225 (2021: £51,560) in respect of assets held under finance leases. The depreciation on these assets for the year was £21,335 (2021: £12,446).

## Notes to the Financial Statements

Notes	2022	2021
<b>8. Debtors</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	1,093	1,999
Other debtors and prepayments	178	350
	<u>1,271</u>	<u>2,349</u>
All debtors are due within one year. Trade debtors includes a provision for doubtful debts of £1.2m.		
<b>9. Cash at bank and in hand</b>		
Cash at bank and in hand	3,473	6,437
Cash at bank and in hand includes £455,268 (2021: £363,764) held in overseas branches.		
<b>10. Creditors</b>		
Amounts falling due within one year:		
Trade creditors	991	1,972
Deferred non membership income	1,197	2,390
Other creditors and accruals	2,168	468
Obligations under finance leases	48	30
VAT Payable	68	417
	<u>4,472</u>	<u>5,277</u>
Deferred non membership income relates to professional development income for courses which are scheduled at a future date.		
<b>11. Creditors</b>		
Amounts falling due after more than one year:		
Obligations under finance leases	22	66
Other creditors and accruals	568	388
	<u>590</u>	<u>454</u>
Other creditors and accruals includes a provision for dilapidations in relation to the leasehold property at 116 Pall Mall of £568k (2021: £388k). The provision has been increased by £180k during the year with no specific expenditure allocated against the provision. The value of the provision required at the end of the period has been estimated based upon an external valuation report, discounted for works completed to the building during the year and consideration of the amount that could reasonably be expected to be paid under the lease.		
<b>Finance leases</b>		
The net finance lease obligations committed to are:		
In one year or less	48	30
Between one and five years	22	66
In five years or more	-	-
	<u>70</u>	<u>96</u>
Finance lease obligations are secured on the assets to which they relate.		
<b>12. Deferred membership income</b>		
Memberships expiring within one year	1,959	2,404
Memberships expiring after more than one year	709	1,234
	<u>2,668</u>	<u>3,638</u>
Membership subscriptions received in advance include cash received for annual memberships for which benefits are owed to members until the expiry date of their membership. It also includes cash received for lifetime subscriptions which are released to income over a period of eighteen years.		

## Notes to the Financial Statements

Notes	2022	2022	2022
	Property £'000	Other £'000	Total £'000
<b>13. Lease commitments</b>			
At 31 December, the Institute has total future minimum lease payments under non-cancellable operating leases as follows:			
Within one year	457	16	473
After one, but within five years	1,794	32	1,826
After five years	6,776	–	6,776
	9,027	48	9,075
	2021	2021	2021
	Property £'000	Other £'000	Total £'000
<b>Lease commitments</b>			
At 31 December, the Institute has total future minimum lease payments under non-cancellable operating leases as follows:			
Within one year	467	16	483
After one, but within five years	1,814	32	1,846
After five years	7,212	–	7,212
	9,493	48	9,541
<b>14. Capital commitments</b>			
Capital commitments contracted but not provided for in the financial statements amount to £nil (2021: £nil).			
<b>15. Related party transactions</b>			
The remuneration payable to the Institute's Chair and Directors are disclosed in note 3 to these accounts.			
During the year travel and subsistence expenses totalling £10,901 were reimbursed to eight Board members (2021: £5,025).			
There were no other transactions with related parties during the year (2021: no other transactions).			



## Notes to the Financial Statements

### Notes

#### 16. Pension costs

##### Pension costs

The Institute of Directors operated both a non-contributory defined contribution pension scheme for benefits accruing from 1 January 1997 and a closed defined benefit pension scheme. The assets of both schemes are held separately from those of the Institute in independently administered funds. Further details of the cost of each scheme are provided below.

##### Defined Contribution Scheme

Contributions are charged to the Consolidated Statement of Income in accordance with the rules of the scheme. The charge associated with this scheme was £336,746 (2021: £303,000), representing the employer contributions payable during the year.

##### Defined Benefit Scheme

With effect from 1 January 1997, this scheme became closed to new entrants and ceased to provide any further benefit accrual to the then active members who became entitled to deferred pensions, subject to statutory revaluation as from that date.

The last full funding valuation was carried out as at 1 January 2021. A qualified independent actuary carried out calculations as at 31 December 2022 to obtain the amounts reported under FRS 102.

#### a) Balance sheet and notes

	At 31 December 2022	At 31 December 2021	At 31 December 2020
The major assumptions for FRS 102 purposes were:			
Rate of increase in salaries	n/a	n/a	n/a
Rate of increase to pensions in payment (Post 88 GMP)	2.25%	2.35%	2.05%
Rate of increase to pensions above GMP in deferment	2.77%	2.98%	2.40%
Discount rate	4.93%	1.81%	1.20%
RPI Inflation assumption	3.38%	3.54%	3.10%
CPI Inflation assumption	2.77%	2.98%	2.40%

No contributions were paid to the scheme during the year. (2021: £Nil).  
The amounts charged and credited to the Consolidated Statement of Income and retained earnings are detailed in sections b and c below; the total charge for 2022 was £52,000 (2021: £91,000).

No lump sum contributions are due in the coming year in respect of the scheme (2021: £Nil).

## Notes to the Financial Statements

### Notes

#### a) Balance sheet and notes (continued)

Under FRS 102 the long term expected rate of return is replaced by the discount rate. The assets in the scheme and the expected rates of return were:

	Discount rate at 31 December 2022	Value at 31 December 2022	Discount rate at 31 December 2021	Value at 31 December 2021	Discount rate at 31 December 2020	Value at 31 December 2020
		£'000		£'000		£'000
Equities	4.93%	2,401	1.81%	3,366	1.20%	3,264
Bonds	4.93%	3,541	1.81%	4,752	1.20%	5,002
Cash	4.93%	28	1.81%	98	1.20%	61
Total market value of assets	4.93%	5,970	1.81%	8,216	1.20%	8,327
Present value of scheme liabilities		4,623		6,846		7,642
Surplus in the scheme		1,347		1,370		685
Deemed irrecoverable		(1,347)		(1,370)		(685)
Balance sheet valuation		-		-		-
					At 31 December 2022	At 31 December 2021
<b>Reconciliation of present value of scheme liabilities:</b>					£'000	£'000
Opening defined benefit obligation					(6,846)	(7,642)
Past service cost					-	-
Administration cost					(76)	(98)
Interest cost					(121)	(90)
Remeasurement: actuarial gain / (loss)					1,987	559
Benefits paid and expenses					433	425
Closing defined benefit obligation					(4,623)	(6,846)
<b>Reconciliation of fair value of scheme assets:</b>						
Opening fair value of scheme assets					8,216	8,327
Interest income					145	97
Investment (loss) / gain					(1,958)	217
Contribution by employer					-	-
Benefits paid and expenses					(433)	(425)
Closing fair value of scheme assets					5,970	8,216

## Notes to the Financial Statements

Notes	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(4,623)	(6,846)	(7,642)	(6,858)	(6,578)
Scheme assets	5,970	8,216	8,327	8,069	7,286
Surplus	1,347	1,370	685	1,211	708
Experience adjustments on assets scheme liabilities	(105)	62	21	4	(41)
Experience adjustments on scheme assets	(1,958)	217	482	976	(541)

	At 31 December 2022	At 31 December 2021
<b>b) Analysis of amount charged to the Consolidated Revenue Account</b>	<b>£'000</b>	<b>£'000</b>
Current service cost	-	-
Administration costs	76	98
Past service cost	-	-
Total operating charge	76	98
<b>c) Analysis of amount credited to other finance income</b>		
Interest income	145	97
Less: Interest on pension scheme liabilities	(121)	(90)
Net return	24	7
<b>d) Total amounts taken to other comprehensive income</b>		
Remeasurement – gain / (loss)		
Return on scheme assets excluding interest income	(1,958)	217
Remeasurement – gain / (loss)		
Experience gain / (loss) arising on scheme liabilities	(105)	62
Remeasurement – gain / (loss)	2,054	491
Changes in financial assumptions underlying the scheme liabilities – gain / (loss)		
Remeasurement – gain / (loss)	38	6
Changes in demographic assumptions underlying the scheme liabilities – gain / (loss)		
(Increase) / Decrease in irrecoverable surplus	23	(685)
Actuarial gain / (loss) recognised in other comprehensive income	52	91

As the pension surplus is irrecoverable, the increase of £23,000 has been treated as a pension scheme adjustment in other comprehensive income in 2022.

## Notes to the Financial Statements

Notes	At 31 December 2022	At 31 December 2021
<b>e) Movements in surplus during the year</b>	<b>£'000</b>	<b>£'000</b>
Surplus in scheme at beginning of the year	1,370	685
Movements in the year:		
Other finance income	(52)	(91)
Actuarial (loss) / gain	29	776
Surplus in scheme at the end of the year	1,347	1,370

### Sensitivity to changes in assumptions:

The assumptions as to discount rate and price inflation have a significant effect on the value placed on the defined benefit obligations. As at 31 December 2022, a 1% pa change to these assumptions would have had the following effects on the closing defined benefit obligation:

	1% pa increase	1% pa increase
Discount rate	(£429K)	(£828K)
Price inflation	£98K	£199K

### f) Demographic assumptions used are as follows:

Assumption	31 December 2022 (Changes from 31 December 2021)
Mortality (pre and post retirement)	S3PxA, CMI_2021 [1.25%] (2021: S3PxA, CMI_2020 [1.5%])
Proportion married	90% for men and 70% for women
Age difference	Husbands 3 years older than wives
Age at retirement	Normal pension age
Cash commutation	90% of maximum cash allowance





The day I stepped inside the door at 116 Pall Mall for the first time, I felt at home. Since then the IoD has become my colleague, business associate and friend. The kind and helpful staff members and the exciting new connections I've made, opened the door to new successes. The professional advice I received from the IoD Business Advice Hub is indeed one of the most invaluable member benefits.

**Mariette Richardson**  
IoD Ambassador, Digital and  
Creative Industries



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## Objects of the Institute of Directors' Royal Charter

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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.

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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.

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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.

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

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