



NZX Corporate Governance Code Review

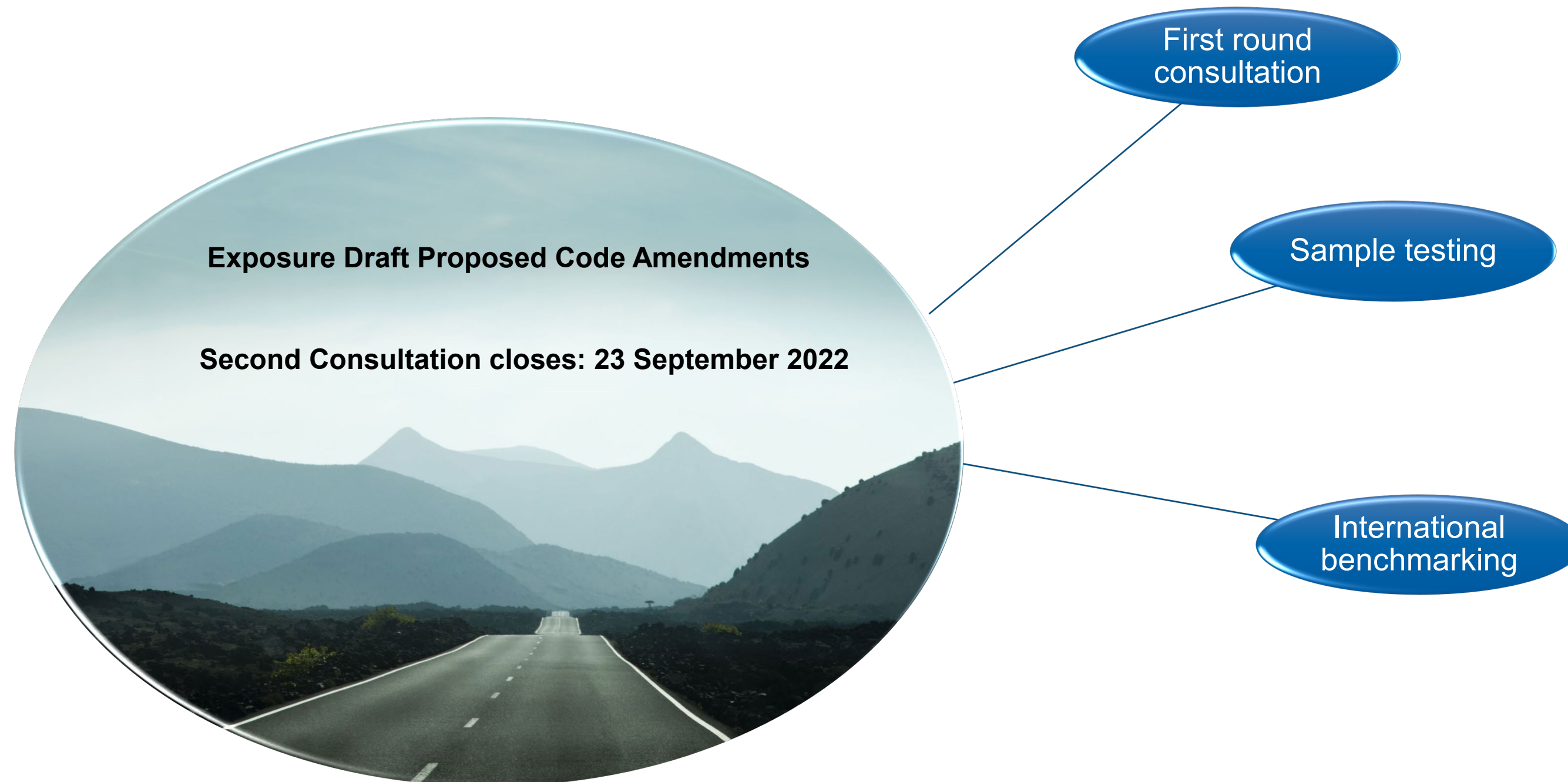
Workshop 1: Operation of the Code, Ethical Standards and Shareholder Meetings

30 August 2022

We welcome your submissions at policy@nzx.com

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Review Process





Disclosure Framework

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Comply or Explain

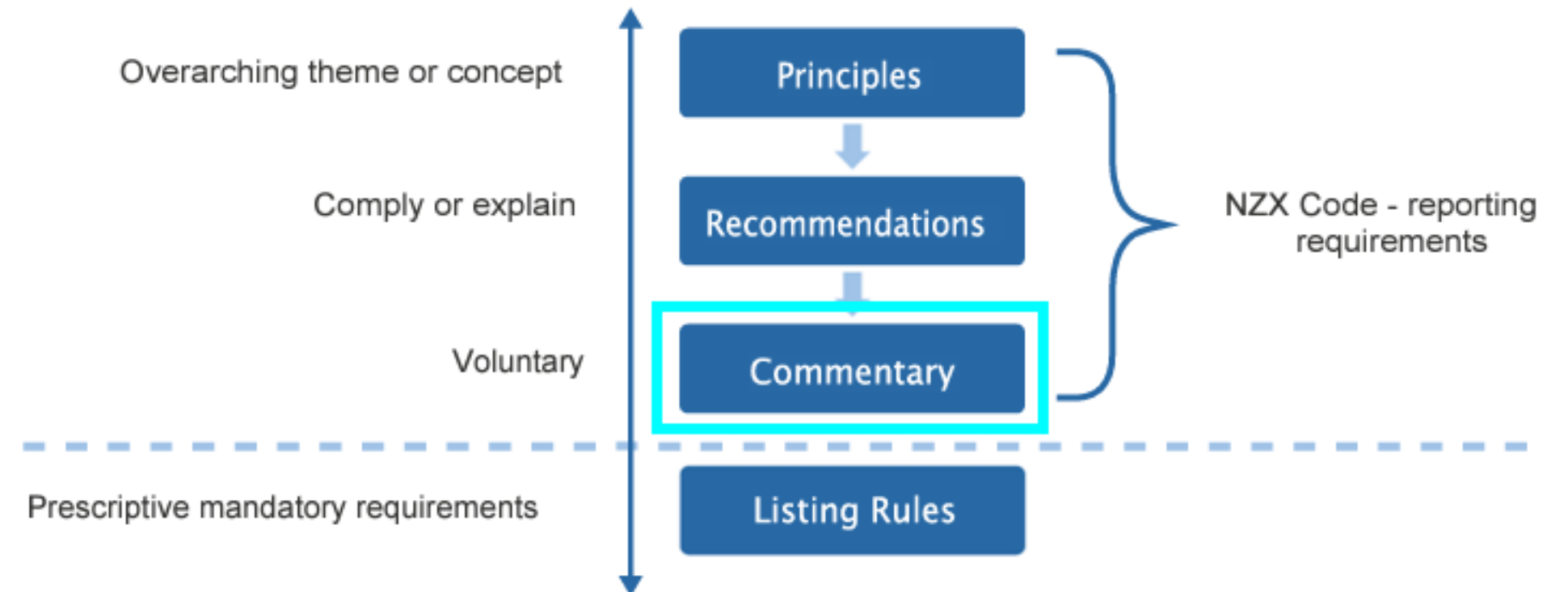
How the NZX Corporate Governance Code Operates

The Code provides recommendations and commentary, which intend to give effect to the general principles outlined within the Code.

The Code's recommendations apply to Issuers on a 'comply or explain' basis.

This enables Issuers to adopt alternative governance practices to those set out in the Code's recommendations so long as this is explained to the market.

Issuers are not required to report against the matters contained in the commentary.



Consultation Proposals

Retain Comply or Explain

NZX is proposing to retain the comply or explain framework. This was broadly supported by submitters.

Good disclosure

NZX is encouraging Issuers to:

- consider the audience's perspective; and
- avoid 'boilerplate' disclosures.

Use of an Index

NZX also encourages Issuers to make disclosures being reported, or explained, against their recommendations more easily navigable by a reader.

We suggest adopting an index and sub-headings.

Questions / discussion on the proposals
relating to the 'comply or explain'
framework





Ethical Standards

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Current Code Settings

Currently, Principle 1 of the Code is named “Code of Ethics”

Training

- Recommendation 1.1 states training should be provided regularly.

Whistle Blowing

- Recommendation 1.1 states that a Code of Ethics should:
 - outline internal breach reporting procedures, and
 - require adherence to whistleblowing procedures (if any).

Consultation Proposals - Ethical Standards

Ethical Standards

- Rename Principle 1: 'Ethical Standards'
- Commentary amendment: good Code of Ethics explains why ethics is important to an issuer's purpose.

Training

- Commentary amendment: training should be once every three years or after material amendment
- Disclose when training last conducted
- If less frequent than the guidance explain how the issuer considers sets a 'tone from the top'

Whistle Blowing

- Commentary amendment: consider adopting whistleblowing procedures based on nature and composition of business
- Consider providing access to a third party agency for "speak-up" purposes.

Questions / discussion on the proposals
relating to ethical standards?





Shareholder Meetings

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Current Code Settings

Recommendation 8.2

- Currently, recommendation 8.2 does not address shareholder meetings.

Code commentary

- The Code commentary suggests:
 - meetings are held at convenient times and locations
 - clear notice is given of the meeting
 - the CEO should attend the annual meeting.

Consultation Proposals - Shareholder Meetings

Recommendation amendment

We propose amending recommendation 8.2 to include the requirement that Issuers design their shareholder meeting arrangements to encourage shareholder participation.

Hybrid meetings

Amendments to the commentary to encourage issuers to consider the benefits of a hybrid meeting model (particularly for issuers in the NZX 50 or with a geographically diverse shareholder base).

Virtual meetings

Amendments to the commentary to provide context for when virtual meetings may be appropriate e.g. meetings where the resolutions being tabled do not require NZX approval under the Listing Rules.

Virtual meeting practices

Amendments to the commentary to provide colour on good practices that may enhance a virtual meeting e.g. the publication of a virtual meeting guide ahead of the meeting.

Questions/ discussions relating to the proposals relating to shareholder meetings?



Thank you

We look forward to seeing some of you at our second workshop on 6 September

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