

NZSA Policy No 15 – Future Directors

Application: This policy applies to all NZX listed companies.

Purpose: NZSA maintains a range of policies to positively influence the behaviour of all participants in the NZX listed company sector. These policies should be read in the context of the NZSA Policy Framework Statement.

Statement No 15:

This policy document replaces the previous NZSA policy document dated July 2018. Key changes in this update include a broadening of the scope of who may be considered as a future director.

1.0 Policy: Future Directors

- 1.1 The Association believes that NZX50 companies should be developing future Directors by allowing their CEO or other appropriate senior executives to take part in the *Future Directors Programme* or any other appropriate governance development programme.
- 1.2 NZSA also expects any NZX50 company to participate in the Programme by appointing a Future Director, Board Observer or individual from any appropriate governance development programme to their Board.

2.0 Commentary

- 2.1 The NZX has approximately 130 New Zealand domiciled companies. With each company having between 3-7 Directors, the total number of Directors governing NZX-listed companies is just over 700 (as of end-2021).
- 2.2 A number of Directors hold more than one Directorship, so the individual number of listed company Directors around 550 as of December 2021.
- 2.2 NZSA believes that a growing and diverse pool of Directors is in the long-term interests of both organisations and shareholders.
- 2.3 Whilst diversity is important it is one of many elements to consider in having the best

qualified persons on a Board.

- 2.4 NZSA recognises that organisations may have their own director development programmes in place, associated with either executive professional development or other external programmes. These may include schemes run by IPENZ or other professional bodies.
- 2.5 NZSA would not wish a Board Observer or Future Director to ‘stifle’ conversation on a Board. To overcome this, it is critical for the Director to play a full role in the cultural ethos of the Board, to ensure ongoing trust and confidence.
- 2.6 The Future Directors Programme is administered by (but separate to) the Institute of Directors. It aims to “...develop the next generation of directors and prepare them to positively transform their organisations, communities and New Zealand.”

3.0 Key Regulatory Requirements

none

References

Future Directors Programme: <https://www.futuredirectors.co.nz/Default.aspx>

Definitions

none

Related Policies

17 – Board Composition

Document Control

This document was approved by the NZSA Board: **Mar 2022**

This document is effective from: **Jan 2022**

The next planned review date is: **Mar 2025**