

Thriving in uncertain times

Skilled directors and leaders have never been more important. The pandemic has accelerated the pace of business transformation. Meanwhile, stakeholder expectations are increasing, sustainability is rising up the agenda and regulations are growing in complexity.

The IoD offers a way forward. As the authority on entrepreneurship, business professionalism and governance, we're a source of expertise for the skills and insights that directors need to thrive in uncertain times. We represent your diverse voices and ambitions among key decision-makers. And within our community, we encourage the exchange of knowledge and good practice that enables us all to become better directors.

**Better directors mean better-run businesses.
Better businesses mean a better economy.
And a better economy means a better world.**

Chair of the Institute's report

As we emerge from the COVID-19 pandemic, it is vital that business leaders apply the lessons we have learnt in this past year, in order to play their part in building back better.



Patrick Macdonald
Chair

It was a great honour to become Chair of the IoD in March. I've been a member of the Institute for almost two decades, and I have always valued my membership. I'm excited to be chosen to help lead us through what will be both a challenging and exciting period, as the world recovers from COVID-19.

As I've just begun my term, our former Interim Chair, John Watson, will take the lead in reviewing last year's efforts. I'd like to thank him once again for his time in the role, and his commitment and determination in steering the Institute through the many challenges presented by the pandemic. As we begin to see signs of a return to normality, we must never forget the heavy human cost of this unprecedented crisis.

As we emerge from this period of change and uncertainty, it is vital that business leaders apply the lessons we have learnt in this past year, in order to play their part in building back better.

The importance of our work really came to the fore in 2020, helping directors and businesses to navigate constantly evolving regulations, health and safety concerns and commercial difficulties. While we are made up of individual members, the network makes us collectively stronger. It enables us to face these challenges together, whether in pushing the government to do the right thing, or in helping fellow members on a daily basis.

While the economy recovers, many organisations will continue to face financial challenges. The IoD did a great deal of work before the pandemic struck to get the organisation into the right financial shape for the long term. I firmly believe we are on the right course.

These outstanding projects, driven by our strong management team, led by Jonathan Geldart, have already brought us closer to our members in multiple ways. The IoD will continue reinventing the value it delivers to existing and new members. We still have work to do, of course, as we refresh and modernise the Institute for the post-pandemic era. But this reinvigoration continues at pace.

At its core, the Institute is a true members' organisation, representing the authentic voice of British business. This puts us in a unique position, and I want us to be truly representative of people from all walks of life. In 2021 and beyond, we will renew our efforts to become a more diverse and inclusive organisation, recognising the value this brings in driving innovation, delivering excellence and responding more effectively to the needs of our members. Your role as a member is vital in helping shape our future, which is bright.

Now is a time for optimism, and I know that our members will be at the heart of a sustainable economic recovery in the UK and beyond. It will be our privilege to support you in this endeavour and in all that you do.



“One thing we've realised through this pandemic is just how useful it is to be an entrepreneur. A lot of people have been out of work and being an entrepreneur, you always find your way around it. I think some key skills that schools, colleges and universities are starting to teach are about taking the initiative and being a self-starter. I think in the future these will be very useful to everyone.”

Suleman Sacranie
Founder and Director, The GP Service

Director General's report

Uncertainty will be with us for a while, but one thing is certain – we remain committed to supporting our members as they bounce back and thrive.

Most organisations, regardless of size, industry or location, have had to learn to adapt and evolve at an exceptional pace just to survive.

None of us could have predicted the enduring impact and scale of the pandemic. However, this crisis has presented unique opportunities for us all to transform the way we do business.

As we publish this report, the light at the end of the tunnel is beginning to shine more brightly. The rollout of vaccines and the easing of lockdown measures will allow us to look more positively into the future. While we recognise the likely enduring impacts of the pandemic, particularly on revenue streams, there are signs of hope. The re-opening of 116 Pall Mall, for example, is a small but significant step towards normality. The way we do business has changed, probably forever, but along with that challenge lies real opportunity.

Amid this period of change, and in this year where the UK hosts the global environmental summit COP26 in Glasgow, we must not lose sight of the need to ensure sustainability remains at the top of the agenda not just for the IoD but our members too.

We must, and we will ensure that the IoD and our members contribute fully to ensuring the recovery is robust and long-lasting. My priority for the year ahead is to further embed our reforms to enable us to meet these new challenges on behalf of our members.

Preparing for recovery

Looking back on the last year, we have faced many of the same difficulties as our members. Our first priority was to stabilise our finances and prepare for the economic recovery. Without many of our main income streams and not knowing when conditions would return to normal, we could not be certain of

the full impact. Despite a loss of £2.5m for the year, the great work our teams have done in re-stabilising our overall finances over the past two years is evidenced by the underlying operating profit before exceptional items of £109,000.

Empowering our branches

Our plans to boost membership will continue in 2021, following the inevitable lull in 2020, and empowering branches will remain crucial to achieving our goals and changing the demographic of the Institute to be more reflective of the country as a whole.

It was important that our Director of the Year Awards went ahead, and not simply because it showed how the online experience can keep everyone connected. Significantly, it also enabled us to celebrate the remarkable achievements of our members.

Shaping the agenda

Our advocacy work – speaking out on behalf of our members on the issues that matter to them and influencing the UK government – undoubtedly helped soften the blow of the pandemic and that work is ongoing. In this report, you will see examples of those policy wins.

To advance professional development, we forged a new partnership to provide a greater variety of courses more frequently and in line with the trend towards more flexible working. We also now offer courses in Mandarin as well as Russian and Spanish.

Our Information and Advisory Service (IAS) continued to provide a valuable service for members. In particular, a new collaboration with a research team based in India allowed us to double the capacity of the team and offer a faster turnaround of information.



Jonathan Geldart
Director General

“I’m passionate about helping people step into their own personal greatness and through being a Chair of the IoD I will have that mechanism to help businesses grow and flourish in Wales. I believe that if you are given an opportunity it is very important to offer a hand to those coming up behind you. I want to show disabled people that you can hold public, senior roles within organisations such as the IoD. You’re not just people who can claim benefits but you can actually give back to the economy.”

Damian Joseph Bridgeman
CEO and founder, Executive Coaching 365

Director General’s report

“
Across our Regions and Nations, there were a number of new appointments at senior level that reflects how the Institute is changing. Louise Macdonald has become our National Director for Scotland when she joined in June, the first woman to hold the role.



Murdo MacLeod

More diverse and inclusive
Throughout this report, we’ve profiled members from different generations, ethnicities, businesses and backgrounds, across all four nations. They represent the future of the IoD, as we build a more diverse and inclusive membership.

Diverse organisations are more effective and creative and, as a result, more likely to be successful. We are committed to making the IoD more diverse but still have much work to do. That’s why we are undertaking an in-depth consultation process with members and staff to develop our new Diversity and Inclusion (D&I) policy. This process is being led by Damian Joseph Bridgeman, the IoD’s Regional Chair for South Wales, and a seasoned entrepreneur with a social mission.

Across our Regions and Nations, there were a number of new senior appointments that reflect how the Institute is changing. Louise Macdonald has become our National Director for Scotland when she joined in June, the first woman to hold the role.

In other areas, we appointed a number of new Chairs. Steve Bennett for the North West, Poonam Kaur for West Yorkshire, Victoria Clarke Brown for South Yorkshire, Damian Joseph Bridgeman for South Wales and Wendy Dorey for Guernsey. In our international branches, Sara Schroter and Michelle Cardwell became Joint Chairs of Bermuda.

Northern Ireland’s Women’s Leadership Conference, with headline speaker the environmental campaigner Erin Brockovich, attracted over 1,000 attendees online.

In London, we held regular interviews with our London Branch Chair, hosting a number of influential speakers, such as Lord Rose.

A new Chair
I am delighted that Patrick Macdonald has joined as our new Chair. Patrick has been an IoD member for just under 20 years. His experience and expertise will be of enormous benefit to us in the coming years. I’d like to thank our Interim Chair, John Watson, for his invaluable support over the last seven months.

And finally, members are at the heart of everything we do, so we have shared their experiences and perspectives on the benefits of our support throughout this report. In 2020, the role and values of the IoD remained more relevant than ever before. Our reforms have made the IoD fit for the future, but it is the efforts of our people and volunteers that have shown just what we can achieve together, and I would like to thank everyone for their efforts.

Connect – We fought hard to keep connections going between directors through events across the UK and beyond, providing peer support to help members overcome the challenges of the pandemic.

Develop – We quickly moved our professional development courses to virtual and online, and saw growth in interest and demand as a result. We delivered 235 programmes to over 2,655 delegates, both in the UK and beyond – making our offer more inclusive than ever.

Influence – We continued to successfully press the UK government for support on behalf of Britain’s directors.



“For me, it’s all about networking with people. You can read books, you can listen to people talk on webinars but when you genuinely have a conversation with another professional and share your experiences and ask for advice, you can’t put a price on that. It’s absolutely invaluable.”

Dr Rona Mackenzie
Director of Business Development, KryptoKloud Ltd

Governance structure

The Board
Approves strategy and leads the IoD to achieve long-term success

- Non-Executive Chair**

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

 - Work with and challenge executive directors
 - Provide independent, external perspective
 - Contribute a broad range of experience and expertise.
- Director General and Executive Directors**

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

Committee of the Board and Council

- Nomination Committee**

 - Leads process for Board and Council appointments.
- Ensures the completion of an annual review of the performance of governance bodies with a focus on the structure, size and composition of the Board and Council.
 - Ensures that the Board and Council has a reasonable geographical distribution of members and a balance of diversity, sector and background.

Sub-committees of the Board

- Audit and Risk Committee**

 - Oversees financial reporting, internal control, risk management systems and audit processes
- Membership Committee**

 - Advises on membership, member services provided by the IoD and membership conduct matters
- Remuneration Committee**

 - Advises on the compensation and terms of employment for senior members of staff and executive directors.
- Accreditation and Standards Committee**

 - Approves standards and competencies required by directors and boards and the methods for assessing directors.
- Responsible for independent assurance of Chartered Director programme
 - Ensures all current activity is reflected in the academic regulations.

Management Team

- 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.

Summary

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.

The Council

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

Council

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

Region, Nation and Branch Chairs

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

"I've experienced many challenges throughout my career in terms of diversity and having a sense of inclusion within the boardroom. I would like to think that when my daughter enters the workplace, we won't need to be thinking about diversity and inclusion in the way we are at the moment. The only way that shift is going to happen is by educating both current and future directors and that education needs to focus on some of the softer skills. We need to enable people to listen, to learn empathy and to be authentic.

Carolyn Stephenson
General Counsel & Company Secretary, Mitsubishi Motors UK

I truly believe that if individuals focus less on the impression they are making on others and more on the impression they are making on themselves, then it is going to create a more inclusive environment within which to work. The UK can lead the way on board governance – all through better directors! I'm hopeful that my daughter will be in a different position than I was 15 years ago when I first entered the workplace – that's my motivator."

Governance of the Institute

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

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

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

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



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

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

“The IoD doesn't just support current directors, it's helping create the directors of the future. The Tomorrow's Director course is in the process of being rolled out to universities across the UK, giving students a taste of what it's like to become a director and an insight into some of the responsibilities they have.”

Niall O'Driscoll
Student, University of the West of England

“My own personal experience is that diversity does not come only in terms of race, gender or disability but mindset. People that think in a different way. As a director this is something I have been very interested in – how do we get people, not so much from different races but of different mindsets and world-views to work together to achieve organisational aims, and in our case, to make a difference in the world.”

Donald Mavunduse
IoD Third Sector Ambassador, Hampshire

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

IoD Council

Council has received detailed updates on the Board’s progress in stabilising and transforming the fortunes of the Institute.



Ceinwen Jean Church MBE
Chair of Council and SICM

Chair of Council (and Senior Independent Council ‘SICM’) is Ceinwen Jean Church, MBE Dip. IoD FloD

Role of Council

The Institute’s Council acts in an oversight and advisory capacity as guardian of the Institute, representing the interests of its members and holding its Board to account for the delivery of the objects of the Institute contained in its Royal Charter.

Council provides critique as well as specifying particular areas of scrutiny with regard to the potential performance and actual outcome of strategic plans in respect to the objects and by-laws. Council ensures a timely and effective discharge of its obligations regarding succession planning in relation to the non-executive directors, Chair and Council. Members of the Council engage and communicate with the Institute’s members and ensure that their views and interests are properly represented and considered by the Institute, as appropriate.

In exercising its powers, the Council is bound by the Institute’s Royal Charter, by-laws and member rules and regulations.

Council meetings

Three to four Council meetings are scheduled throughout the year, and Council members are required to ensure that they allocate sufficient time to discharge their duties effectively. Council has met more frequently during the past year due to challenges imposed on the business with the COVID-19 outbreak. Council meetings take place on different dates to Board meetings to enable timely exchange of information between the Board and Council. Board members, including the Institute Chair, are invited to Council meetings to provide updates or discuss specific matters raised by Council.

During the past year, the compilation of three specific working groups has been undertaken in order to enhance Council’s ability to focus on and deliver its constitutional purpose. These working groups have focused on a number of areas in order to develop and improve the mechanisms that enable Council to discharge its responsibility in holding the Board to account and improve their effectiveness as a governance body.

Council Composition Working Group objectives

The Council Composition Working Group terms of reference identified two objectives:

- To review the composition of Council giving consideration to effective succession planning while also recognising the Council’s governance role.
- To make recommendations on future Council composition jointly to the Board and Council for any changes that it believes would enable the Institute to act more effectively within its Charter and Constitution.

The Working Group distilled these objectives to recommend the optimum Council for holding the Board to account for:

- Delivery of the Charter Objects and adherence to the laws of the Institute thereby, acting as guardian of the Institute.
- Providing critique and opinion to the Board on the overall progress of the Institute, including by monitoring stakeholder engagement.

Board and Council communication

Communication between Board and Council has been further improved to deliver a far more open and transparent dialogue between the two governing bodies, or their representatives either at, or between, meetings where issues are raised and addressed constructively. To achieve this, a second working group was established comprising Board and Council members to propose recommendations that would enable Council to develop and implement a communication strategy that results in the exchange of timely and salient information between Board and Council. This serves to facilitate efficient and effective relationships across the entities. It was critical that the recommendations also addressed the ability to evaluate the effectiveness and efficiency of the communication strategy from a qualitative and quantitative perspective.

The Council agenda is set by the SICM, together with the Institute Secretary. Each scheduled meeting includes a Chair of the Institute Report, Director General Report, Financial Report and various updates on the activities considered by the Board along with governance matters.

2020 areas of focus

In 2020, particular areas considered by the Council, and discussed with Board members, either directly or following receipt of reports from senior management and Committee Chairs, included:

- Financial performance of the Institute
- Strategy update
- Membership
- International strategy
- Brand strategy
- Member marketing strategy
- Succession planning

Care is taken to ensure that information is circulated in good time before Council meetings, and that papers are presented with clarity and the appropriate level of detail to enable the Council to discharge its duties.

The volume, complexity and momentum of change in 2020 created particular challenges for the Institute due to the COVID-19 outbreak. However, the work on the revised membership proposition, decentralisation and restructure of the organisation has sought to shift perception towards change and how it is managed. Council receives frequent updates on the financial position and strategic direction of the Institute. Despite its concerns regarding the Institute’s financial health, Council has welcomed the progress made in these areas, in particular the monitoring and control of the costs of the Institute.

Council has also received detailed updates on the progress of the Board’s strategy to stabilise and transform the fortunes of the Institute through a revised membership proposition, expanded professional development programme and international activity.

Council is currently undertaking ongoing work to develop recommendations that will enable measurement and reporting on its effectiveness in the execution and delivery of its responsibilities. Finally, it will evaluate and report on the extent to which the IoD has achieved the deliverables defined in the Composition of Council Working Group Paper recommendations.

Council

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

Elected Council members

David Langworth CDir
Mehrdad Mansourpour
Marie McHugh OBE
Sharon O’Connor CDir
Kim Adele Platts
Anneliese Reinhold
Graham Robb
Emma Sheldon MBE
Sarah Soar

Member departures

Ellen Miller (October 2020)
David Trenchard (October 2020)

Regional Council members

Brian Hall CDir
Roger Marsh OBE
Aidan O’Carroll
Nick Sturge MBE CDir
Paul Terrington CBE

Member departures

Alex Pratt (October 2020)
Mike Blackburn OBE (September 2020)
David Sales (October 2020)
Garry Smith (April 2020)

International appointed representative

Rick Denton

Under 25 directly appointed representative

Vacant

As at April 2021

Interim Chair statement

Throughout the pandemic, our policy team held regular conversations and sessions at the highest levels of government.

A year on from our last report, the challenges arising from the pandemic remain significant. Throughout 2020, we offered our full support to our members.

I have personally heard many stories of how members adapted to new and difficult circumstances. We must now lift our eyes and focus on playing our part in ensuring that the economic recovery is strong and sustainable.



John Watson
Interim Chair

Exercising influence

Whether it is the Council, the Board, Chairs or IoD staff, we never lose sight of the fact that our role is to represent our members. Throughout the pandemic, our policy team held regular conversations and sessions at the highest levels of government. They achieved many successes, including persuading the government to twice suspend the potential legal liability for directors of 'wrongful trading'.

It remains, however, a deep frustration that despite our and others' efforts, including the practical proposals we presented in our pre-Budget report, large numbers of businesses were unable to access the level of help available to others. As the economy bounces back, it is incumbent on the government to ensure that supporting this group in the next phase is a priority, and that means not doing anything to stifle their recovery.

Strengthening our grassroots

We made further progress on devolving power to our local networks as part of our strategy to align more closely to our membership. I am particularly pleased that at this level we have made significant progress in better reflecting the diversity of our member base. While we are a national and international organisation, we must never lose sight of the fact that the IoD is still a true members' organisation.

And it is those members and volunteers whom I would truly like to thank for their sterling efforts during the most trying of times. They were there to support each other, reach

out to each other and provide advice when it was needed most. We knew this was a given in normal times, but as I heard during my regular call with Chairs and others, when we were engulfed by a crisis of epic proportions, it was their efforts that showed the true value of IoD membership.

Staying connected

With all of us working from home for an extended period, we found inventive ways to remain connected. While we became accustomed to virtual rather than 'live' meetings, I am sure that, as the economy opens, we will all want to seize the opportunity for real, in-person communication, and it is encouraging to see the re-opening of 116 Pall Mall, albeit in a very different way. These are small but important steps.

Like many others, the IoD suffered a significant loss of income over the year. We moved quickly to address it, and thanks to important work done in previous years to balance our books, our losses were limited to £2.5m.

For both the Council and the Board, financial stability remained a priority during 2020. I would like to thank our Council members for their support during this period.

A force for good

Our Royal Charter charges us to create better directors and stand up for good governance. We say this every year, but it is worth reminding ourselves, as it is this, and our support for entrepreneurship, that ensures the IoD remains a force for social good.

My period as Interim Chair ended with the appointment of Patrick Macdonald in March. I know that Patrick will be a great Chair of the IoD and I wish him every success. I will remain on the Board as Chair of the Audit Committee, but I wanted to end by thanking the Council, Board and all of you for your help and support over the last year.

A stylized, handwritten signature in black ink.

"One area in which the IoD has been invaluable throughout the past 12 months is influencing policy. This will continue to be a great resource for us in the future. It is supportive of its members and understands the importance of direct discussions with our politicians, at both a local and national level, in addition to taking a firm stance in the media for our benefit."

Michelle Hatfield
Director of Corporate Services,
George Best Belfast City Airport

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 by its members.

Board Non-Executives
Chair

Patrick Macdonald

Senior Independent Director

Alexander Simpson

Members

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

New members

Patrick Macdonald (March 2021)

Board Executive Directors

Jonathan Geldart

Board Non-Executives

Member departures

Kirsty Lloyd-Jukes (March 2020)
Charlotte Valeur (August 2020)

Board Executive Directors

Member departures

Jim Jordan (July 2020)

This approach enables the Directors to make effective decisions, at the right time and based on the right information.

Leadership

As at 1st May 2021, the Board comprises the Chair, six other independent non-executive directors and one executive director. The Institute’s rigorous and transparent procedures for appointing new directors are led by the Nomination Committee. The composition of the Board is fundamental to its success in providing strong and effective leadership. Non-executive directors are appointed for specified terms, usually of three years, with an option to stand for reappointment for a second term of three years. The Nomination Committee is responsible for reviewing the composition of the Board and assessing whether the balance of skills, experience, knowledge and diversity is appropriate to enable them to operate effectively.

Role of the Board

The Board has reserved key decisions and matters for its own approval, including its core responsibilities of setting the Institute’s strategic direction, overseeing the delivery of the agreed strategy, managing risk and establishing the culture, values and standards of the Institute as a whole. Matters below the financial limit set by the Board are delegated to the Management Team. The Board culture is one of openness and constructive debate; the Chair has a continued dialogue with individual directors outside formal Board meetings to allow for open, two-way discussion about the effectiveness of the Board, its Committees and its members. The Chair is therefore able to remain mindful of individual directors’ views.

Division of responsibilities

There is a clear written division of responsibilities between the Chair (who is responsible for the leadership and effectiveness of the Board) and the Director General (who is responsible for managing the Institute’s business). The Board has delegated authority for the day-to-day management of the business to the Director General, with specific

areas of the business being managed by the other members of the Management Team. The Management Team members are involved in, or aware of, all major activities and are therefore extremely well placed to ensure that any decisions align with the Institute’s agreed strategy. The Management Team has been given delegated authority by the Board to make decisions within specified parameters. Decisions outside of these parameters are reserved for the Board, although management will often bring decisions within their delegated authority to the Board for scrutiny and challenge.

Board meetings

The Board agenda is set by the Chair, in conjunction with the Director General and Institute Secretary. 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, legal and governance matters.

The Board has continued to focus this year on the financial stability of the organisation and mitigation of the impact from COVID-19 on the organisation’s core business areas. Continued progress has been made on the decentralisation through implementation of a new target operating model and the development of a branch operating manual. The Board continues to work with a wide network of Region, Nation and Branch Chairs who are core to the future development of the organisation and this focus is already helping to improve diversity across the membership as a whole.

Conflicts of interest

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

“The IoD’s voice to government is paramount. Day to day I see the value that it can bring to each individual member from having direct discussions with the Secretary of State and government ministers across Wales and the UK and I’ve seen tangible differences in policy direction as a result of the meetings I’ve been involved with.”

Richard Selby
Director and co-founder, Pro Steel Engineering Ltd

Nomination Committee

The Committee, the Board and Council are committed to increasing gender and ethnic diversity when searching for candidates for Board, Council and other appointments.

“We ensure that the appointment of all Board and Council members delivers a balance of skills, knowledge, experience, diversity and geographical spread of members.”

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.

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. At the beginning of 2020, the split between female and male Board members was 40% to 60%. Currently, 25% of Board members are female. An appointment process for non-executive directors is ongoing, and being conducted within the context of our commitment to improving inclusion and diversity across the Institute.

Appointment process for Board directors

In the past year, the Committee undertook a process to identify, select and make recommendations to the Board and Council in relation to the appointment of a new Chair of the Institute and four non-executive directors.

This process as continued in 2021 is set out below:

Focus for coming year

In 2021, the Committee is focusing its attention for the coming months on undertaking a structured review of the succession plans for Council. This includes conducting a recruitment process for new Council members and also continuing the process for non-executive director recruitment.

Nomination Committee Chair

Ceinwen Jean Church MBE

Members

Brian Hall CDir
Sarah Soar
Nick Sturge MBE CDir
Dr Suzy Walton CDir
John Watson

New members

Deborah Davis CDir (September 2020)
Patrick Macdonald (March 2021)

Member departures

Kirsty Lloyd-Jukes (March 2020)
Charlotte Valeur (August 2020)

Role requirements

The Committee prepared detailed role specifications setting out the skills, knowledge, experience and attributes required for the role(s).

1 Search process

Under the direction of the Committee and following the outcome of a tender exercise, Mullwood Partnership, external search consultancy, was engaged to facilitate the search process.

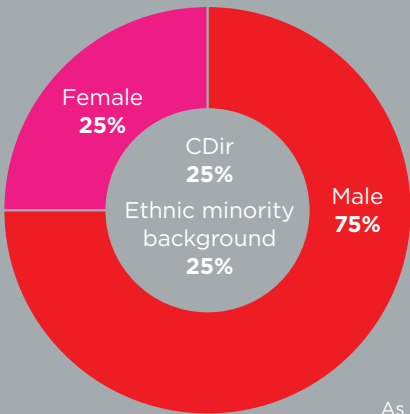
2 Review

Details of preferred candidates for the Chair role were presented to and considered by the Committee. Shortlisted candidates were invited to interview by the Committee and Board and Council members.

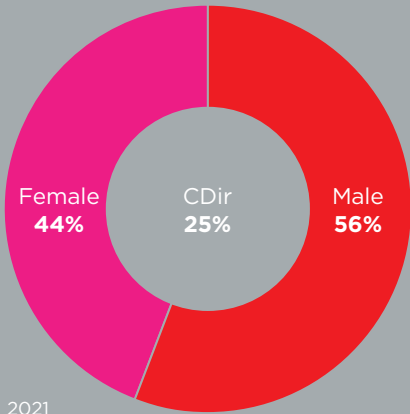
3 Recruitment

The Committee considered the feedback from interviews and made a recommendation to the Council as to the appointment of Patrick Macdonald as Chair of the Institute. The appointment was formally announced following approval by the Council.

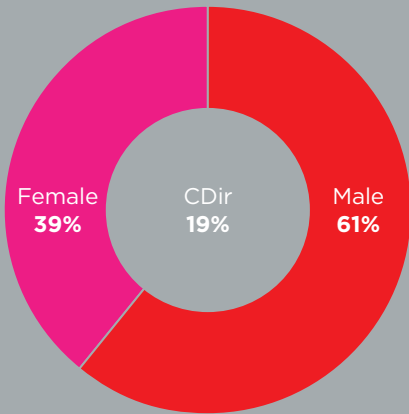
The Board



The Council



Region/Nation/Branch Chairs



Sub-committees of the Board

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

Audit and Risk Committee (ARC)
Chair

John Watson

Members

Aidan O'Carroll
Amaechi Nsofor
Dr Suzy Walton CDir

Member departures

Ellen Miller (October 2020)
David Trenchard (October 2020)

Audit and Risk Committee (ARC)

Key areas of focus

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

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

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

Committee composition and governance

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

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

Committee meetings. The Committee meets privately with external auditors and continues to be satisfied that neither is being unduly influenced by management. The Committee Chair additionally holds regular meetings with the Director General, Chief Operating Officer and other members of management 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

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.

The Committee has ensured that an engagement partner rotation took place following the AGM in 2020. In addition, the Committee considered the need for a competitive tender for the role of external auditor during the year under review, and has conducted a formal competitive tender process.

Role and responsibilities

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.



"The skills I acquired through the Diploma in Company Direction were invaluable to me in providing a toolset I could use to strategically appraise and navigate the last 12 months. One of the highlights for me this year was attending the IoD Women's Leadership Conference keynoted by one of my heroes Erin Brockovich. It is the authenticity of the IoD team within NI, the calibre of its network and its commitment to deliver continual progression and support for members that I value the most."

Jayne Brady
Incoming Head of Northern Ireland Civil Service

Sub-committees of the Board

Internal control

In 2020, the Committee continued its focus on internal control and overseeing the Management Team's progress in making recommendations for the strengthening of the control environment and improvement of reporting for branches.

The Committee has made recommendations on cash flow forecasting, which has been further strengthened during the COVID-19 lockdown and the development of stress testing scenarios, which included assumptions of timings of temporary and permanent cost savings. The cash flow forecasts, including a detailed 90-day look forward and monthly forecast, have been circulated for review on a weekly basis by the Board since March 2020.

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

Risk management

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

The Institute's approach to risk management is based on a strong governance process, including policies and procedures to ensure consistency in the reporting of risk identification throughout the monitoring, measuring,

and mitigation activities. This methodology provides comprehensive reporting and collective oversight across the Institute. All risks are assigned individual and/or group responsibility, depending on the nature of the risk itself. In addition, risks are assessed against the risk appetite framework, the residual risk that the Institute is willing to accept in order to deliver its charter objects, in order to ensure the risk is within acceptable levels.

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 HR Director and General Counsel, include an independent and confidential whistleblowing service provided by a third party.

Focus for the year

During the rest of the year in 2021, the Committee will continue to focus on the processes through which the Board identifies, assesses, monitors, manages and mitigates risk, particularly in light of the Institute's current financial position due to the COVID-19 outbreak, uncertainty arising from the UK's decision to leave the EU, as well as a continued membership decline. The Committee will also continue to monitor key risk areas for the business, particularly, but not limited to, general data privacy regulation compliance, cyber security and health and safety.

Remuneration Committee

The Remuneration Committee has delegated responsibility for designing and determining remuneration for the Director General, executive directors and the next level of senior management. The Committee reviews and makes recommendations on the remuneration and benefit structures within the organisation.

During the past year, the Committee continued to be chaired by Deborah Davis. The Committee has conducted a full total remuneration strategy review aligned with restructuring activity within the organisation. The review included matters such as the Institute's remuneration policy and incentives, any pay principles applied across the organisation, base pay, benefits, and all aspects of financial and non-financial reward. The outcome of the first part of the review was considered and approved by the Committee and the Board in November 2020.

Chair

Deborah Davis CDir

Members

Femi Bamisaiye

Dr Suzy Walton CDir

New members

Patrick Macdonald (March 2021)

Member departures

Kirsty Lloyd-Jukes (March 2020)

Charlotte Valeur (August 2020)

"I went from managing digital transformation projects to being the managing director of a business – that was both a huge leap and a change in areas of responsibility, everything from clients, governance, the Board, you name it – and that's when someone mentioned the IoD to me. I went to the website and immediately joined. It felt like the right place where I could develop all the skills that a better director needs – my journey with the IoD has been really good."

Sarbani Bose
Managing Director, Ei Square Ltd

Sub-committees of the Board

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 on employee reward, incentives and conditions, and support the latter's monitoring of whether the Institute's policies and practices support culture and strategy.

Focus for the coming year

In the first half of 2021, the Committee has focused on the review and design 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 package fits with what an employee would expect from a modern organisation.

Membership Committee

Recent changes in the IoD structure, and a more integrated approach to professional development and membership, have presented a good opportunity to review the structure of the Membership Committee, to ensure it continues to deliver value to members and the IoD executive alike. The Committee is due to reconvene with a re-aligned purpose and refreshed membership in due course.

Accreditation and Standards Committee (ASC)

The Accreditation and Standards Committee is chaired by Dr Suzy Walton (Non-Executive Director) and members of the Committee are appointed by the Board. The ASC

sets the educational competencies and standards for directors and boards, oversees the standards for external accreditation providers and maintains and protects the integrity of professional standards for candidates for the principal professional assessments conducted by and under the auspices of the Institute. The ASC met two times during 2020 and has focused on the following areas: Diploma Syllabus Review, Academic Progression Policy, Chartered Director Assessment Review, CPD and PD Strategy.

The ASC oversees the work of the Assessment Committee, 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 code of conduct and CPD requirements for 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 for resolution where integrity is not being maintained.

Chair

Dr Suzy Walton CDir

Members

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

Institute Secretary

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

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

Institute Secretary

Kristina Lewis

Management Team

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

Current members

Jonathan Geldart
Natalie Sykes CDir
Esther Teeken (January 2021)
Dr Roger Barker (January 2021)

Departed members

Malcolm Cannon (December 2020)
Jim Jordan (July 2020)
Victoria Taylor (December 2020)

"Positively, the pressures of COVID-19 have brought unity and people together who normally wouldn't socialise. At a granular level, it has forced us to break down barriers thus highlighting the diversity of challenges that many people face not just now, but had faced before March 2020. As a result we are privy to other points of view that previously may not have been open to consider."

Alexandra Mancini
Co-chair D&I Advisory Group, IoD Scotland

Statement of Board responsibilities

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

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

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

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

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

Each Board member confirms that:

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

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



“The IoD has been great at championing the voice of small businesses during the crisis. Continuing to focus on business support, training and lobbying the government will be important for the next 12 months. It’s a big brief, but I’m sure they’re up to it.”

Andi Jarvis
Strategy Director, Eximo Marketing Ltd

IoD Chairs

Regions and Nations

East Midlands
Gary Headland DL

East of England
Biplab Rakshi

London
Alastair King

Northern Ireland
Gordon Milligan

North West
Steve Bennett

Scotland
Aidan O’Carroll

South
Faisal Khan

South West
Muir Macdonald CDir

Wales
Richard Selby

West Midlands
Brian Hall CDir

Yorkshire & the North East
Delroy Beverley

Branches

Aberdeen
Sarah Downs

Berkshire
Raj Singh

Black Country & Staffordshire
Ian Priest

Bristol
Vacant

Buckinghamshire
Nigel Robinson

Cambridgeshire
Carolyn Rand

Central London
Interim: Reena Dayal

Central Scotland
Interim: Neil Bradbrook

Cheshire
Vacant

City of London
Interim: John Mclean OBE

Coventry & Warwickshire
Dean Kavanagh CDir

Cumbria
Vacant

Derbyshire & Nottinghamshire
Dr Rona Mackenzie

East Yorkshire
Debra Leeves

Edinburgh
Julie Ashworth

Essex
Alison Shadrack

Fife & Tayside
Ian Collins

Glasgow
John Anderson

Greater Birmingham
Andy Wilkinson

Guernsey
Wendy Dorey CDir

Hampshire & the Isle of Wight
Aileen Ryan

Hertfordshire
Vacant

Highlands & Islands
Donald Forsyth

Isle of Man
Jennifer Houghton

Jersey
Lisa Springate

Kent
Nigel Earnshaw CDir

Lancashire
Vacant

Leicestershire & South East Midlands
Sarah Canning

Lincolnshire & Rutland
Michelle Allison

Liverpool
David Wafer

Manchester
Vacant

Mid Wales
Gareth Jarman

Norfolk
Vacant

North East North
Ammar Mirza CBE

North East South
Karl Pemberton CDir

North Yorkshire
Interim: Caroline Pullich

North Wales
David Roberts

Oxfordshire
Mark Johnson CDir

South Scotland
Paul Houlden

South Yorkshire
Victoria Clarke Brown CDir

South Wales
Damian Joseph Bridgeman

South West Wales
Debra Bowen Rees

Suffolk
Interim: John Cockburn-Evans

Surrey
Sue Lawrence CDir

Sussex
Michele Augousti

West Yorkshire
Poonam Kaur

Worcester & the Marches
Vacant

International branches

Belgium
Mark Cunningham

Bermuda (Co-Chairs)
Michelle Cardwell
Sara Schroter CDir

China
Lutao Ning

Cyprus
Evdokimos Xenophontos

Malta
Edwin Ward

Monaco
William Easum

Affiliated bodies

IoD, Hong Kong
CEO: Carlye Tsui

IoD, Republic of Ireland
CEO: Maura Quinn CDir



“The IoD continues to be a voice for all directors, representing us both locally and nationally. It really is a membership organisation for individuals, getting the opinions that matter to the table of government and making a difference for you and your business.”

Julie Ashworth
Founder, owner and Managing Director, Broadreach Retail

Objects of the Institute of Directors' Royal Charter

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

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

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

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

