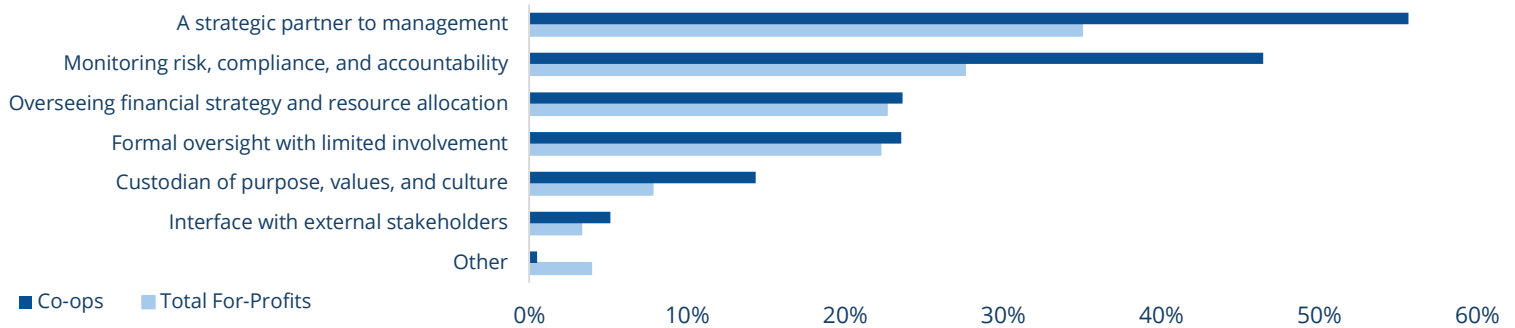


For-profit: 22 CEOs from Cooperatives

Section 1: Purpose-led Governance and Board Leadership

Primary Purpose of Board



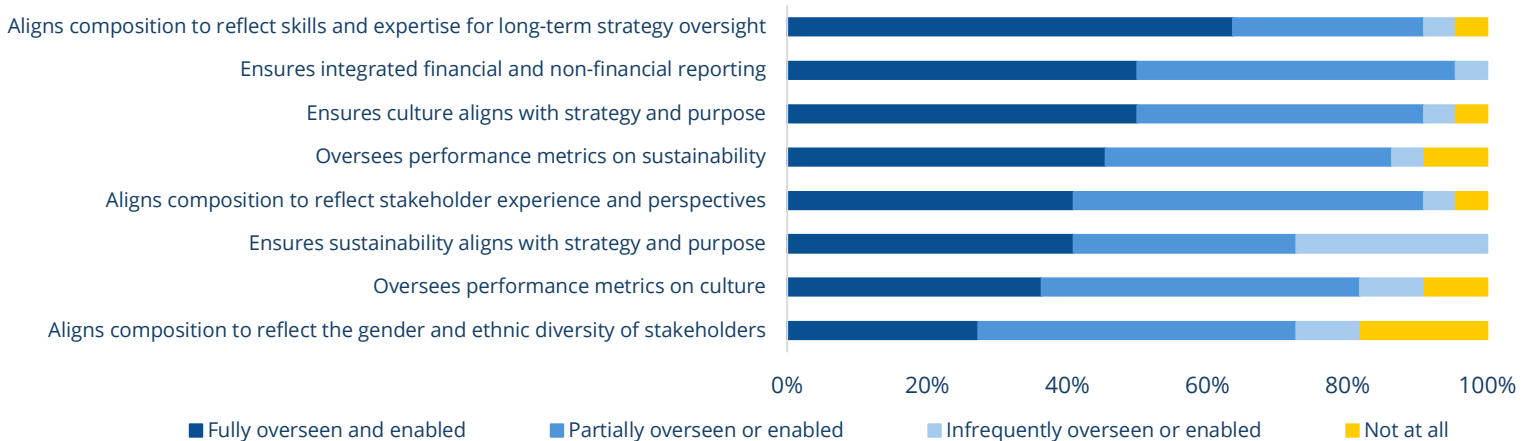
Co-op CEOs (CEOs) most frequently identify their board's primary purpose as a strategic partner to management (56%), followed by monitoring risk, compliance, and accountability (46%). CEOs could select up to two roles, as boards may have more than one primary purpose (total selections >100%). Co-ops were 21 percentage points more likely than total for-profits to report 'a strategic partner to management' as their board's primary purpose.

Board and management alignment



Alignment between board and management roles is important for governance because it underpins clear decision rights, accountability, and effective oversight. Alignment is generally strong, with 33% 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.

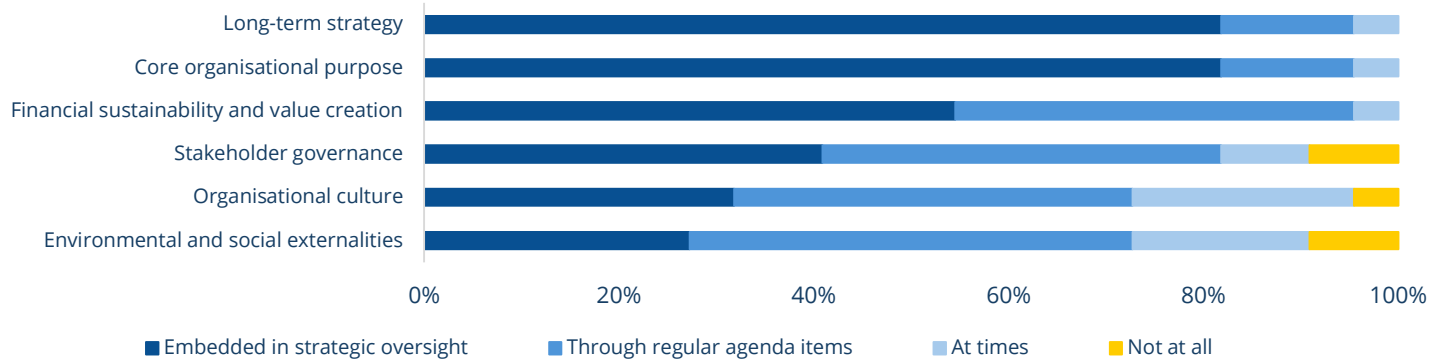
Board structure and composition for effective governance



Boards most commonly report that their structure aligns composition to reflect skills and expertise for long-term strategy oversight (64%) and ensures integrated financial and non-financial reporting (50%). In contrast, fewer report that their board structure oversees performance metrics on culture (36%) and aligns composition to reflect the gender and ethnic diversity of stakeholders (27%), highlighting an opportunity to strengthen how board structures support broader organisational priorities. Co-ops are 23 percentage points more likely to report that their board fully aligns composition to reflect skills and expertise for long-term strategy oversight.

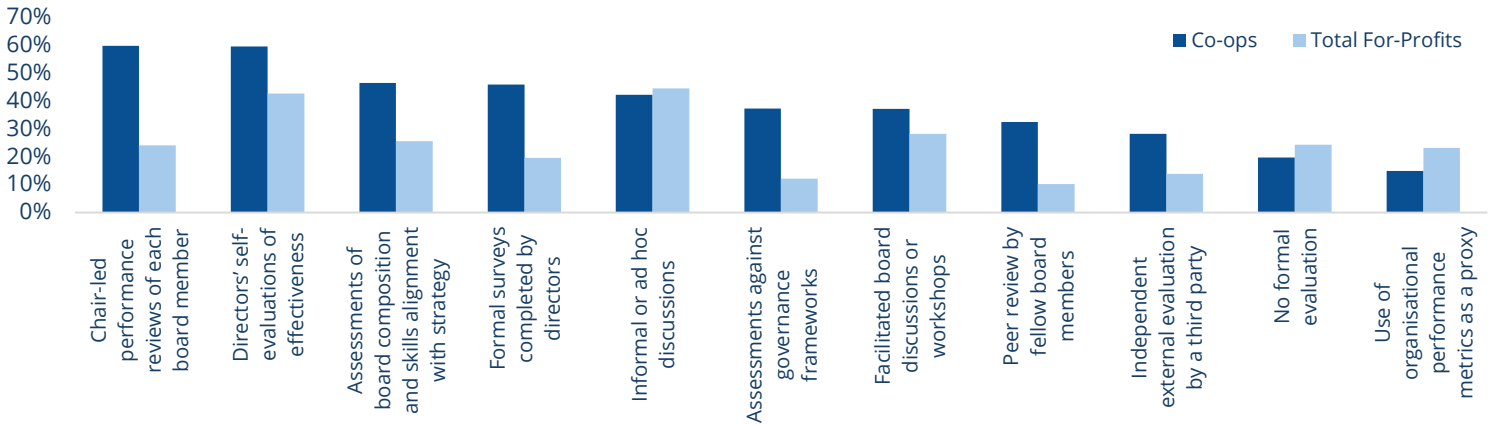
For-profit: 22 CEOs from Cooperatives

Extent of formal board oversight across key areas



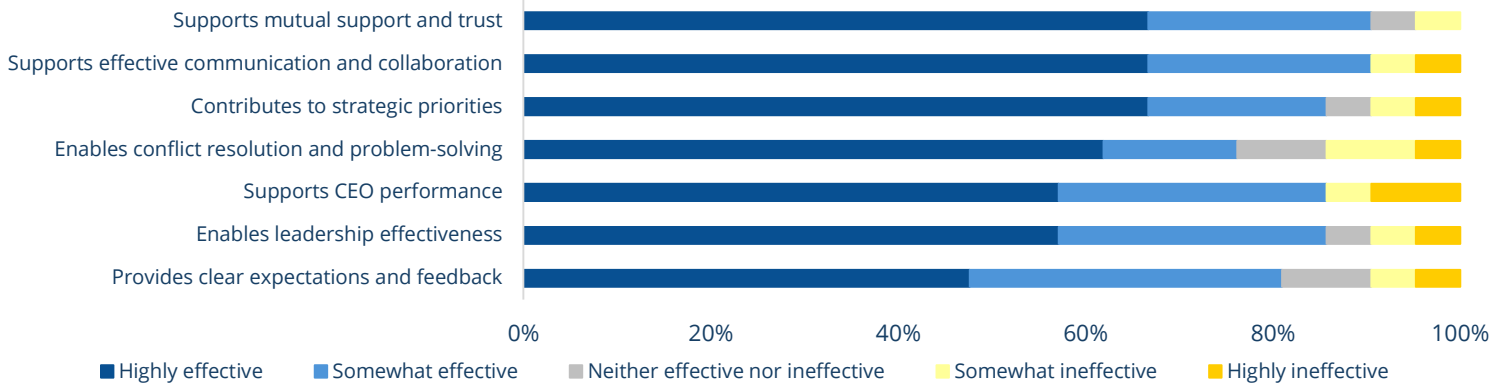
Many boards embed oversight of long-term strategy (82%), core organisational purpose (82%), and financial sustainability and value creation (55%) within strategic oversight. However, fewer boards embed stakeholder governance (41%), organisational culture (32%), and environmental and social externalities (27%), highlighting an opportunity for organisations to more consistently integrate factors that influence strategy, risk, and long-term value. Co-ops 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 60% relying on chair-led performance reviews of each board member and 60% using directors' self-evaluations of effectiveness, many boards have an opportunity to strengthen oversight and better enable organisational performance by adopting more formal, objective evaluation methods. Co-ops are more likely to rely on 'chair-led performance reviews of each board member'.

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: 67% of CEOs rated the chair "highly effectively" 'supports mutual support and trust', followed by 'supports effective communication and collaboration' (67%), and 'contributes to strategic priorities' (67%). The lower ratings for 'enables leadership effectiveness' and 'provides clear expectations and feedback' indicate opportunities to strengthen these relationships to enhance the CEO's ability to lead optimally.

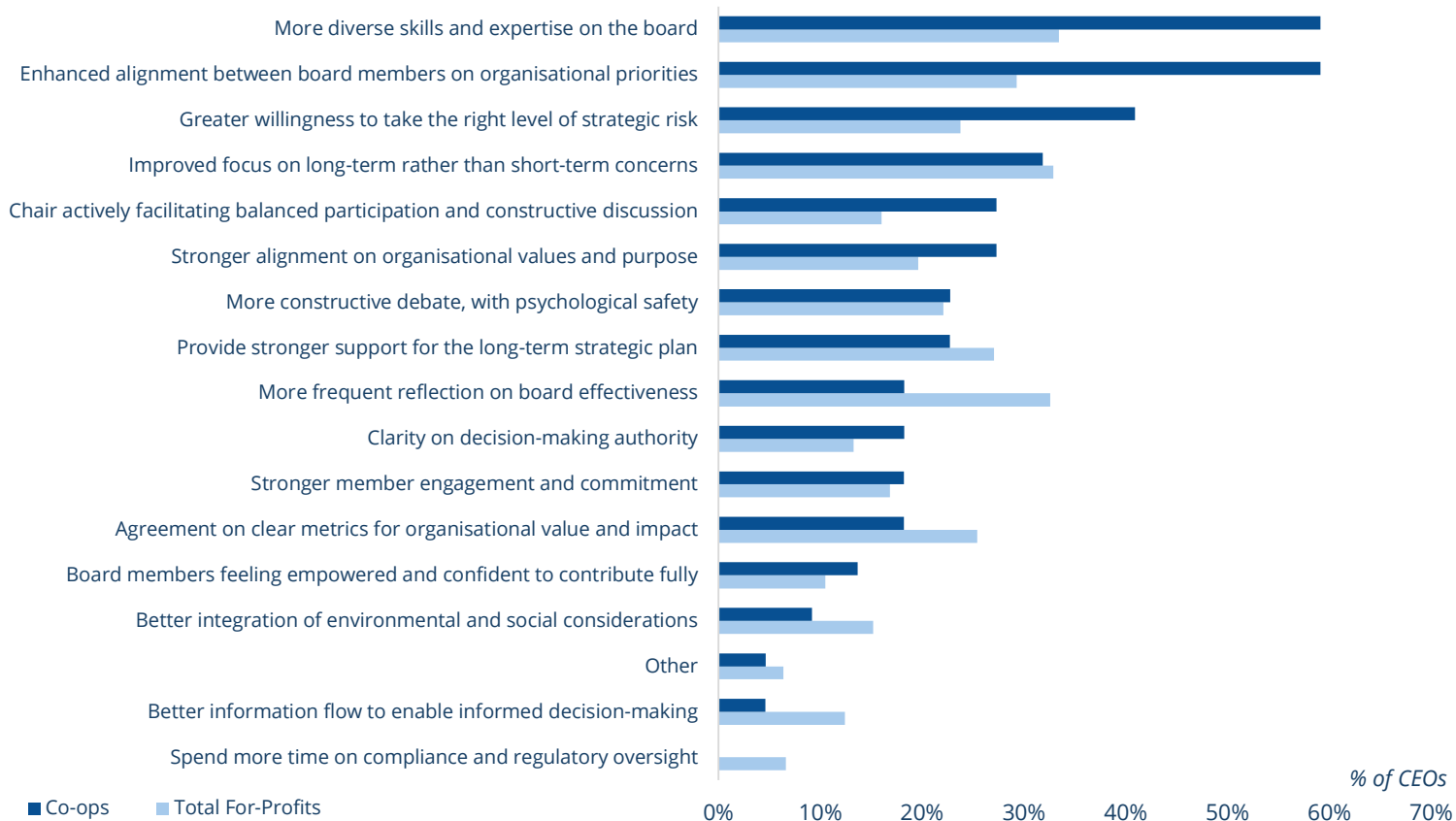
For-profit: 22 CEOs from Cooperatives

Board effectiveness in enabling organisational purpose



Even some of the strongest boards have room for improvement: 45% of CEOs rate their board as 'highly effective' in supporting oversight of compliance and organisational risks, followed by 45% in supporting long-term orientation, and 41% in providing strategic guidance and decision-making. More than 55% 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. Co-ops are less likely than total for-profits to rate highly on 'supporting the right level of strategic risk taking' in enabling organisational purpose.

Areas the board could more effectively support and enable leadership

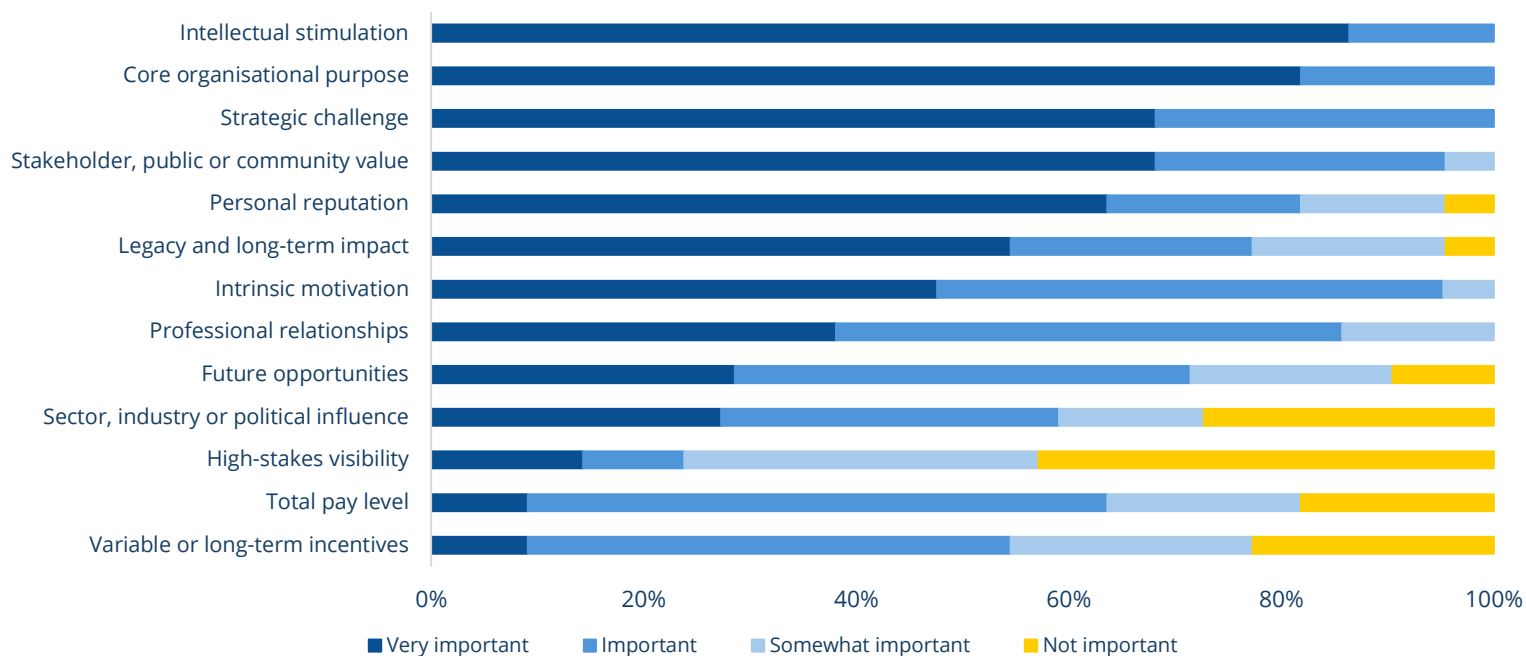


CEOs view board effectiveness as an important contributor to organisational performance. CEOs identify that boards could more effectively support and enable leadership, with 59% highlighting more diverse skills and expertise on the board, 59% enhanced alignment between board members on organisational priorities, and 41% greater willingness to take the right level of strategic risk. Co-ops are 30 percentage points more likely than total for-profits to identify a need for enhanced alignment between board members on organisational priorities to enable organisational purpose.

For-profit: 22 CEOs from Cooperatives

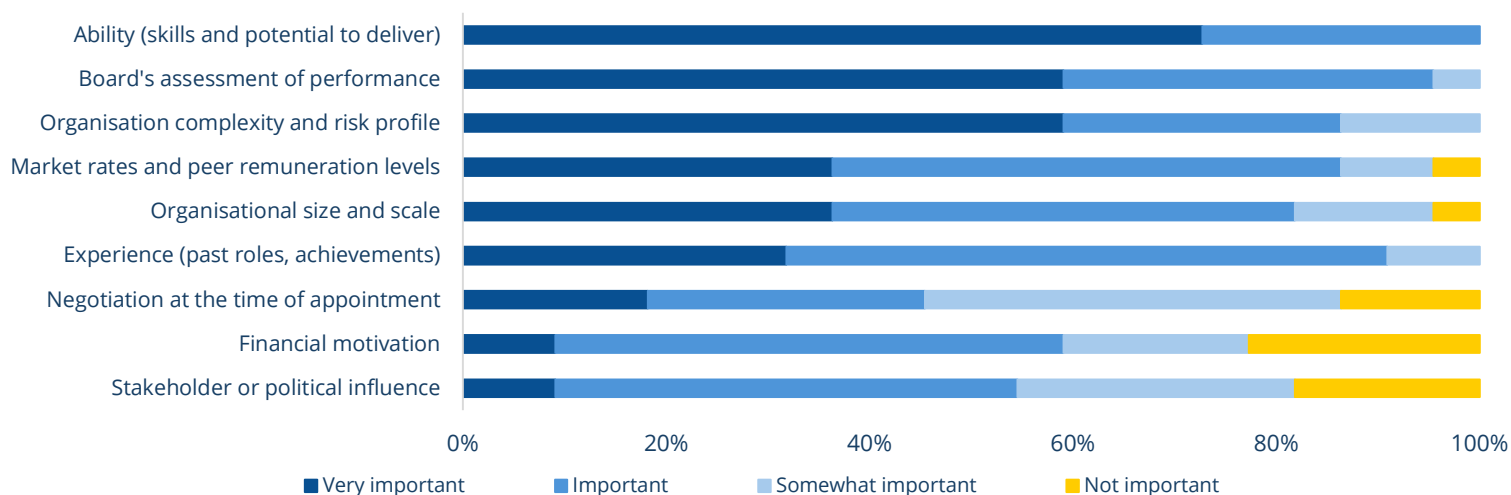
Section 2: CEO Personal Motivation, Values, and Alignment

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 intrinsic and purpose-driven motivations rank highest, followed by reputation-related motivations, while financial or visibility-related factors are least prominent. Specifically, 86% of CEOs rated intellectual stimulation as very important, followed by core organisational purpose (82%), and strategic challenge (68%), whereas only 9% rated total pay level and 9% rated variable or long-term incentives as very important motivators.

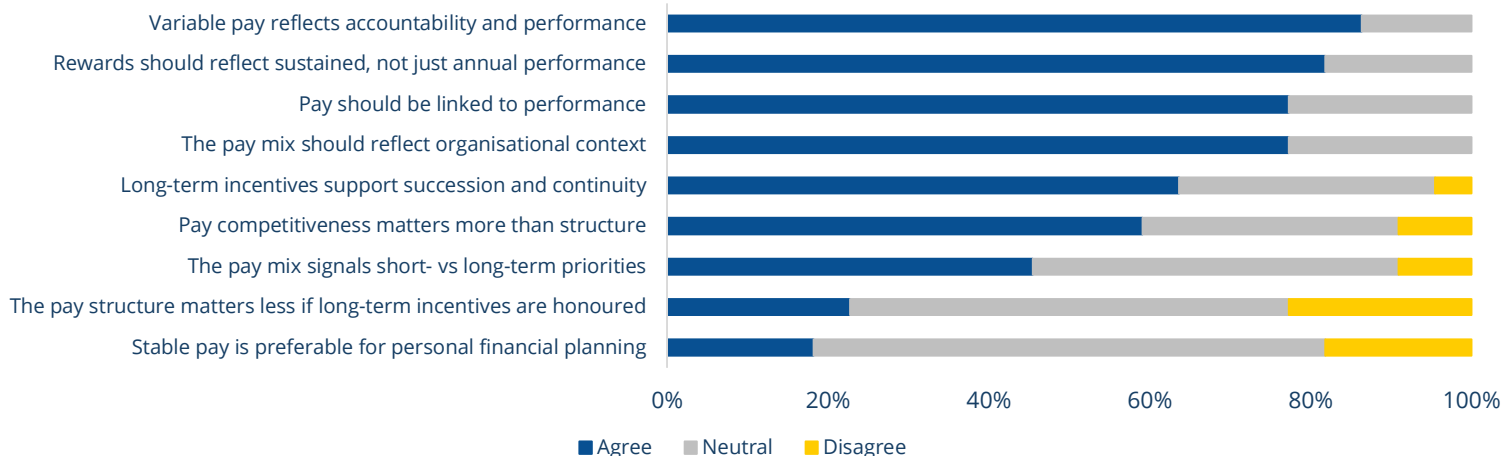
Key factors CEOs view as determinants of their pay



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, 73% rating ability (skills and potential to deliver), 59% board's assessment of performance and 59% organisation complexity and risk profile as very important determinants of pay, compared with 18% for negotiation at the time of appointment, 9% for financial motivation and 9% for stakeholder or political influence. CEOs view remuneration as recognition of the strategic value they are expected to create and the risks they assume in delivering organisational outcomes. Co-ops are 27 percentage points more likely than total for-profits to consider the organisation complexity and risk profile as a key determinant.

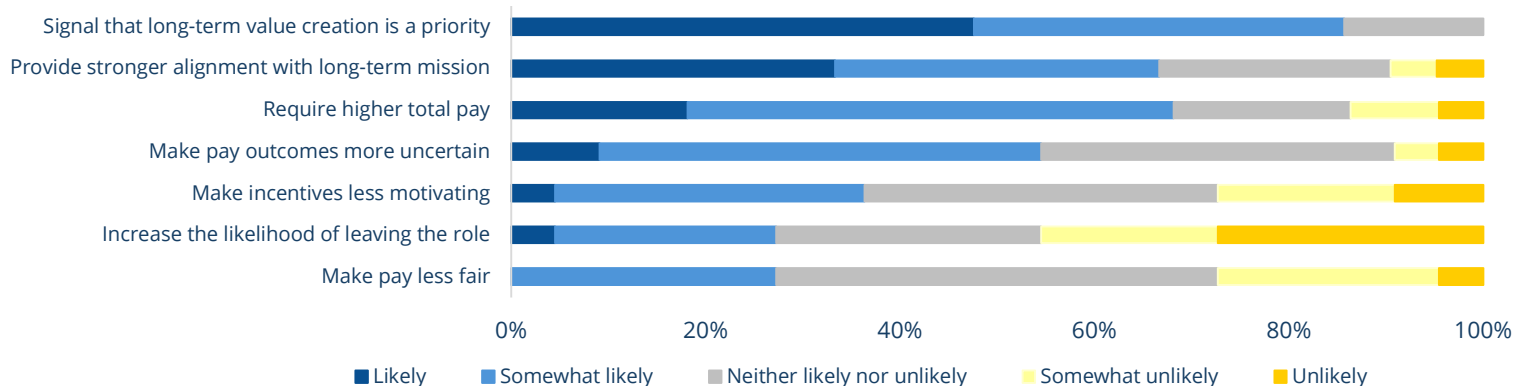
For-profit: 22 CEOs from Cooperatives

CEO's views on fixed and variable pay



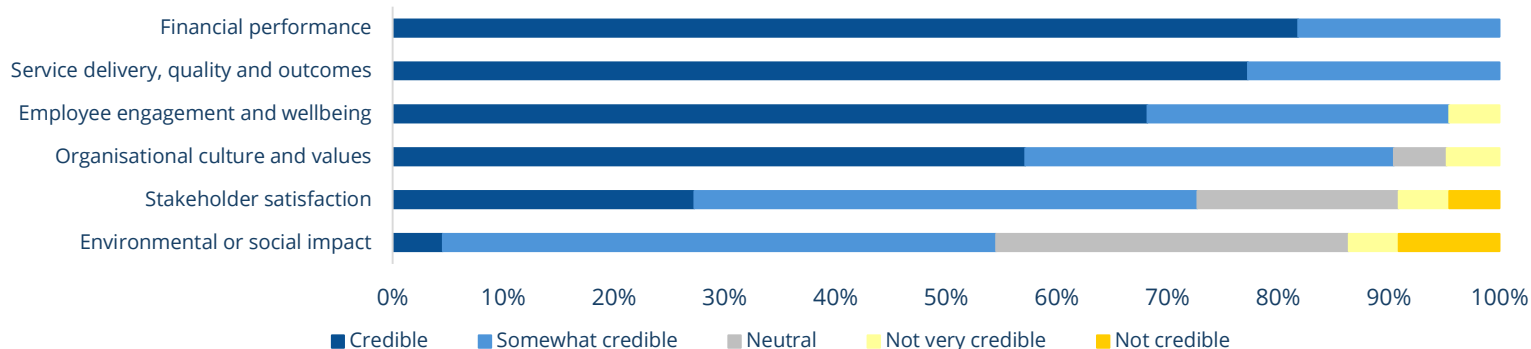
Most CEOs agree that 'variable pay reflects accountability and performance' (86%), that 'rewards should reflect sustained, not just annual performance' (82%), and that 'pay should be linked to performance' (77%). In comparison, CEOs are most neutral on 'stable pay is preferable for personal financial planning' (64%) and on whether 'the pay structure matters less if long-term incentives are honoured' (55%), indicating comfort with variable-based pay structures. CEO responses show limited evidence of self-interested, short-term or rent-extractive behaviour as 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 'signal that long-term value creation is a priority' (86%) and 'provide stronger alignment with long-term mission' (67%). Despite academic research suggesting executives prefer more immediate pay, CEOs are most neutral that they 'make pay less fair' and 'make incentives less motivating'. 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

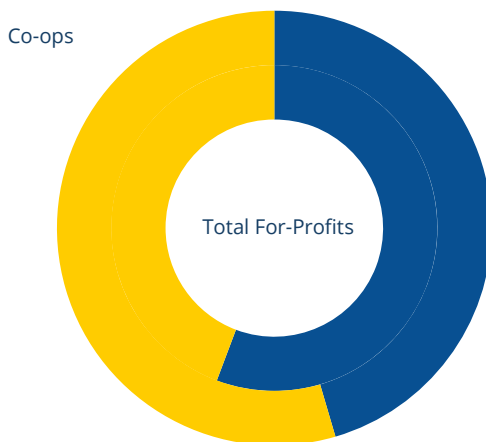


CEOs believe that pay-linked KPIs are most credible for 'financial performance' (82%) and 'service delivery, quality and outcomes' (77%), moderately credible for 'employee engagement and wellbeing' (68%) and 'organisational culture and values' (57%), and least credible for 'stakeholder satisfaction' (27%) and 'environmental or social impact' (5%). Many see these measures as somewhat credible, with very few rating any measure as not credible. Co-ops are 15 percentage points more likely than total for-profits to agree that employee engagement and wellbeing are a credible and fair way to assess CEO performance.

For-profit: 22 CEOs from Cooperatives

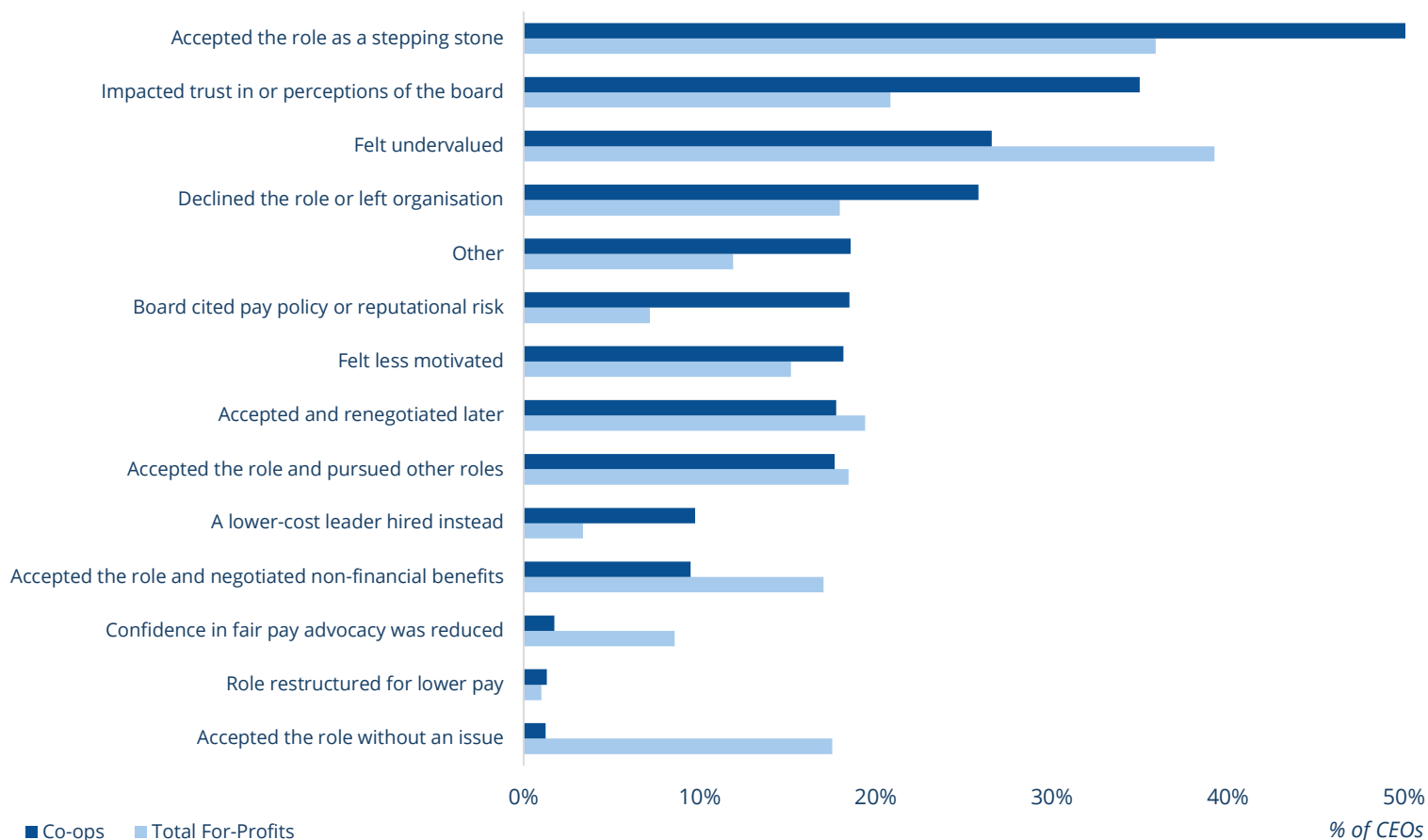
CEOs offered below-expected remuneration during their time in leadership

- 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, 55% of CEOs reported experiencing total pay offers below what they felt was appropriate, often leading to career-management responses, whereas 45% did not. CEOs in co-ops were 11 percentage points more likely than total for-profits to have been offered below-expected pay.

Leader consequences of lower-than-expected pay offers

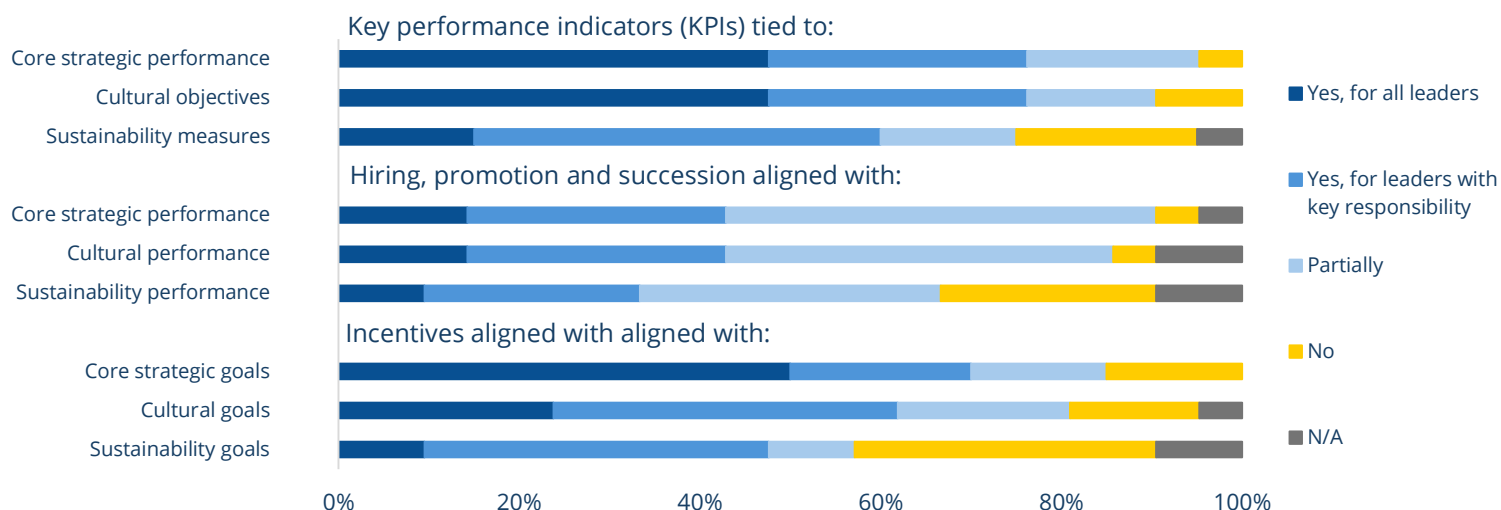


Boards risk weaker leadership quality, poorer strategic continuity, and reduced ability to attract and retain capable CEOs when pay is set below appropriate market levels. The most common responses for CEOs who received lower than expected pay offers included that they accepted the role as a stepping stone (51%) and impacted trust in or perceptions of the board (35%), 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 co-ops were 16 percentage points less likely than total for-profits to have accepted the role without an issue.

For-profit: 22 CEOs from Cooperatives

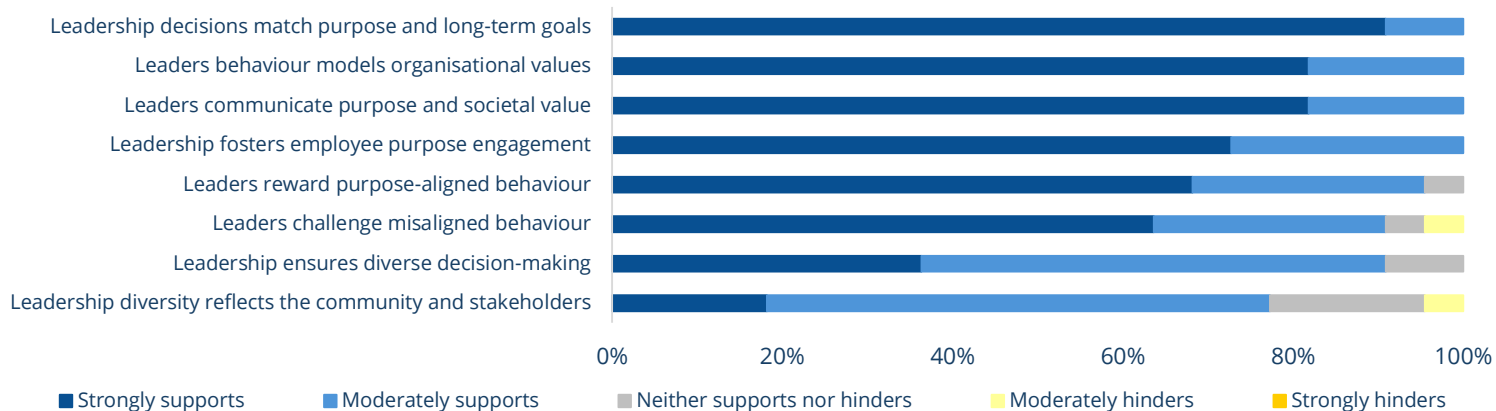
Section 3: Executive and Senior Leaders Signals, Pay and Incentives

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



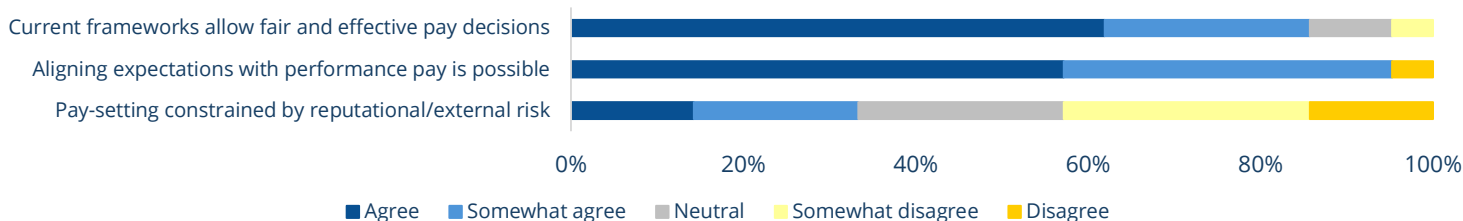
Leadership incentives, KPIs and succession decisions aligned with sustainability, culture and strategy are social and governance mechanisms as they determine how effectively leadership behaviour is shaped, monitored and held accountable for delivering organisational purpose and sustained value creation. 43%–76% of CEOs integrate core strategic performance into executive hiring, promotion, succession and KPIs, compared with 43%–76% for culture and 33%–60% 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 64% and 91% of CEOs report that senior leaders strongly support organisational purpose through communication, modelling, decision-making and behavioural reinforcement. In comparison, only 36% believe leadership ensures diverse decision-making, and 18% say leadership diversity reflects the community and stakeholders, highlighting an opportunity to align behaviour and structural inclusivity.

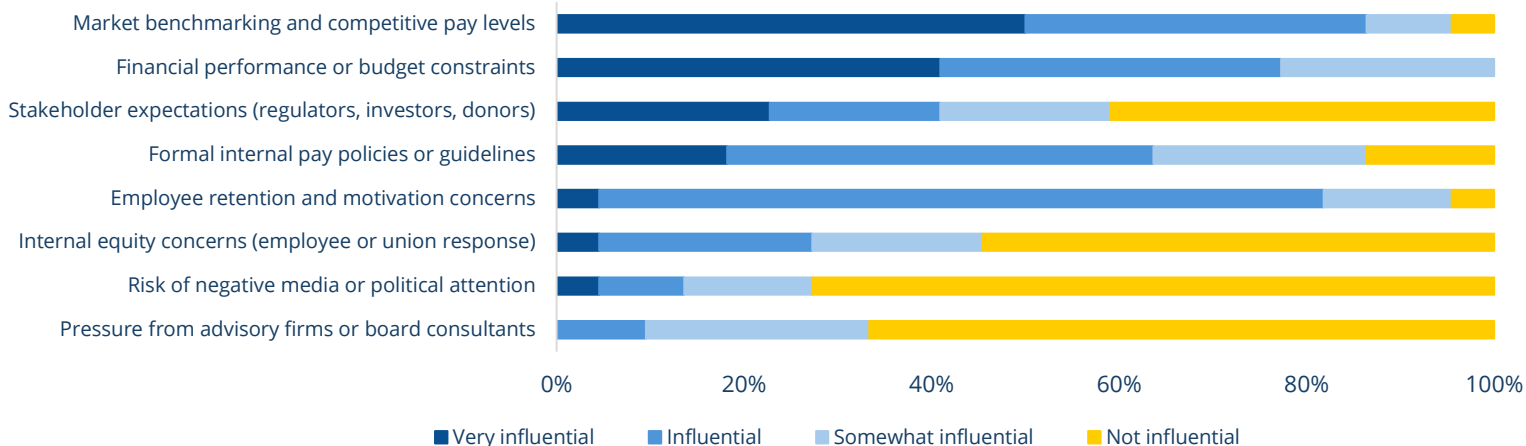
Executive remuneration framework effectiveness



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. 86% of respondents agree or somewhat agree that current frameworks support fair and effective pay decisions, and 95% 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.

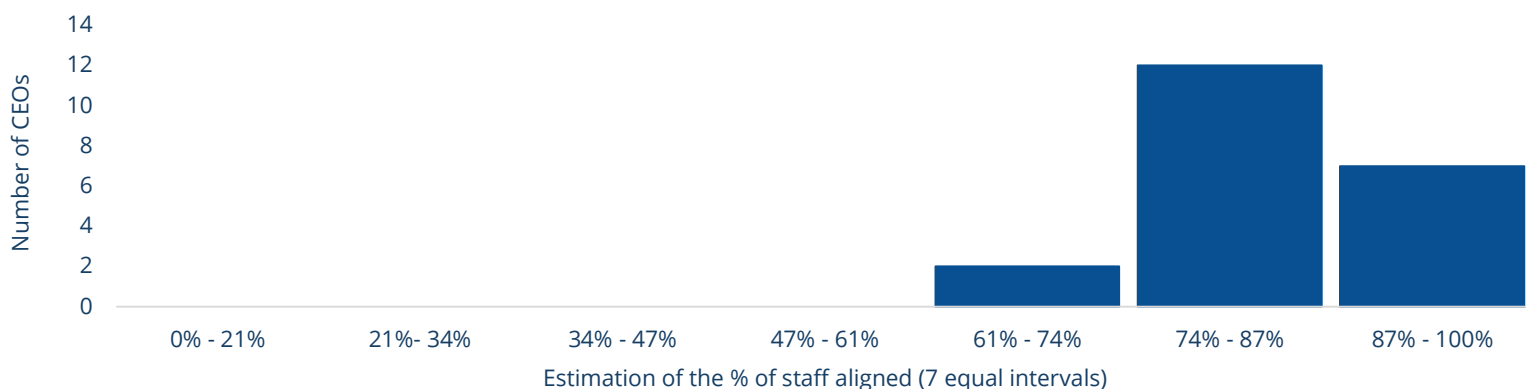
For-profit: 22 CEOs from Cooperatives

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 co-ops were 21 percentage points less likely than total for-profits to cite employee retention and motivation concerns.

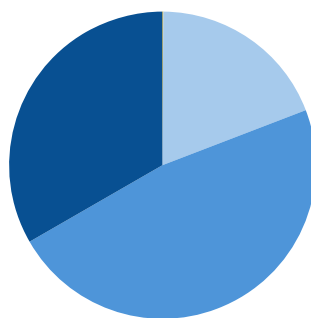
Percentage of staff motivated by sustainability goals



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 83% 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



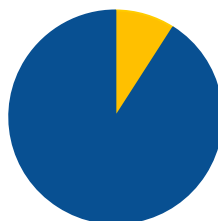
An organisation's willingness to pursue cultural change for sustainability is important because it signals whether environmental and social commitments can be embedded in organisational behaviour and governance, rather than remaining at the level of policy or reporting. 81% of organisations are willing to pursue cultural change to support sustainability goals, with 47% favouring structured change and 33% 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 co-ops were 3 percentage points less likely than total for-profits to be not at all open to change.

For-profit: 22 CEOs from Cooperatives

Section 4: Sustainability Strategy and Investment Priorities

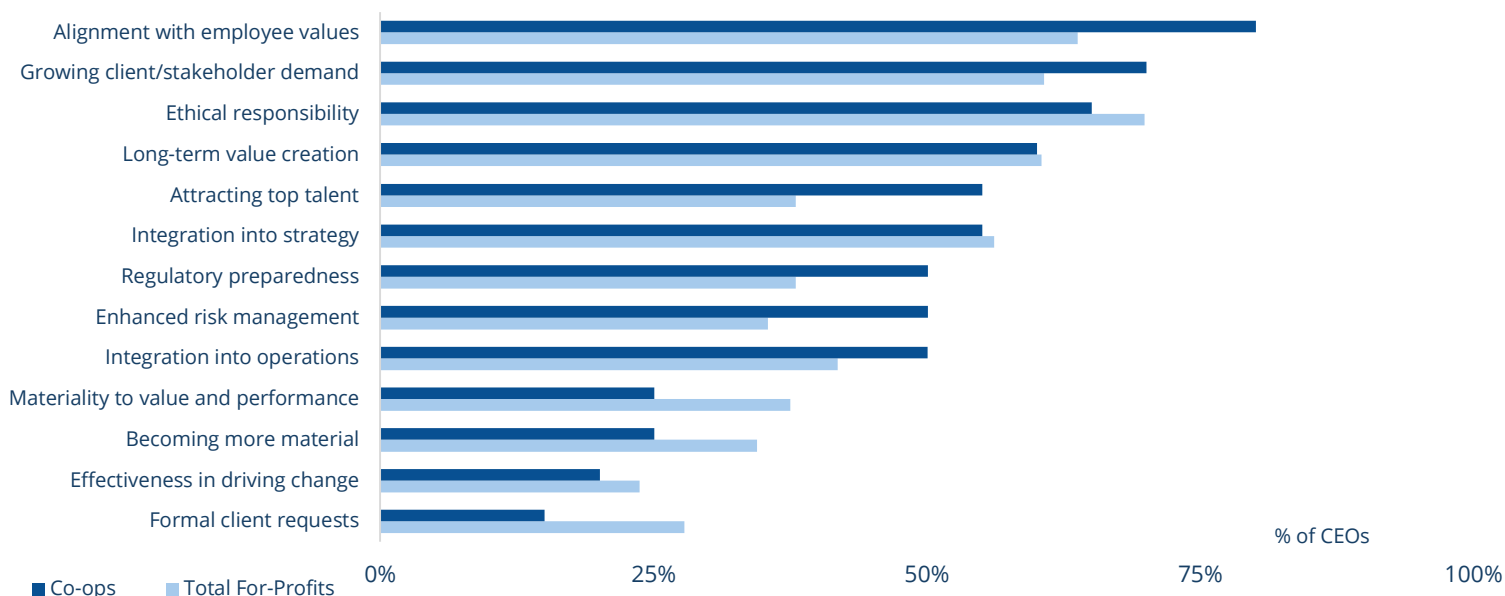
Impact of environmental and social investments on organisational value

■ Do not add value
■ Add value



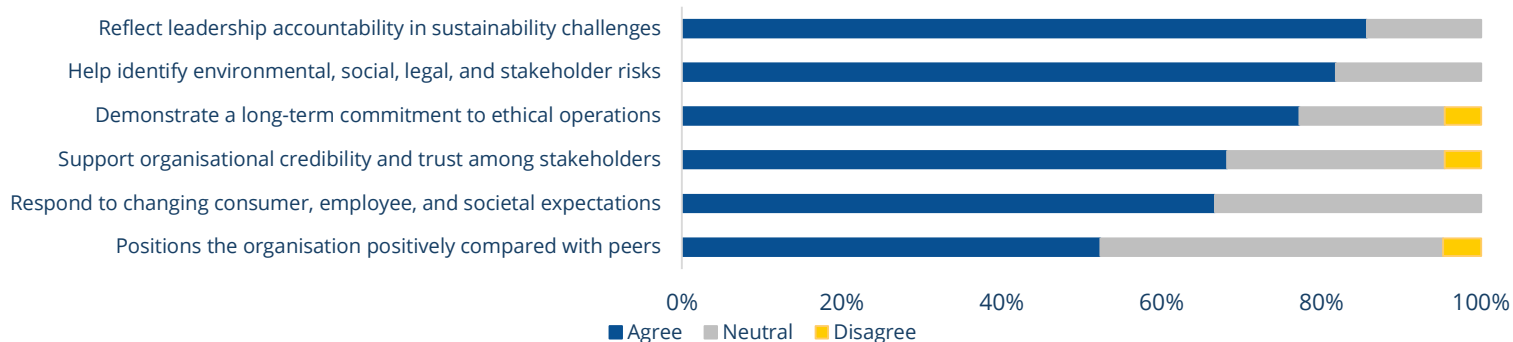
The majority of CEOs (91%) believe investing in environmental and social practices enhances their organisation's value, while 9% say it does not. This highlights that most CEOs view environmental and social practices as value-enhancing, reinforcing their role as a core driver of long-term strategic decision-making rather than a peripheral concern. CEOs in co-ops were 10 percentage points more likely than total for-profits to believe these practices add value.

Reasons investments in sustainable practices add value



Attracting top talent of CEOs say sustainable practices enhance their organisation's value, primarily due to alignment with employee values (80%) and growing client/stakeholder demand (70%). CEOs in co-ops were 17 percentage points more likely than total for-profits to believe these practices aid in attracting top talent.

Agreement with statements on sustainable business practices

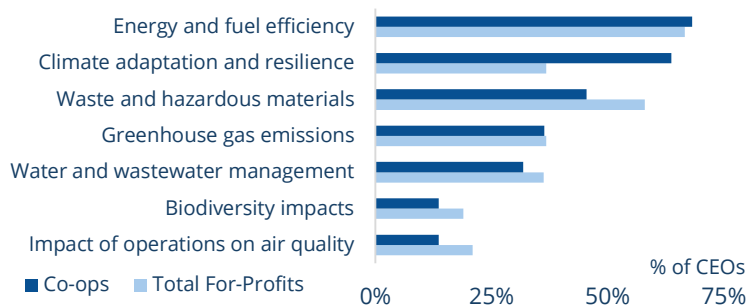


The majority of CEOs agree that sustainable practices reflect leadership accountability in sustainability challenges (86%), help identify environmental, social, legal, and stakeholder risks (82%) and demonstrate a long-term commitment to ethical operations (77%). Sustainable business practices are viewed as an integrated driver of competitiveness, stakeholder trust, and risk management, rather than a peripheral activity.

For-profit: 22 CEOs from Cooperatives

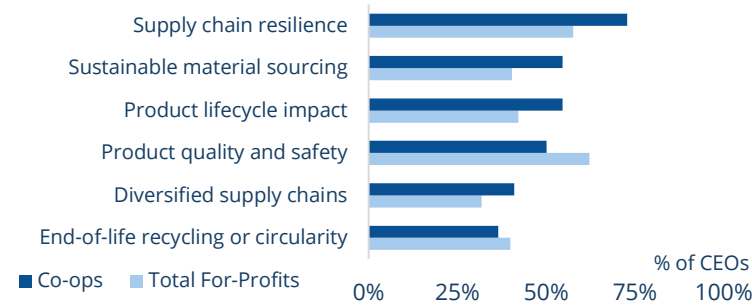
Material environmental factors driving strategic priorities and long-term value

Environmental sustainability factors



CEOs view energy and fuel efficiency (68%) and climate adaptation and resilience (64%) as primary environmental drivers of long-term value. Co-ops are more likely to find climate adaptation and resilience as a material factor.

Product and supply chain sustainability factors



CEOs view supply chain resilience (73%) and sustainable material sourcing (55%) as the primary drivers of long-term value for products and the supply chain. Co-ops are more likely to view supply chain resilience as material.

Material social factors influencing strategic priorities and long-term value

Workforce sustainability factors



CEOs view employee well-being (95%) and employee health and safety (95%) as the primary workforce sustainability value drivers. Co-ops are less likely to consider workforce sustainability skills as material.

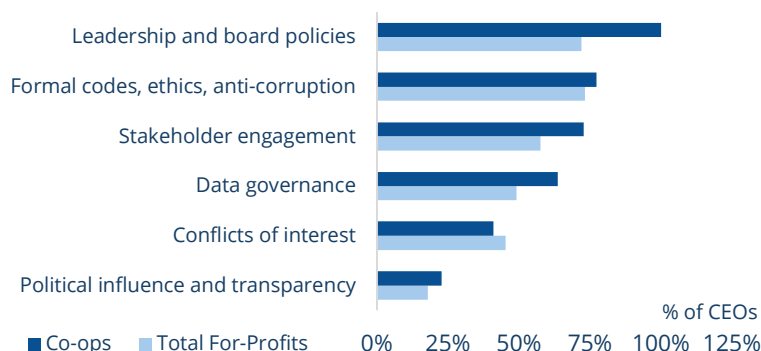
Stakeholder sustainability factors



CEOs view data security and privacy (77%) and customer sustainability satisfaction (77%) as primary social stakeholder drivers of long-term value. Co-ops are less likely to view accessibility and inclusive design as material.

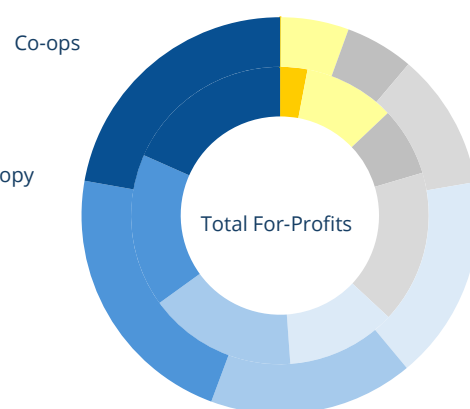
Material governance factors

Governance sustainability factors



CEOs view 'leadership and board policies' (100%) and 'formal codes, ethics, anti-corruption' (77%) as the primary governance drivers of long-term value. Co-ops are more likely to consider 'leadership and board policies' as material.

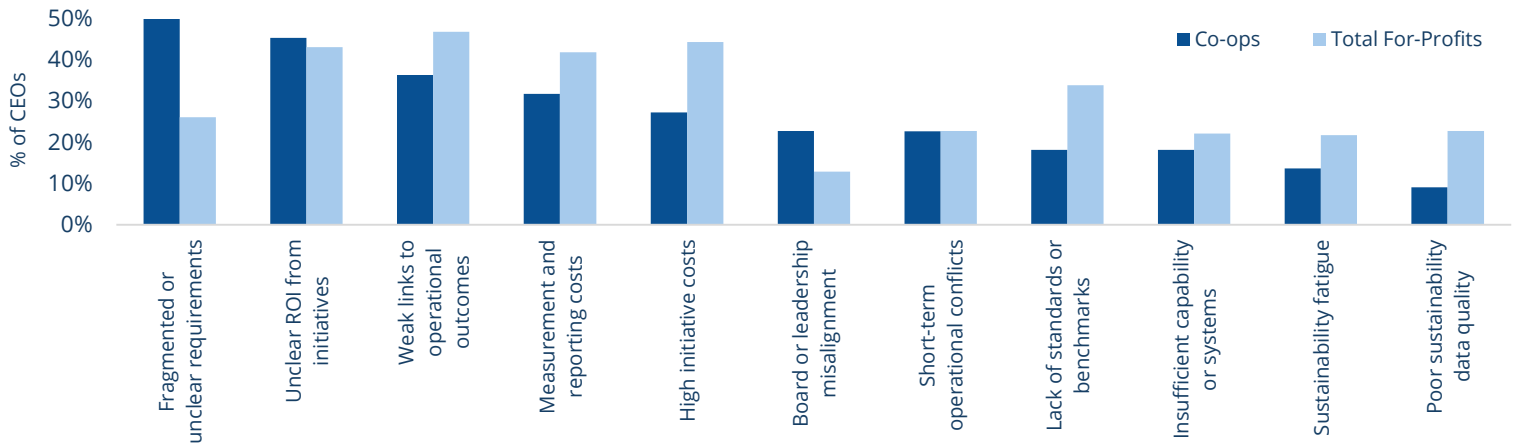
Approach to sustainability strategy



The most common approach to sustainability is shared value: creating business opportunities that also generate measurable social or environmental benefits, aligning profitability with positive impact (22%).

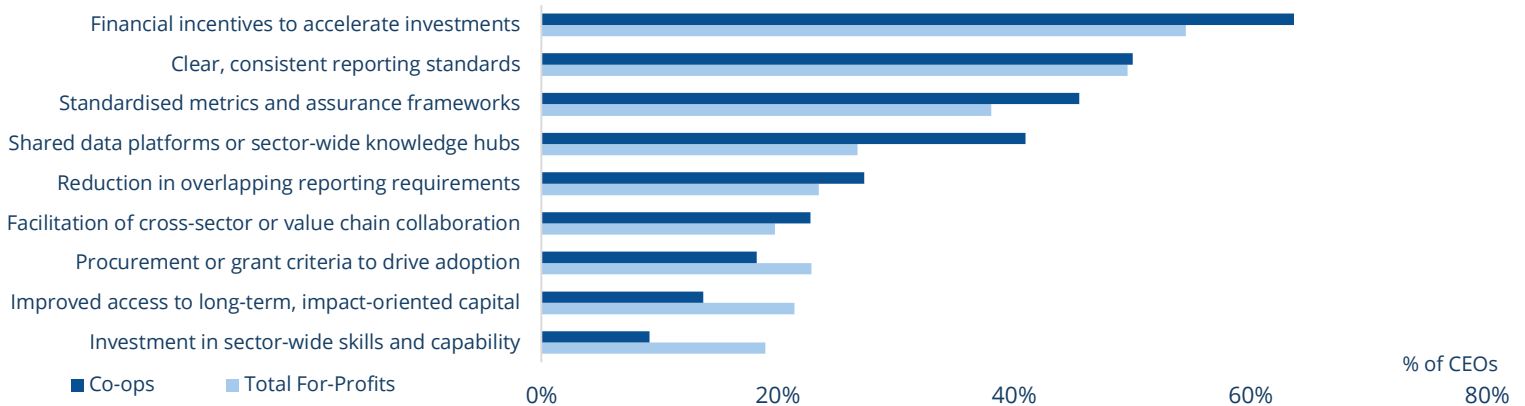
For-profit: 22 CEOs from Cooperatives

Key barriers to integrating sustainability into strategy and operations



Organisations see fragmented or unclear requirements (50%) as the most common barrier to integrating sustainability into strategy and operations, followed by unclear ROI from initiatives (45%) and weak links to operational outcomes (36%). CEOs in co-ops were 24 percentage points more likely than total for-profits to see fragmented or unclear requirements as a barrier.

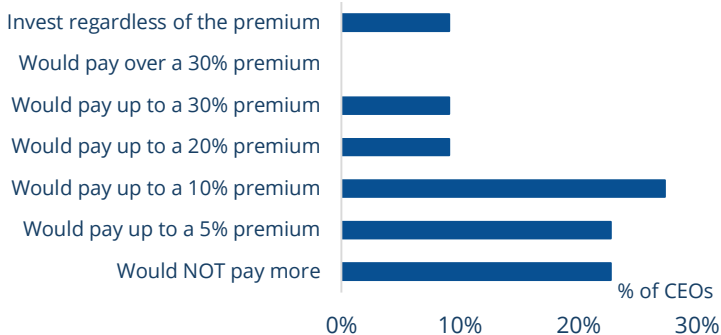
Government or industry body actions that most support sustainability goals



Based on selection frequency, CEOs identify financial incentives to accelerate investments (64%) and clear, consistent reporting standards (50%) as the most important actions government or industry bodies can take to support sustainability goals, followed by standardised metrics and assurance frameworks (45%). CEOs in co-ops were 14 percentage points more likely than total for-profits to see shared data platforms or sector-wide knowledge hubs as important.

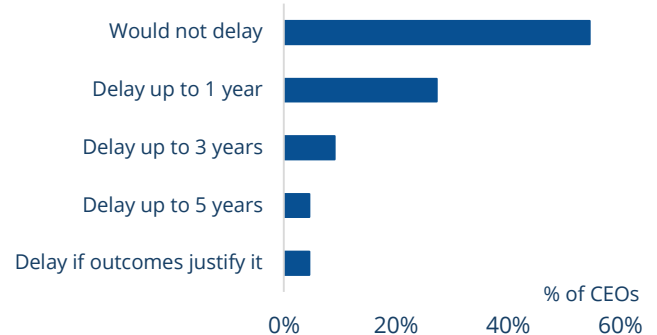
Willingness to pay for greener outcome Tolerance for sustainable project delays

Greener versus conventional options (% of CEOs across premium levels)



50% of CEOs would pay a moderate premium (5%–10%) for greener technology: 27% would pay a premium of over 20%, while 23% would not pay more. CEOs in co-ops were 8 percentage points less likely than total for-profits to say they would pay up to a 20% premium.

Time delay for environmental or social gains (% of CEOs by delay length)

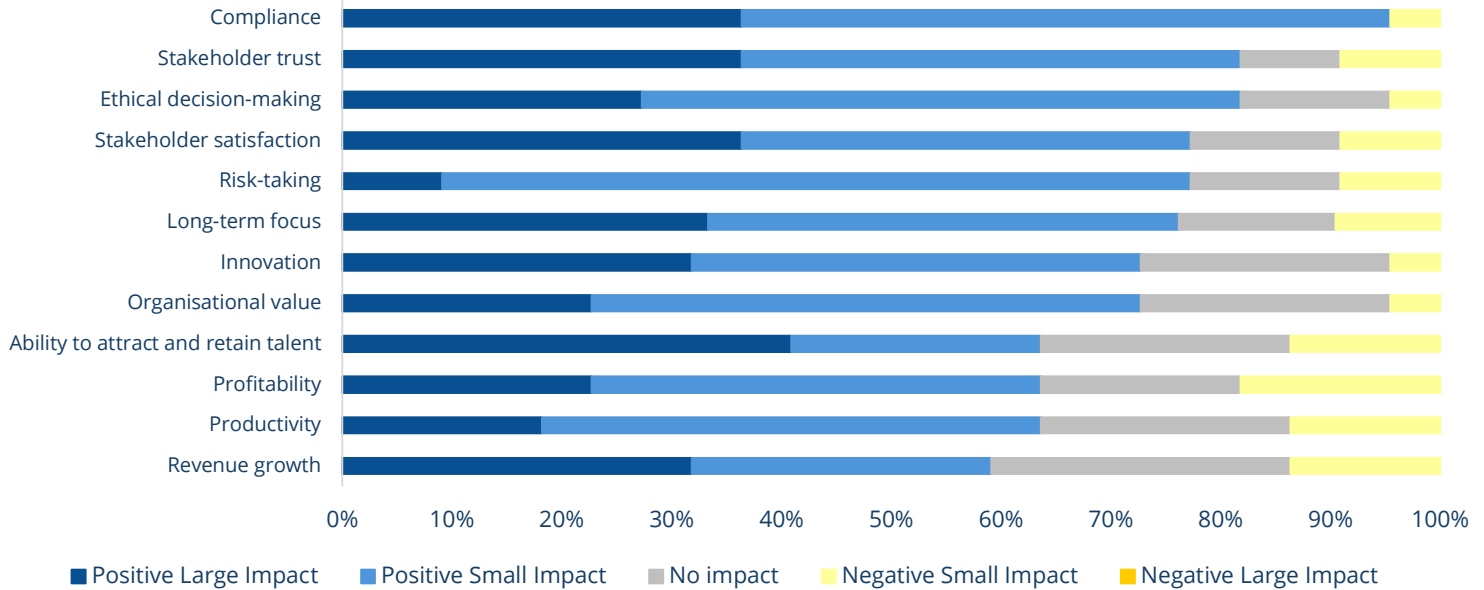


Most CEOs tolerate short delays for higher environmental or social gains: 27% up to 1 year, 14% up to 3–5 years, and 55% would not delay. CEOs in co-ops were 17 percentage points less likely than total for-profits to say they would delay if outcomes justify it.

For-profit: 22 CEOs from Cooperatives

Summary: Overall influence on long-term organisational performance

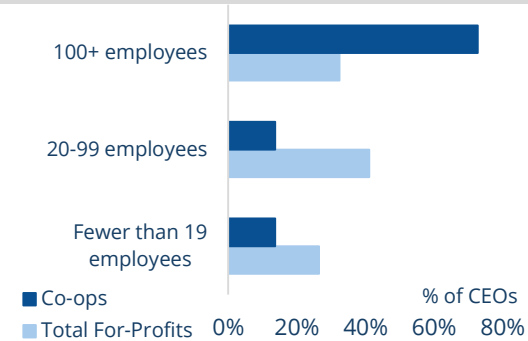
Impact of environmental, social and governance sustainability on factors



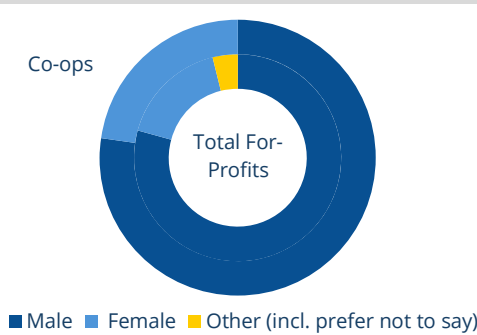
Environmental, social and governance sustainability positively impacts long-term performance, particularly compliance and stakeholder trust. CEOs in co-ops were 29 percentage points more likely than total for-profits to say their ESG approach positively impacts compliance.

Demographics: CEOs and Boards

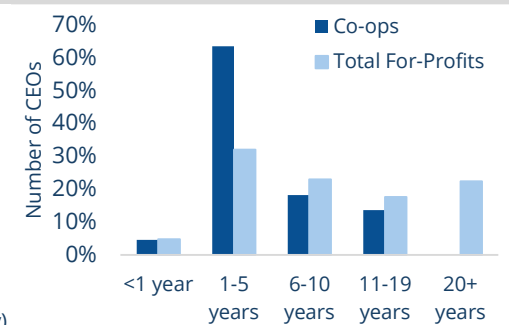
Number of employees



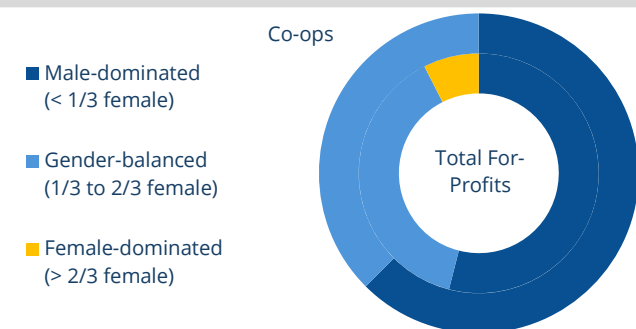
CEO gender identity



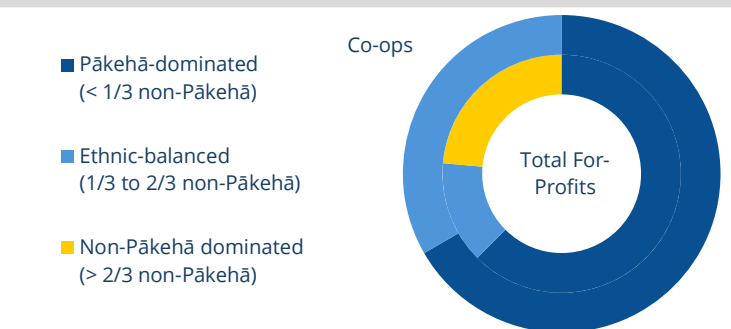
Tenure as CEO



Female board representation



Ethnic board representation



Women comprise 47.4% of the NZ workforce (Household Labour Force Survey, June 2023, highlighting the importance of examining the systemic barriers that limit their progression to leadership and governance roles.

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. Boards do not reflect this, emphasising the need to understand the barriers.