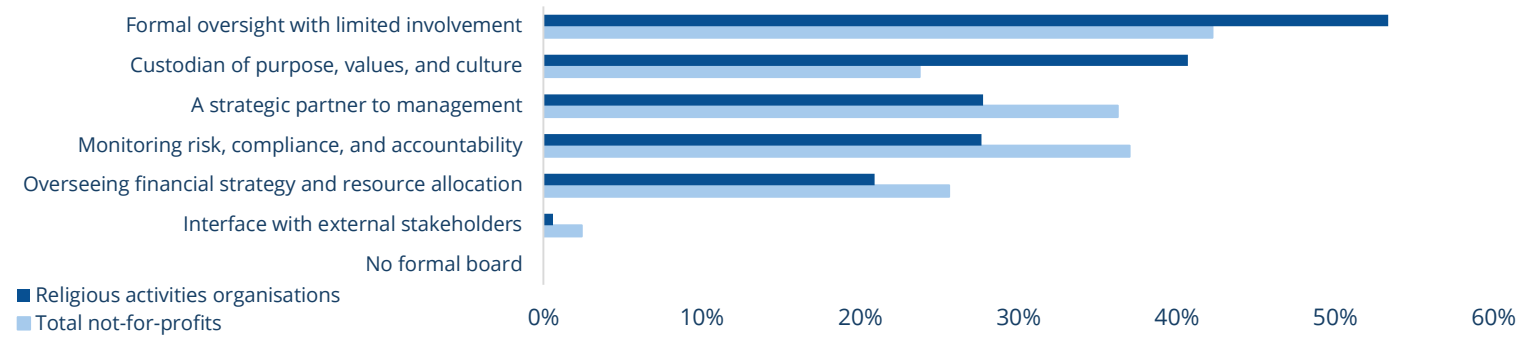


Section 1: Purpose-led Governance and Board Leadership

Primary Purpose of Board



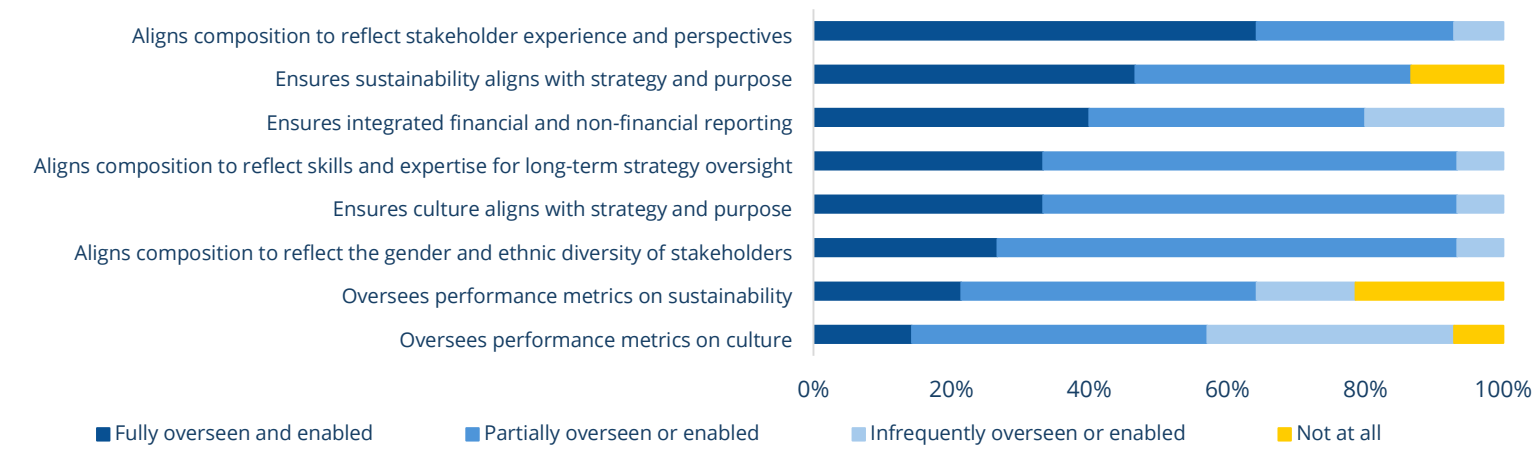
CEOs most frequently identify their board's primary purpose as formal oversight with limited involvement (53%), followed by custodian of purpose, values, and culture (41%). CEOs could select up to two roles, as boards may have more than one primary purpose (total selections >100%). Religious activities organisations were 17 percentage points more likely than total not-for-profits to report 'custodian of purpose, values, and culture' as their board's primary purpose.

Board and management alignment



Alignment between boards and management understanding and respecting their roles is generally strong, with 31% of CEOs stating that the roles are completely aligned. However, some organisations may still face risks associated with role ambiguity or boundary overlap. It highlights an opportunity to enhance role clarity and optimise governance effectiveness. Religious activities organisations are 8 percentage points more likely to report that board and management roles are mostly unaligned.

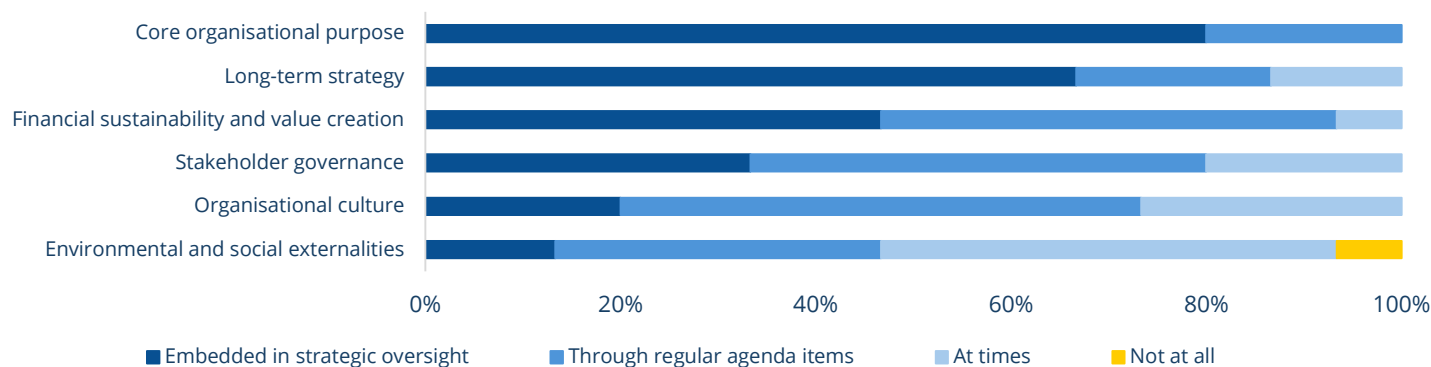
Board structure and composition for effective governance



Boards most commonly report that their structure aligns composition to reflect stakeholder experience and perspectives (64%) and ensures sustainability aligns with strategy and purpose (47%). In contrast, fewer report that their board structure oversees performance metrics on sustainability (21%) and oversees performance metrics on culture (14%), highlighting an opportunity to strengthen how board structures support broader organisational priorities. Religious activities organisations are 15 percentage points less likely to report that their board fully aligns composition to reflect the gender and ethnic diversity of stakeholders.

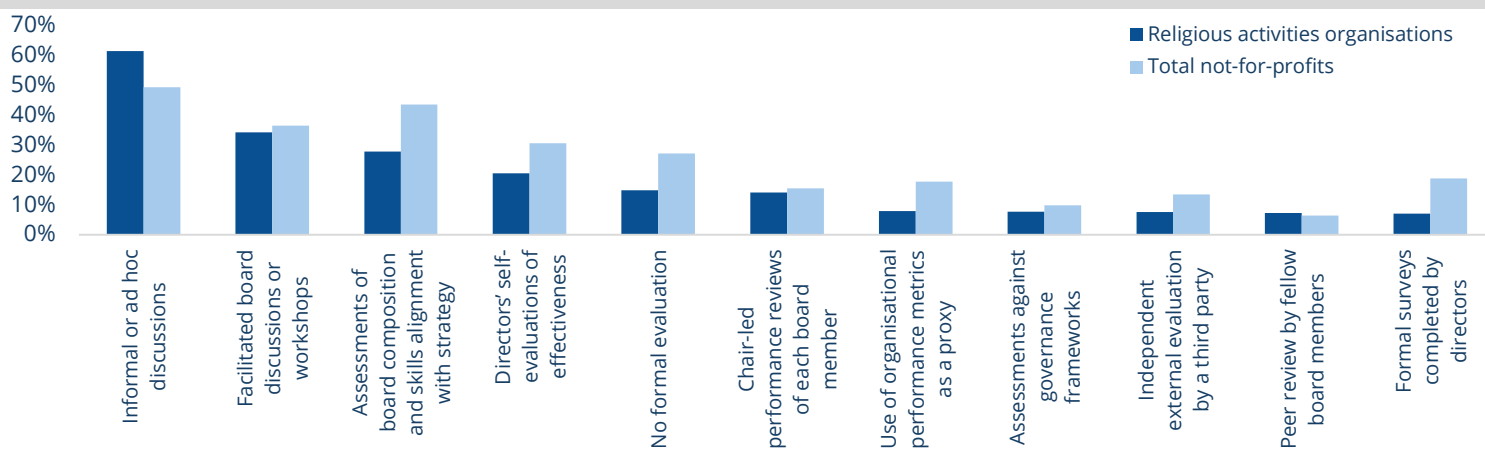
Religious activities: 15 CEOs

Extent of formal board oversight across key areas



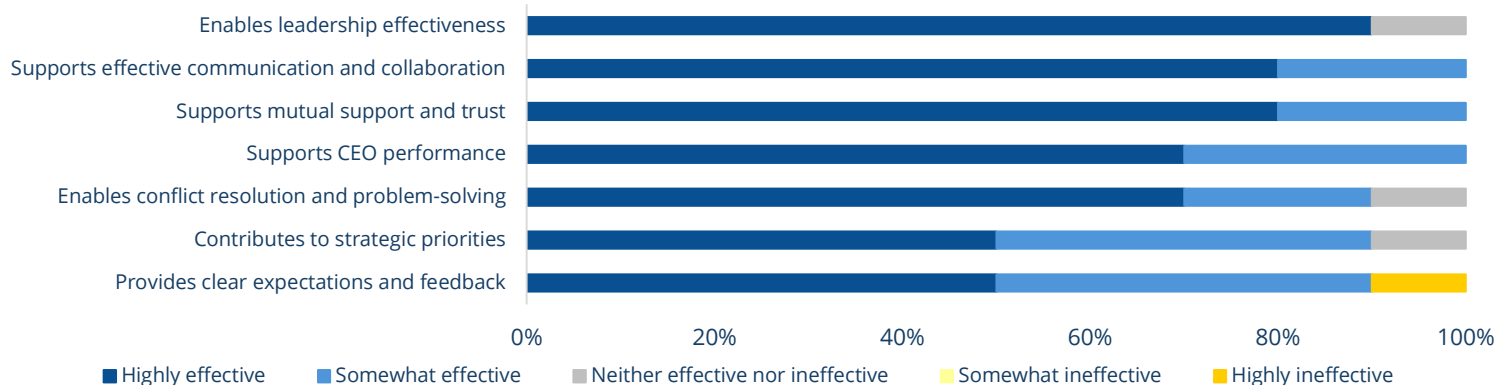
Many boards embed oversight of core organisational purpose (80%), long-term strategy (67%), and financial sustainability and value creation (47%) within strategic oversight. However, fewer boards embed stakeholder governance (33%), organisational culture (20%), and environmental and social externalities (13%), highlighting an opportunity for organisations to more consistently integrate factors that influence strategy, risk, and long-term value. Religious activities organisations are more likely to report that their board embeds core organisational purpose into strategic oversight.

Board methods of evaluating own governance and oversight effectiveness



While organisations routinely evaluate management and organisational performance, board governance itself is often assessed more informally. With 61% relying on informal or ad hoc discussions and 34% using facilitated board discussions or workshops, many boards have an opportunity to strengthen oversight and better enable organisational performance by adopting more formal, objective evaluation methods. Religious activities organisations are less likely to rely on 'assessments of board composition and skills alignment with strategy'.

Effectiveness of CEO–chair relationship



The CEO–Chair relationship is central to governance, sitting at the interface between board and management and shaping oversight, communication, and strategic alignment. CEO–Chair relationships are generally strong: 90% of CEOs rated the chair "highly effectively" 'enables leadership effectiveness', followed by 'supports effective communication and collaboration' (80%), and 'supports mutual support and trust' (80%). The lower ratings for 'contributes to strategic priorities' and 'provides clear expectations and feedback' indicate opportunities to strengthen these relationships to enhance the CEO's ability to lead optimally.

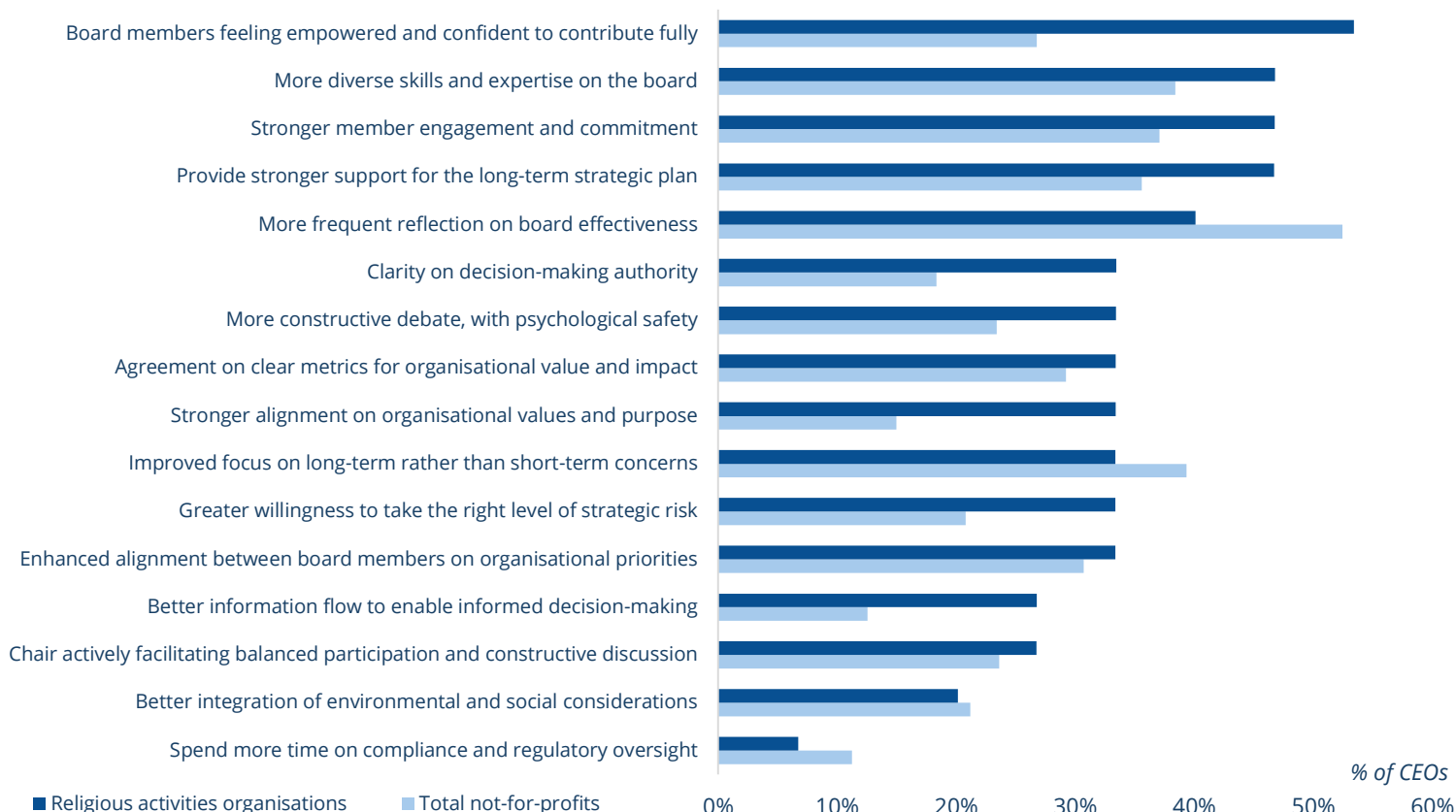
Religious activities: 15 CEOs

Board effectiveness in enabling organisational purpose



Even some of the strongest boards have room for improvement: 36% of CEOs rate their board as 'highly effective' in supporting long-term orientation, followed by 36% in supporting alignment of organisational culture with purpose and strategy, and 36% in supporting social sustainability (worker rights, fairness and equity). More than 64% of boards are not highly effective in enabling organisational purpose in these factors; if these are not addressed, they risk leaving value on the table. Religious activities organisations are less likely than total not-for-profits to rate highly on 'supporting oversight of compliance and organisational risks' in enabling organisational purpose.

Areas the board could more effectively support and enable leadership

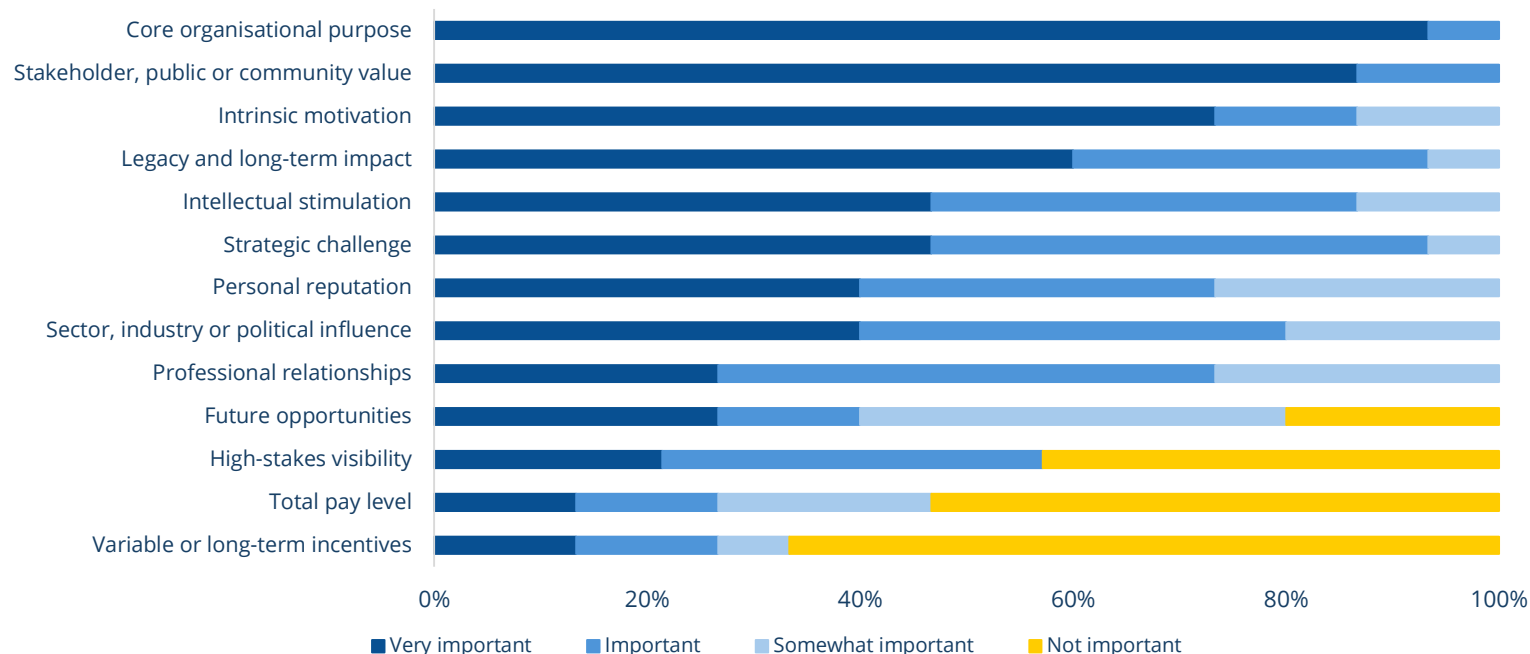


CEOs view board effectiveness as an important contributor to organisational performance. CEOs identify that boards could more effectively support and enable leadership, with 53% highlighting board members feeling empowered and confident to contribute fully, 47% more diverse skills and expertise on the board, and 47% stronger member engagement and commitment. Religious activities organisations are 27 percentage points more likely than total not-for-profits to identify board members feeling empowered and confident to contribute fully to enable organisational purpose as an area for improvement.

Religious activities: 15 CEOs

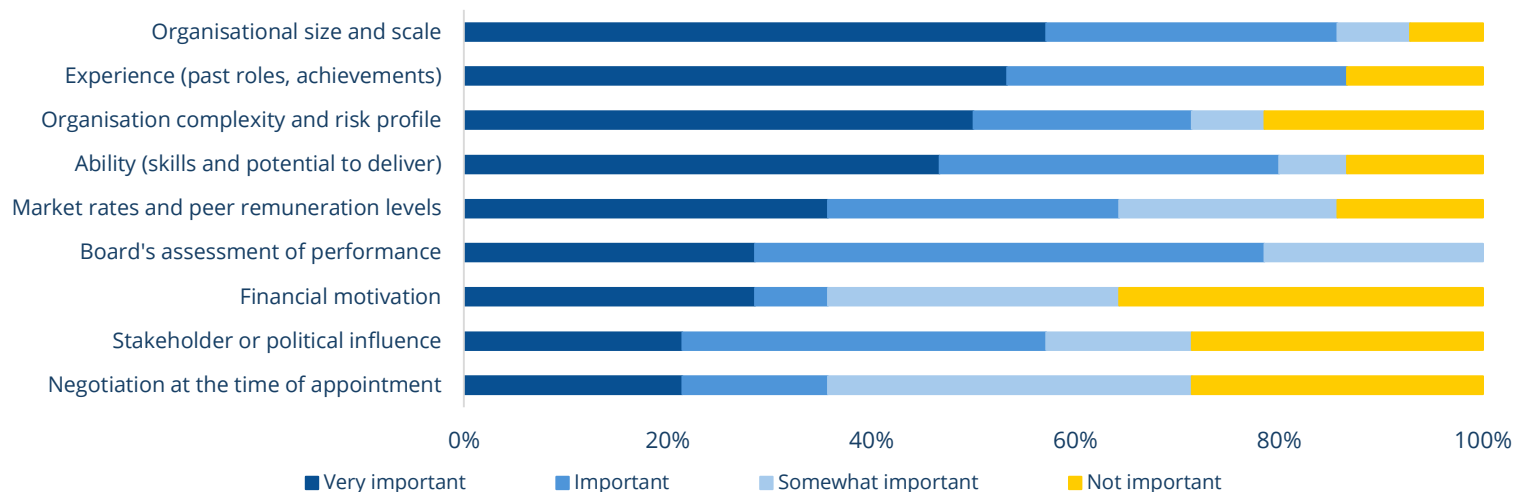
Section 2: CEO Personal Motivation, Values, and Alignment

Personal CEO motivations



CEO motivation is an important issue that has not been studied directly by asking CEOs. Attracting and retaining the right CEO is an important governance issue. The existing literature does not directly measure CEO motivation, instead inferring it from incentive structures (such as compensation design), observed CEO behaviour (e.g. risk-taking or earnings management), and governance outcomes (e.g., pay-performance sensitivity or compensation levels). CEO responses suggest that purpose-driven and intrinsic motivations rank highest, followed by reputation-related motivations, while financial or visibility-related factors are least prominent. Specifically, 93% of CEOs rated core organisational purpose as very important, followed by stakeholder, public or community value (87%) and intrinsic motivation (73%), whereas only 13% rated total pay level and 13% rated variable or long-term incentives as very important motivators.

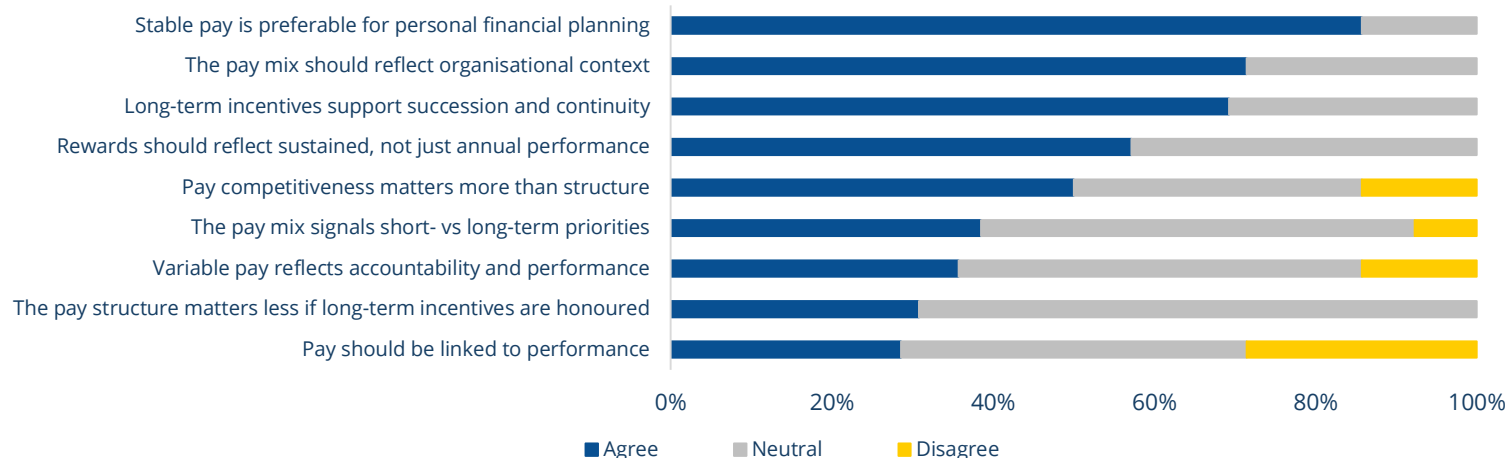
Key factors CEOs view as determinants of their pay



While the literature emphasises market benchmarks, managerial bargaining power, and incentive alignment, CEOs instead view pay as primarily driven by perceived individual ability and board judgment, with relatively little importance placed on negotiation or financial motivation. Specifically, 57% rating organisational size and scale, 53% experience (past roles, achievements) and 50% organisation complexity and risk profile as very important determinants of pay, compared with 29% for financial motivation, 21% for stakeholder or political influence and 21% for negotiation at the time of appointment. CEOs view remuneration as recognition of the strategic value they are expected to create and the risks they assume in delivering organisational outcomes. Religious activities organisations are 21 percentage points less likely than total not-for-profits to consider the board's assessment of performance as a key determinant.

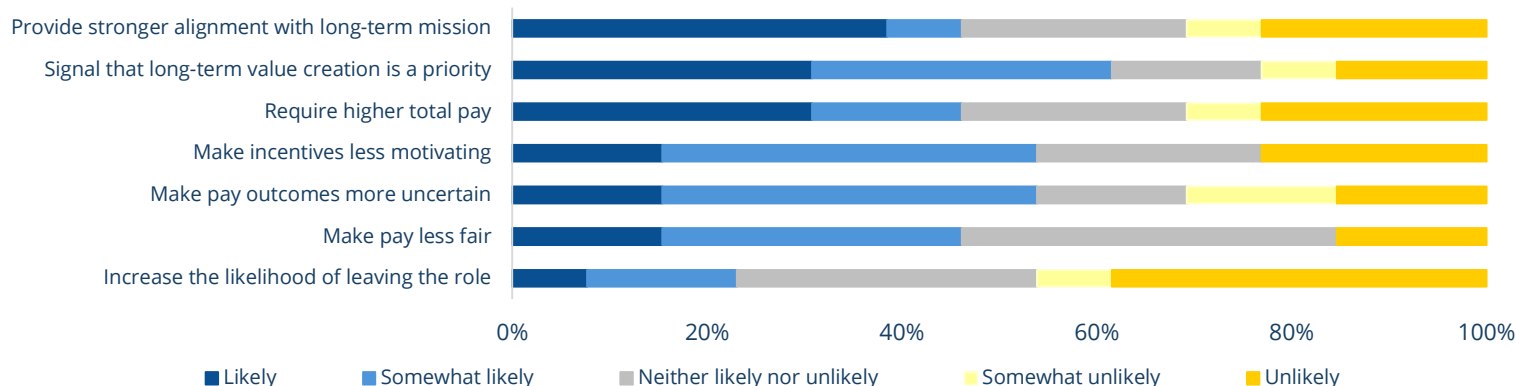
Religious activities: 15 CEOs

CEO's views on fixed and variable pay



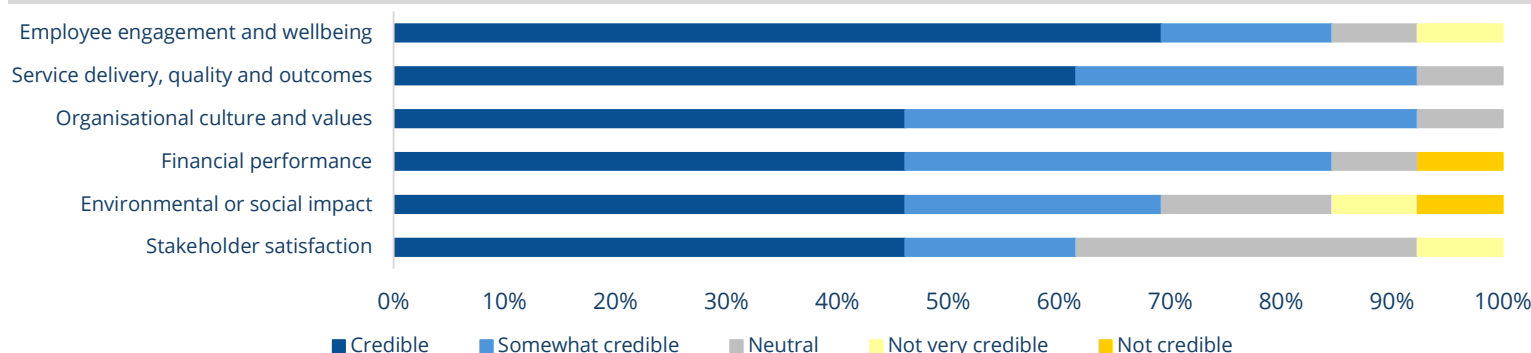
Most CEOs agree that 'stable pay is preferable for personal financial planning' (86%), that 'the pay mix should reflect organisational context' (71%), and that 'long-term incentives support succession and continuity' (69%). Not-for-profit CEOs are 26 percentage points more likely than for-profit CEOs to agree that stable pay is preferable for personal financial planning, showing a stronger preference for income predictability, likely reflecting lower, more constrained remuneration levels. Overall, CEO responses show no evidence of self-interested, short-term, or rent-extractive behaviour assumed in the academic literature.

CEO perspective on the impact of current incentives being made longer-term



Most CEOs agree that longer-term incentives tend to 'provide stronger alignment with long-term mission' (46%) and 'signal that long-term value creation is a priority' (62%). Despite academic research suggesting executives prefer more immediate pay, CEOs are most neutral that they 'make pay less fair' and 'increase the likelihood of leaving the role'. Many said it is unlikely or somewhat unlikely that it would 'increase the likelihood of leaving the role'.

CEO's views on the credibility of pay-linked KPIs for their own performance

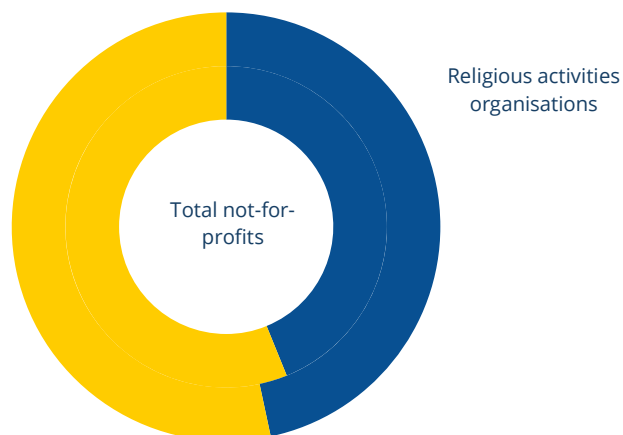


CEOs believe that pay-linked KPIs are most credible for 'employee engagement and wellbeing' (69%) and 'service delivery, quality and outcomes' (62%), moderately credible for 'organisational culture and values' (46%) and 'financial performance' (46%), and least credible for 'environmental or social impact' (46%) and 'stakeholder satisfaction' (46%). Many see these measures as somewhat credible, with very few rating any measure as not credible. Religious activities organisations are 19 percentage points more likely than total not-for-profits to agree that environmental or social impact are a credible and fair way to assess CEO performance.

Religious activities: 15 CEOs

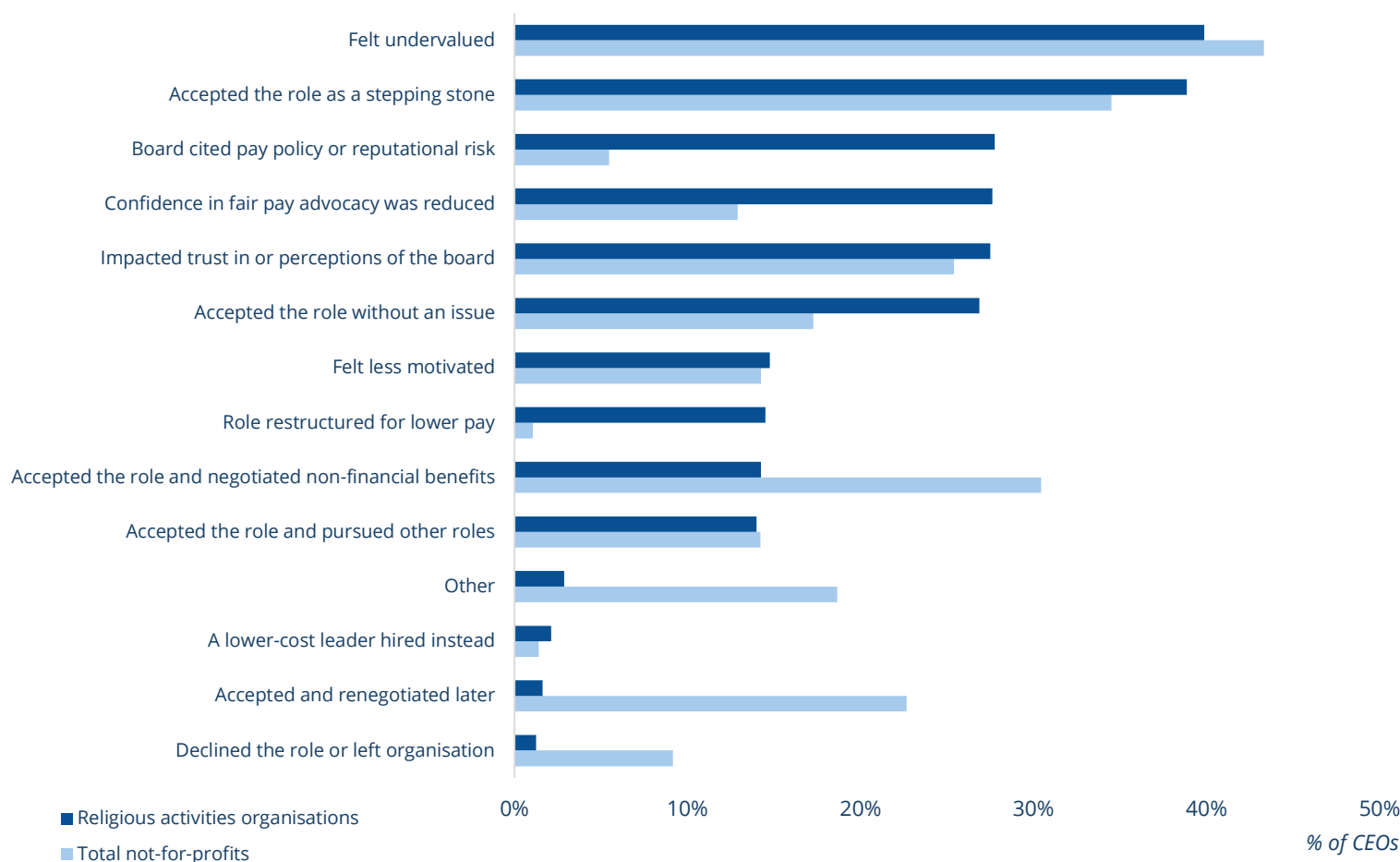
CEOs offered below-expected remuneration during their time in leadership

- Not offered below-expected pay
- Offered below-expected pay



A key governance signal is potential misalignment between CEO remuneration and candidate expectations, creating attraction, retention, and leadership continuity risk. During their time in leadership, 53% of CEOs reported experiencing total pay offers below what they felt was appropriate, often leading to career-management responses, whereas 47% did not. CEOs in religious activities organisations were as likely as total not-for-profits to have been offered below-expected pay.

Leader consequences of lower-than-expected pay offers

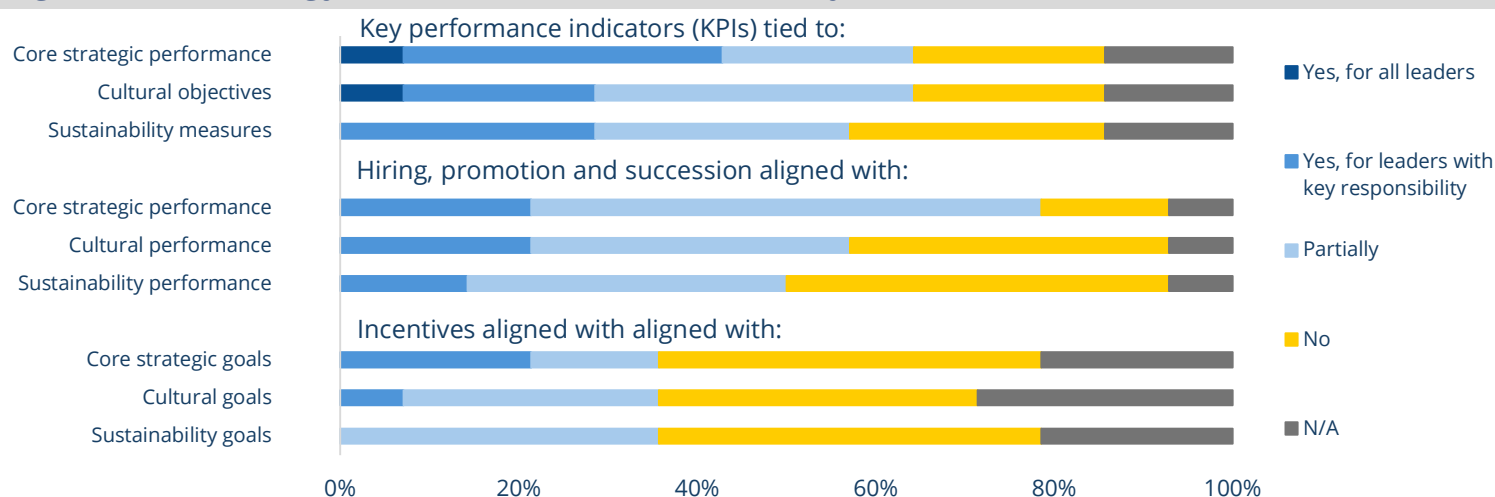


Boards risk weaker leadership quality, poorer strategic continuity, and reduced ability to attract and retain capable CEOs when pay is set below appropriate market levels. The most common responses for CEOs who received lower than expected pay offers included that they felt undervalued (40%) and accepted the role as a stepping stone (39%), highlighting that executives often respond to perceived underpayment by managing their career trajectory around it, with potential implications for longer-term commitment and board-CEO alignment. CEOs in religious activities organisations were 22 percentage points more likely than total not-for-profits to have a board cited pay policy or reputational risk.

Religious activities: 15 CEOs

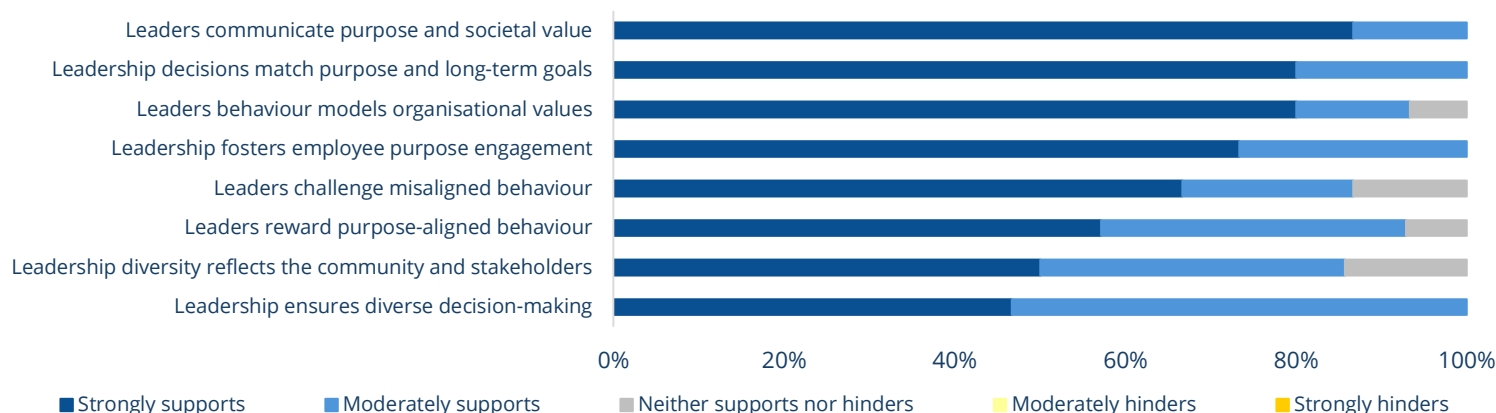
Section 3: Executive and Senior Leaders Signals, Pay and Incentives

Signals of strategy, culture, and sustainability for executive & senior leaders



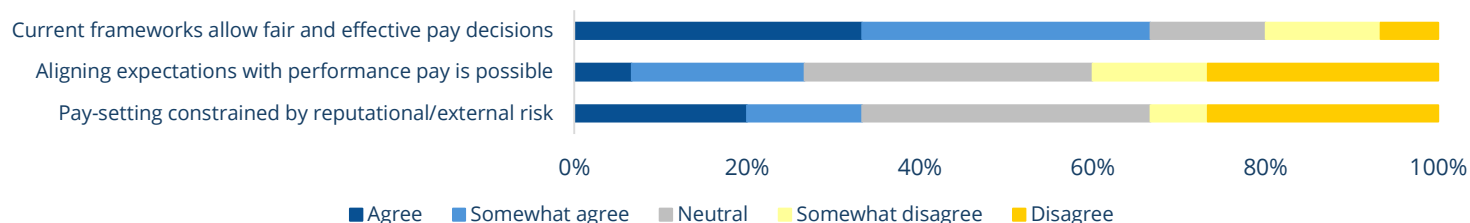
Leadership incentives, KPIs and succession decisions aligned with sustainability, culture and strategy are social and governance mechanisms as they determine how effectively leadership behaviour is shaped, monitored and held accountable for delivering organisational purpose and sustained value creation. 21%–43% of CEOs integrate core strategic performance into executive hiring, promotion, succession and KPIs, compared with 21%–29% for culture and 14%–29% for sustainability. Reward systems have a stronger focus on strategic goals rather than their execution (culture) or being a responsible citizen (sustainability).

Senior leader behavioural alignment with organisational purpose and values



Alignment between leadership behaviour, decision-making and representation influences organisational trust, inclusivity and long-term effectiveness. Between 80% and 87% of CEOs report that senior leaders strongly support organisational purpose through communication, modelling and decision-making. In comparison, only 50% believe leadership diversity reflects the community and stakeholders, and 47% say leadership ensures diverse decision-making, highlighting an opportunity to align behaviour and structural inclusivity.

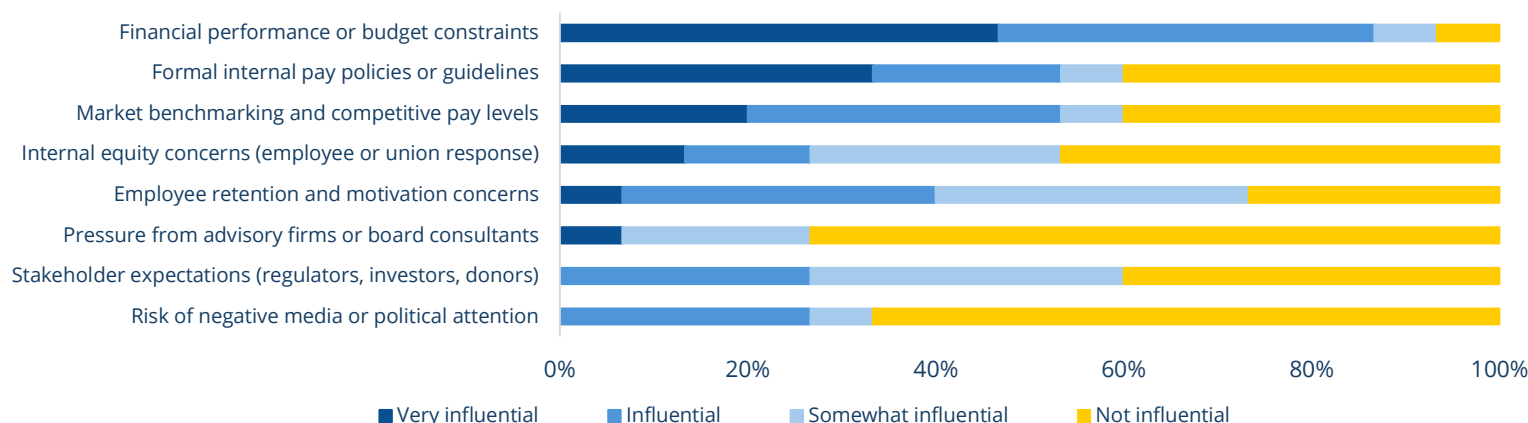
Executive remuneration framework effectiveness



Effective remuneration systems are important because they support fair, performance-linked pay, strengthen accountability, and help align leadership behaviour with organisational objectives while maintaining trust in social and governance processes. 67% of respondents agree or somewhat agree that current frameworks support fair and effective pay decisions, and 27% agree or somewhat agree that expectations can be aligned with performance pay. In contrast, 33% perceive pay-setting to be constrained by reputational or external risk.

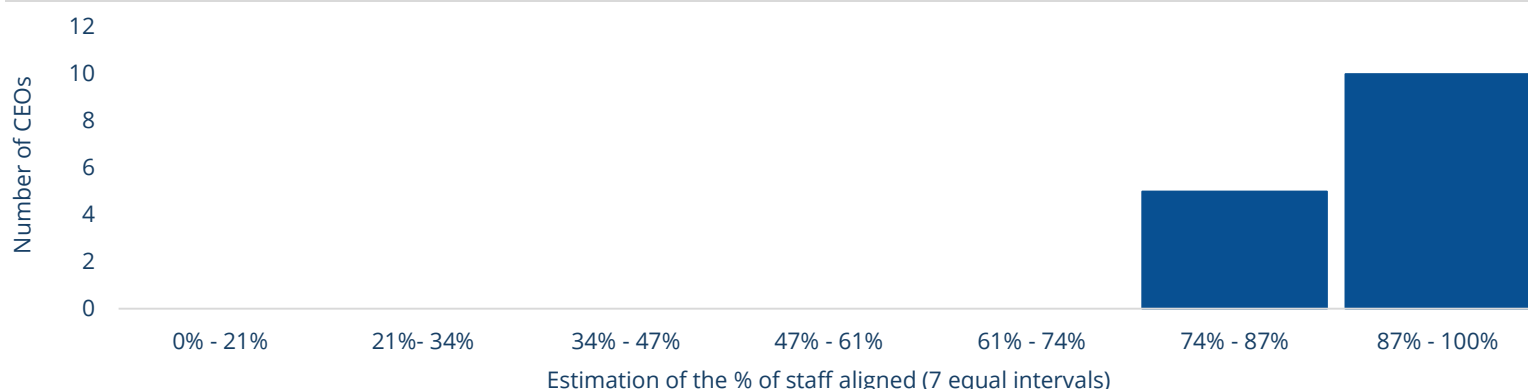
Religious activities: 15 CEOs

Factors influencing executive or senior leader pay decisions



Executive and senior leader pay decisions are driven primarily by governance factors, including financial performance, benchmarking, stakeholder expectations and formal pay policies, which reflect how boards exercise oversight, manage accountability and align remuneration with organisational objectives. Social factors are also evident, with employee retention, motivation and internal equity concerns reflecting workforce and cultural implications of executive pay decisions, including fairness, trust and cohesion. Comparatively, external pressures such as advisory firms, media or political risk have limited influence. CEOs in religious activities organisations were 17 percentage points more likely than total not-for-profits to cite formal internal pay policies or guidelines.

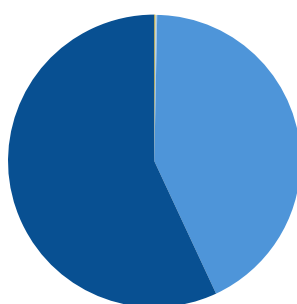
Percentage of staff motivated by sustainability goals



The majority of CEOs believe that staff are highly aligned with the organisation's purpose, including social, environmental, and broader stakeholder objectives, with the average CEO estimating alignment at around 91% of all staff. This percentage is meaningful because it indicates the extent to which that purpose is embedded in employee behaviour, shaping execution capability, cultural coherence, and the credibility of the organisation's ESG commitments.

Willingness to support culture shift for sustainability goals

- Not at all open to change
- Minimally open to change within current norms
- Moderately open to change with structured plans
- Fully open to transformational change



An organisation's willingness to pursue cultural change for sustainability is important because it signals whether environmental and social commitments can be embedded in organisational behaviour and governance, rather than remaining at the level of policy or reporting. 100% of organisations are willing to pursue cultural change to support sustainability goals, with 43% favouring structured change and 57% open to transformational change. Because willingness is high, organisations may benefit from targeted support such as practical tools for embedding sustainability, leadership guidance, and staff or board training to enable deeper, systemic change. CEOs in religious activities organisations were 6 percentage points less likely than total not-for-profits to be minimally open to change within current norms.

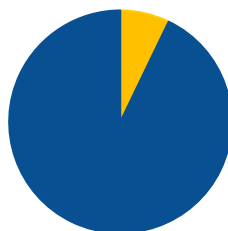
Religious activities: 15 CEOs

Section 4: Sustainability Strategy and Investment Priorities

Impact of **environmental** and **social** investments on organisational value

Do not add value

Add value



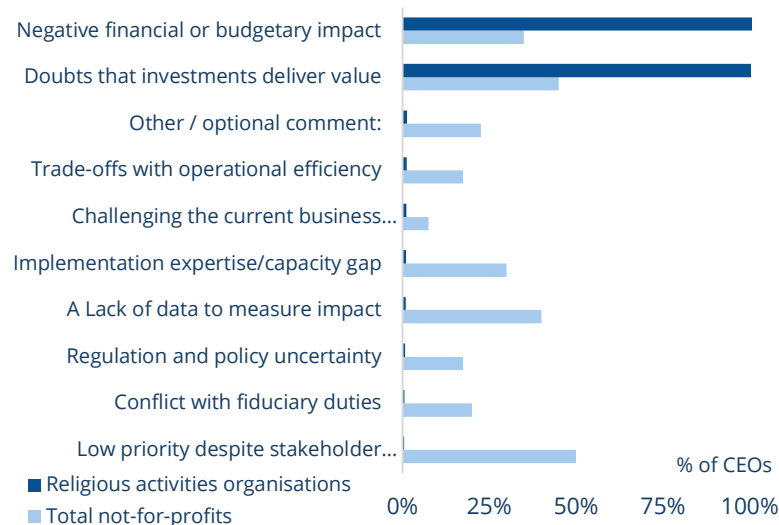
The majority of CEOs (93%) believe investing in environmental and social practices enhances their organisation's value, while 7% say it does not. This highlights that most CEOs view environmental and social practices as value-enhancing, reinforcing their role as a core driver of long-term strategic decision-making rather than a peripheral concern. CEOs in religious activities organisations were 0 percentage points more likely than total not-for-profits to believe these practices add value.

Reasons sustainability adds value



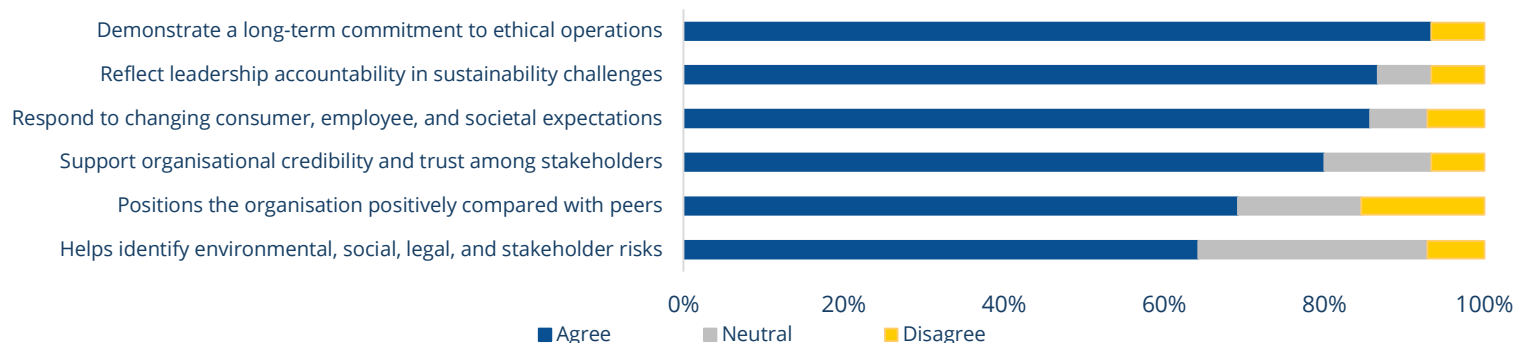
93% of CEOs say sustainable practices enhance their organisation's value, primarily due to ethical responsibility (85%) and integration into operations (62%). CEOs in religious activities organisations were 20 percentage points less likely to believe these practices aid in regulatory preparedness.

Sustainability does not add value due to:



7% of CEOs do not believe that sustainable practices enhance organisational value, primarily due to negative financial or budgetary impact (101%) or doubts that investments deliver value (100%). Religious activities organisations were 66 percentage points more likely to note the negative financial or budgetary impact.

Agreement with statements on sustainable business practices

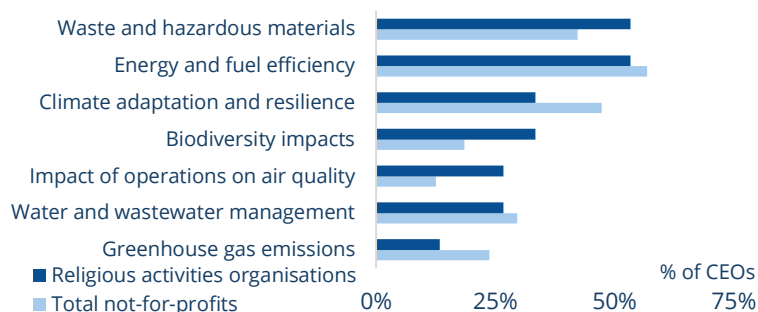


The majority of CEOs agree that sustainable practices demonstrate a long-term commitment to ethical operations (93%), reflect leadership accountability in sustainability challenges (87%) and support organisational credibility and trust among stakeholders (80%). Sustainable business practices are viewed as an integrated driver of competitiveness, stakeholder trust, and risk management, rather than a peripheral activity.

Religious activities: 15 CEOs

Material **environmental** factors driving strategic priorities and long-term value

Environmental sustainability factors



CEOs view waste and hazardous materials (53%) and energy and fuel efficiency (53%) as primary environmental drivers of value. Religious activities organisations are more likely to view biodiversity impacts as material.

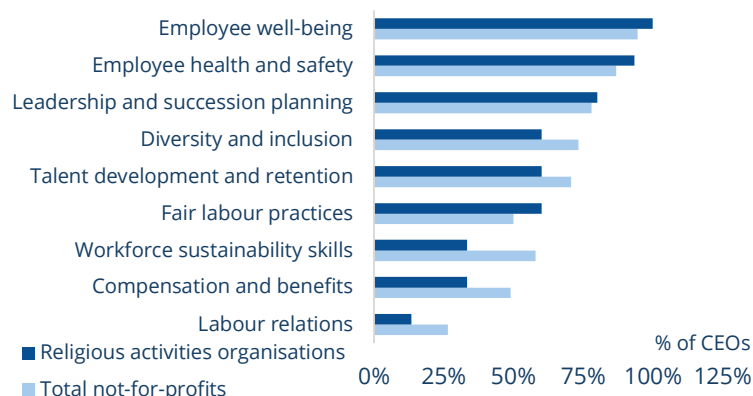
Product and supply chain sustainability factors



CEOs view end-of-life recycling or circularity (53%) and supply chain resilience (27%) as the primary drivers of long-term value. Religious activities organisations are more likely to view end-of-life recycling or circularity as material.

Material **social** factors influencing strategic priorities and long-term value

Workforce sustainability factors



CEOs view employee well-being (100%) and employee health and safety (93%) as the top workforce sustainability value drivers. Religious activities organisations are less likely to see workforce sustainability skills as material.

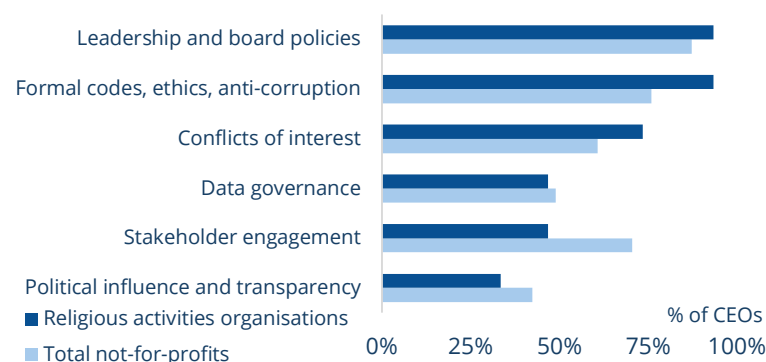
Stakeholder sustainability factors



CEOs view community relations (100%) and human rights (73%) as primary social stakeholder drivers of long-term value. Religious activities organisations are less likely to view responsible marketing as material.

Material **governance** factors

Governance sustainability factors



CEOs view 'leadership and board policies' (93%) and 'formal codes, ethics, anti-corruption' (93%) as the primary governance drivers of long-term value. Religious activities organisations are less likely to consider 'stakeholder engagement' as material.

Approach to sustainability strategy

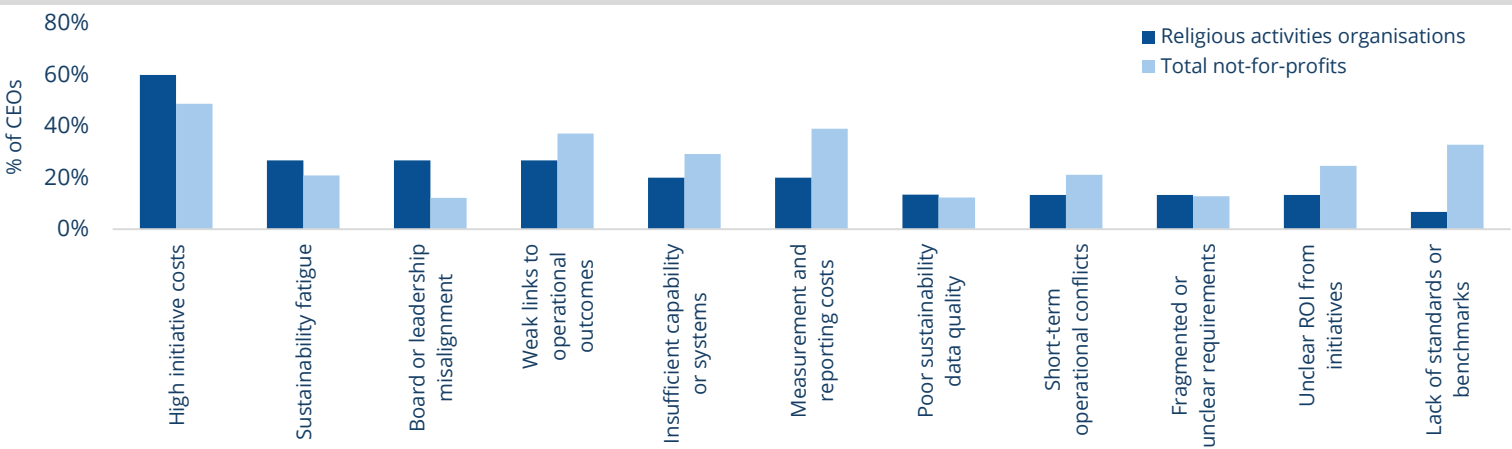
Religious activities organisations



The most common approach to sustainability is none: no formal sustainability approach or initiatives (41%).

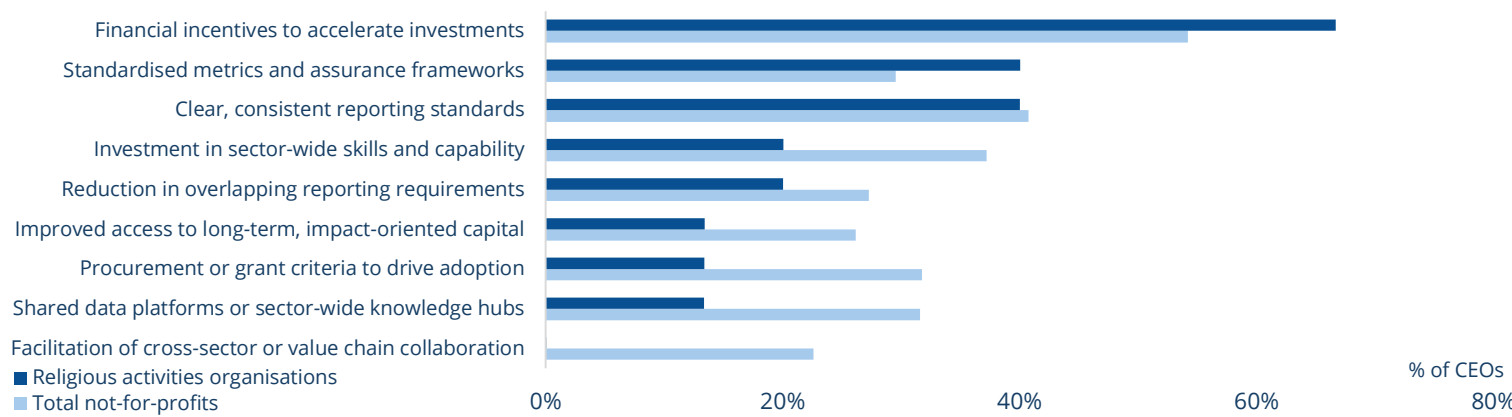
Religious activities: 15 CEOs

Key barriers to integrating sustainability into strategy and operations



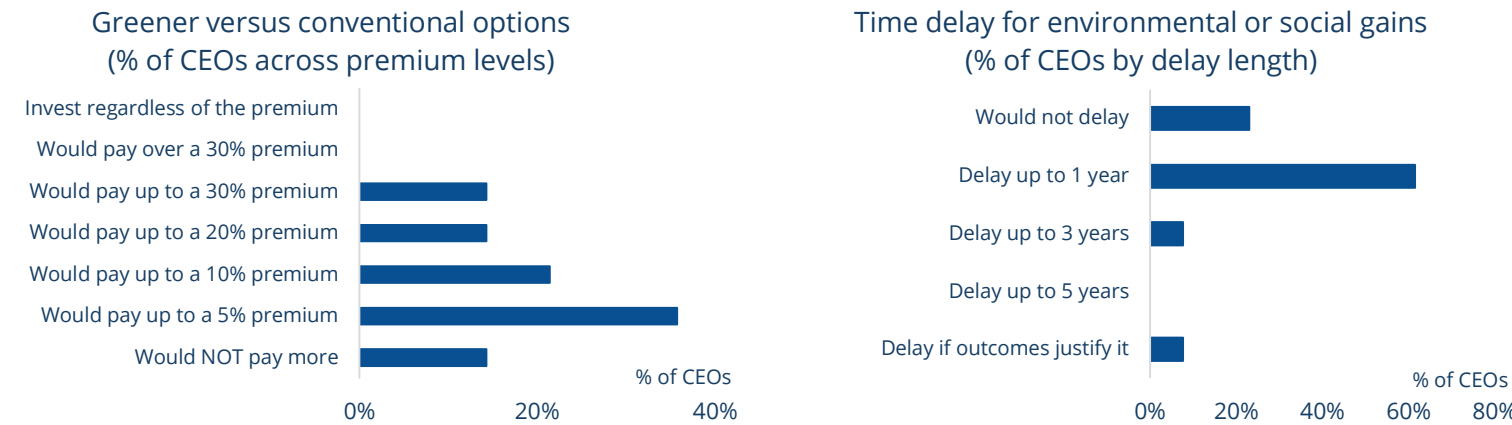
Organisations see high initiative costs (60%) as the most common barrier to integrating sustainability into strategy and operations, followed by sustainability fatigue (27%) and board or leadership misalignment (27%). CEOs in religious activities organisations were 26 percentage points less likely than total not-for-profits to see a lack of standards or benchmarks as a barrier.

Government or industry body actions that most support sustainability goals



Based on selection frequency, CEOs identify financial incentives to accelerate investments (67%) and standardised metrics and assurance frameworks (40%) as the most important actions government or industry bodies can take to support sustainability goals, followed by clear, consistent reporting standards (40%). CEOs in religious activities organisations were 23 percentage points less likely than total not-for-profits to see facilitation of cross-sector or value chain collaboration as important.

Willingness to pay for greener outcome Tolerance for sustainable project delays



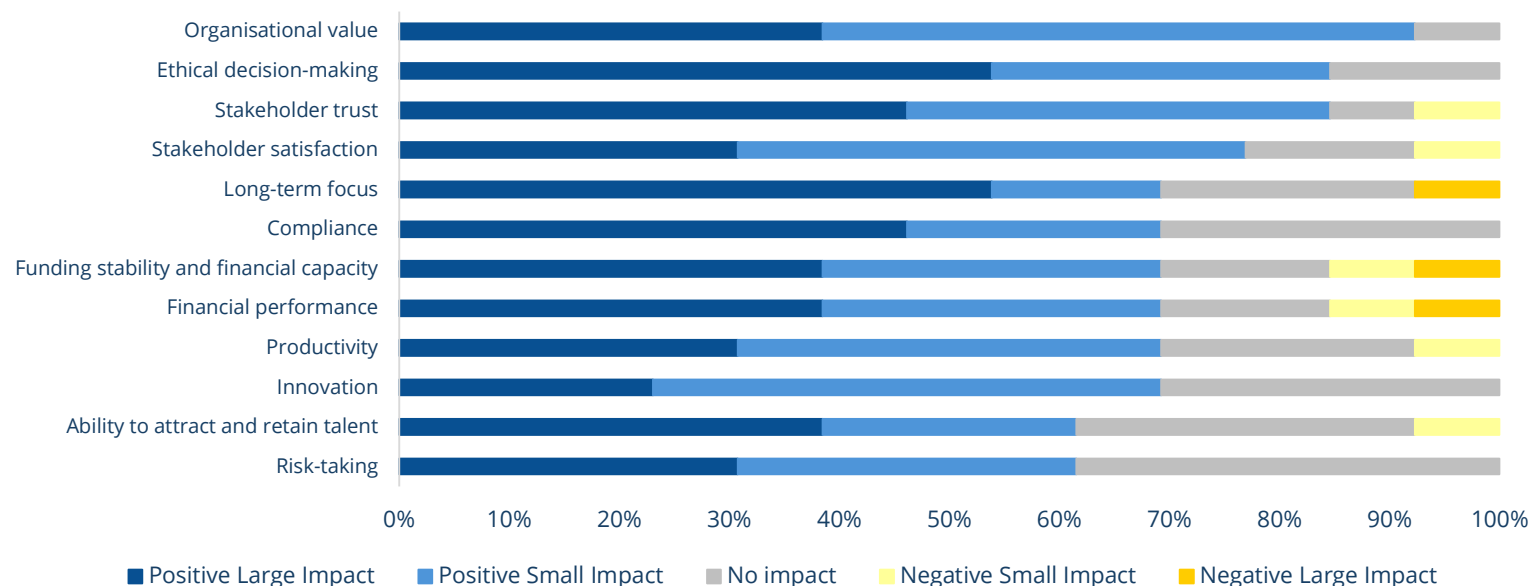
57% of CEOs would pay a moderate premium (5%–10%) for greener technology: 29% would pay a premium of over 20%, while 14% would not pay more. CEOs in religious activities organisations were 17 percentage points more likely than total not-for-profits to say they would pay up to a 5% premium.

Most CEOs tolerate short delays for higher environmental or social gains: 62% up to 1 year, 8% up to 3–5 years, and 23% would not delay. CEOs in religious activities organisations were 23 percentage points more likely than total not-for-profits to say they would delay up to 1 year.

Religious activities: 15 CEOs

Summary: Overall influence on long-term organisational performance

Impact of environmental, social and governance sustainability on factors



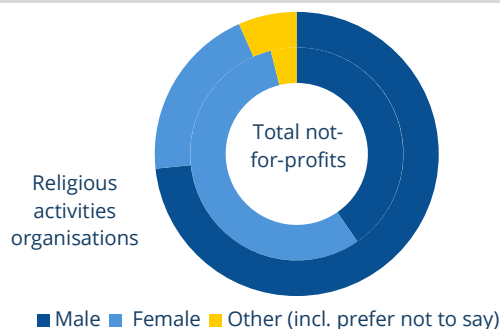
ESG sustainability positively impacts long-term performance, particularly ethical decision-making, value creation and stakeholder trust. CEOs in religious activities organisations were 15 percentage points more likely than total not-for-profits to say their ESG approach positively impacts organisational value.

Demographics: CEOs and Boards

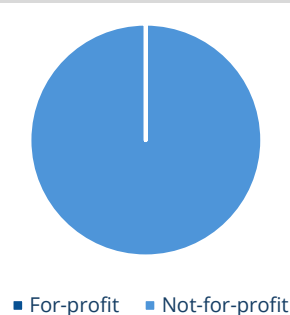
Number of employees



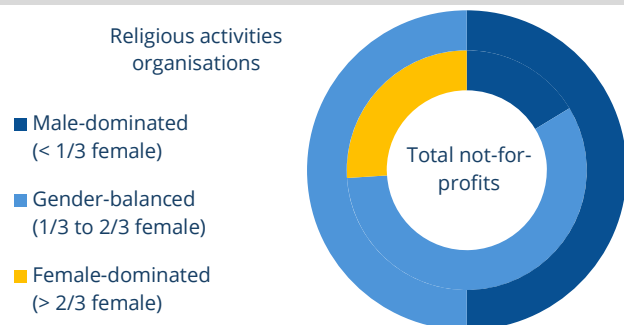
CEO gender identity



For-profit / not-for-profit

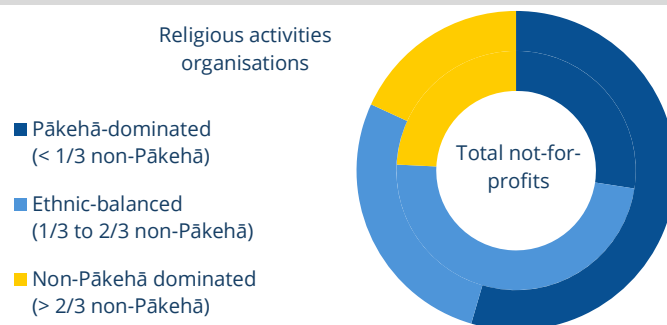


Female board representation



Women comprise 47.4% of the NZ workforce (Household Labour Force Survey, June 2023). The not-for-profit sector is more gender-balanced than the for-profit sector, with just over half of CEOs being women and most boards gender-balanced, with slightly more female- than male-dominated boards.

Ethnic board representation



The 2023 NZ Census showed 47% identify as either Māori (17.8%), Pasifika (8.9%), Asian (17.3%), or other (3%), with 53% primarily NZ European/Pākehā. Not-for-profit boards closely reflect this ethnic diversity, indicating comparatively stronger ethnic representation in governance than in for-profit boards.