



NZX Corporate Governance Institute

Charter

December 2024

REVIEW

Version	Date	Author / Reviewer	Nature of amendment
1.0	July 2022	Kristin Brandon / James Miller	Implementation version
2.0	December 2023	Kristin Brandon/ John McMahon and Hamish Macdonald	Changes to reflect 2023 transition arrangements
3.0	December 2024	Kristin Brandon / John McMahon	Changes to reflect 5 year introductory period

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Background

NZX Limited (**NZX**) is a market operator licensed under Part 5 of the Financial Market Conduct Act 2013 (**FMCA**). NZX Regulation Limited (**NZ RegCo**) undertakes regulatory decision-making under NZX's market rules, subject to delegations of authority in place with the NZX Group. NZ RegCo is governed by the NZ RegCo board (**NZ RegCo Board**), separate from the board of NZX.

The corporate governance requirements for the NZX Main Board are contained in the NZX Listing Rules (**Rules**), and in particular the NZX Corporate Governance Code (**Code**), which is contained in Appendix 1 of the Rules.

As part of its review of the Code that was conducted in 2021, NZX proposed the establishment of the NZX Corporate Governance Institute (**Institute**), which was widely supported by stakeholder groups.

The Institute provides recommendations and advice to NZX in relation to the corporate governance aspects of the Rules and the Code.

NZX convened the Institute in October 2022. The Institute was initially convened on an establishment basis for a one year period, which was subsequently renewed until 31 December 2024. In November 2024, the NZX Board determined to continue the Institute beyond its establishment phase for a further five year term concluding on 31 December 2029 (**Introductory Period**) to support NZX's structural arrangements for the development of NZX's corporate governance regulatory settings.

This Charter establishes the role and purposes of the Institute and describes the framework for the operation of the Institute.

1 Purpose

- 1.1 The purposes of the Institute are to assist NZX in delivering corporate governance policy settings for the NZX Main Board:
- (a) in order to assist NZX in becoming a leading, innovative, regional securities exchange regulator that enhances the reputation of, and promotes the development of New Zealand's capital markets;
 - (b) that are proportionate to the size of the NZX Main Board, and the compliance burden imposed on Issuers (noting that approximately one-third of NZX's issuers have a market capitalisation of less than \$50 million), and reflect that issuers on the NZX Main Board compete for capital in the context of the Australasian capital markets;
 - (c) that will enhance Issuers' corporate governance practices to improve performance and increase shareholder value in a sustainable manner, including by lowering Issuers' cost of capital;
 - (d) to provide investors and other stakeholders access to appropriate information about Issuers' corporate governance practices to enable informed voting and investment decisions; and
 - (e) to ensure that NZX's corporate governance policy settings promote and facilitate the fair, orderly, and transparent operation of NZX's markets to support NZX in complying with its market operator licence obligations under the FMCA.

2 Role of the Institute

- 2.1 The role of the Institute is to become the leading authority on corporate governance in New Zealand, providing effective and respected leadership on New Zealand corporate governance practices by:
- (a) providing advice, for NZX's consideration, that is developed in a manner that is consistent with the Institute's purpose, in relation to the corporate governance practices to be adopted by Issuers under the Code (against which Issuers are required to report on a 'comply or explain' basis under Rule 3.8.1(a) and Rule 3.8.1(b)); and
 - (b) providing advice for NZX's consideration in relation to the corporate governance practices to be adopted by Issuers under the Rules, which is consistent with the Institute's purpose;
 - (c) monitoring international corporate governance practices, including those developed by the ASX Corporate Governance Council (noting the purpose of the Institute described in clause 1.1(b));
 - (d) conducting or commissioning research in relation to corporate governance matters that is both consistent with the Institute's purpose and designed to enhance the reputation of the Institute (refer to section 3 of this Charter); and
 - (e) undertaking such other activities related to the corporate governance practices to be adopted by Issuers, as are approved by NZX.

- 2.2 The Institute will undertake its role in accordance with an annual workplan and budget that is approved by NZX.
- 2.3 The Institute may also publish reports, communications and media statements in relation to NZX's corporate governance regulatory policy settings. The Institute may also provide submission feedback (developed in consultation with NZX) in relation to consultation initiatives undertaken by entities other than NZX, that relate to matters within the Institute's remit. Any such publication or submission shall be first approved by the Institute and NZX.

3 Research and monitoring

- 3.1 Clause 2.1(d) recognises the Institute has a role in undertaking and commissioning research in relation to corporate governance matters. This includes undertaking research designed to assess the compliance burden of the Institute's recommendations (such as surveys) to ensure that the Institute acts in a manner consistent with its purpose (particularly as set out in clause 1.1(b)). It also includes research to inform the Institute regarding trends in corporate governance practices.
- 3.2 The Institute will review the findings of its research activities and publish reports that outline its analysis of those findings on a periodic basis, subject to NZX's approval of such reports under clause 2.3.
- 3.3 The Institute will ensure that its research activities are undertaken in accordance with its annual workplan and budget, that is approved by NZX.
- 3.4 It is expected that the Institute will ensure that it is aware of developments in corporate governance practices. The Institute will ensure that it monitors and reviews any changes to the ASX Corporate Governance Code, to ensure that it can provide recommendations consistent with its purpose.

4 Composition and membership

- 4.1 The NZX Board will appoint the members of the Institute.
- 4.2 The Institute will have a minimum of five Institute Members.
- 4.3 During the Introductory Period each Institute Member will be appointed for an initial term ceasing on 31 December 2027, after which an Institute Member may be re-appointed at NZX's discretion for such term as NZX thinks fit.
- 4.4 An Institute Member may resign by providing written notice to the Chair of the NZX Board and Institute Chair. NZX may ask an Institute Member to resign by providing notice in writing to the Institute Member (including to ensure orderly rotation of members), in which case the Institute Member will be deemed to have resigned from the Institute.
- 4.5 Each Institute Member agrees to being named as an Institute Member on the NZX Corporate Governance Institute section of the NZX website and agrees on behalf of their organisation to their organisation's logo being used on the website and in any Institute publications.

5 Role of the Institute Chair

- 5.1 The NZX Head of Policy will be the Institute Chair, unless the NZX Board determines in its absolute discretion to appoint an Institute Member as Institute Chair.
- 5.2 The Institute Chair is responsible for:
- (a) leading the Institute in performing its role, in accordance with its purpose, in a manner that enhances the Institute's reputation;
 - (b) chairing all meetings of the Institute at which he or she is present;
 - (c) setting the agenda for meetings of the Institute, and the strategic direction of the Institute, in consultation with the NZX Secretariat;
 - (d) preparing the Institute's annual workplan, in consultation with the NZX Secretariat, and obtaining NZX's approval for its annual workplan and budget;
 - (e) convening any working group of the Institute, where the Institute has determined that a matter is best dealt with through a working group;
 - (f) ensuring the integrity and effectiveness of the Institute's governance processes;
 - (g) overseeing effective communications with the NZX Board, the media and other relevant parties and stakeholders, on matters relating to the Institute's responsibilities; and
 - (h) conducting an annual assessment of the extent to which an Institute Member has contributed to the objectives and workplan of the Institute for inclusion in the performance report provided to the NZX Board under clause 8.2.
- 5.3 The Institute Chair will meet with the NZX Board at least annually.
- 5.4 The Institute Chair may resign his or her role as chairperson by giving written notice to NZX. NZX may ask the Institute Chair to resign his or her role as chairperson, by providing notice in writing to the Institute Chair, in which case the Institute Chair will be deemed to have resigned as chairperson of the Institute and the NZX Board will be required to appoint an alternative person as Institute Chair.
- 5.5 NZX will notify Institute Members as soon as reasonably practicable if the Institute Chair resigns or is taken to have resigned under clause 5.4.
- 5.6 If the Institute Chair is not able to be present at a meeting of the Institute, the Institute Chair may appoint an Institute Member to act as the Institute Chair's delegate for the purposes of that meeting. If the Institute Chair does not appoint a delegate, in the event that the Institute Chair is absent from a meeting, Institute Members present at the meeting shall choose an Institute Member present at the meeting to act as the chairperson of the meeting.

6 Meetings

- 6.1 The Institute will meet on a scheduled basis a minimum of 3 times each year, at such times and places as the Institute Chair may determine (in consultation with the NZX Secretariat), which will usually be by way of electronic meetings and an annual physical

meeting.

- 6.2 In addition to the scheduled meetings the Institute will meet at other times, at the request of a majority of the Institute Members, or the NZX Board.
- 6.3 The NZX Secretariat will generally provide the Institute Members with supporting documentation for the relevant meeting, at least 5 business days prior to the day of the meeting.
- 6.4 An Institute Member and the NZX Secretariat may submit an agenda item for discussion at a meeting by providing notice to the Institute Chair. The Institute Chair will determine whether an agenda item should be included on the agenda for a meeting, in consultation with the NZX Secretariat.
- 6.5 The NZ RegCo CEO, NZX Head of Policy, and every NZX director, will have a standing invitation to attend meetings. The Institute Chair may invite others, including representatives from government or regulators, to attend all or part of a meeting of the Institute or to meet with members outside a formal meeting.
- 6.6 The quorum for a meeting is a majority of Institute Members.
- 6.7 Open and constructive discussion is encouraged at all Institute meetings to ensure the Institute's advice and comments benefit from the diverse range of skills, knowledge, experience and perspectives of Institute Members attending the meeting.
- 6.8 The Institute Chair shall be entitled to assume that:
 - (a) an Institute Member who does not attend a meeting is prepared to accept any decision on a matter, of which notice was given in the agenda for the meeting, made by those Institute Members who are present and express a view on that matter at the meeting; and
 - (b) an Institute Member who attends but does not express a view on a matter at a meeting is prepared to accept any decision made by those Institute Members who do express a view on that matter at the meeting.
- 6.9 All meetings are to be minuted. The minutes are to be approved by the Institute Members present at the next Institute meeting and signed by the Institute Chair as a true and correct record. Minutes of meetings are to be kept confidential unless the Institute agrees otherwise, with the consent of NZX.

7 NZX Secretariat

- 7.1 NZX will act as the secretariat service to the Institute.
- 7.2 The NZX Secretariat will:
 - (a) arrange the venue and circulate notices for meetings of the Institute;
 - (b) prepare agendas (in consultation with the Institute Chair), minutes and other documents for Institute meetings;
 - (c) facilitate the Institute's recommendations being provided to the NZX Board;

- (d) arrange reporting to the Institute regarding the NZX Board's determination as to whether to adopt a recommendation of the Institute;
 - (e) maintain the historical records of the Institute;
 - (f) maintain an Institute website as an area of the NZX website to promote the work of the Institute; and
 - (g) deal with any day-to-day enquiries about the Institute.
- 7.3 If requested, the NZX Secretariat will provide the services described in clause 7.2 to any working group established by the Institute.

8 Annual Performance Assessment

- 8.1 The Institute will assess its performance at least annually, by considering the extent to which it has delivered the matters contained in its workplan in a manner that aligns with its purposes and role as set out in this Charter.
- 8.2 The Institute Chair will provide a self-assessment report to the NZX Board at least annually to enable the NZX Board to have visibility of the Institute's performance.
- 8.3 At the end of the Introductory Period, the NZX Board will at its discretion, determine whether to continue the Institute, including by considering the Institute's self-assessment of its performance over the Introductory Period and if so:
- (a) will determine the duration of the Institute; and
 - (b) will appoint an Institute Chair and Institute Members for a further term (who may be the same persons who were serving as such as at the end of the Introductory Period).
- 8.4 The NZX Board may, in its complete discretion, at any time, elect to dis-establish the Institute, by providing written notice to the Institute Chair, which shall be deemed to act as written notice for the purposes of clause 4.4 and 5.4 of this Charter.

9 Review and Approval

- 9.1 This Charter shall be reviewed at the instigation of the Institute or the NZX Board.
- 9.2 Any changes to this Charter require the approval of the NZX Board and the Institute Chair.

10 General

- 10.1 The Institute has no mandate, and is not responsible for the content of, or for monitoring and enforcing compliance with, any:
- (a) Rules imposing corporate governance requirements (including Listing Rule 3.8.1);
 - (b) any Guidance Note issued in connection with such Rules; or
 - (c) any provision of the Code.
- 10.2 This Charter does not confer any legal rights or create any legal obligations on NZX (including the NZX Secretariat), the Institute, any Institute Member or the Institute Chair.

Interpretation

In this Charter:

Code	means the NZX Corporate Governance Code contained in Schedule 1 of the Rules, as amended from time to time.
FMCA	means the Financial Markets Conduct Act 2013.
Institute Chair	means the chairperson of the Institute, whose appointment has been approved by the NZX Board.
Institute Member	means a member of the Institute who has been appointed by the NZX Board.
Introductory Period	means the five year period beginning on 1 January 2025 and ending on 31 December 2029 in which the Institute will operate on a continuous basis.
Issuers	means issuers listed on the NZX Main Board.
NZ RegCo	means NZX Regulation Limited.
NZ RegCo Board	means the board of directors of NZ RegCo.
NZ RegCo CEO	means the chief executive officer of NZ RegCo.
NZX Secretariat	means the NZX employee who is assigned by the NZX Board with the responsibility for providing secretariat services to the Institute under this Charter.
NZX	means NZX Limited.
NZX Board	means the board of directors of NZX.
NZX Chair	means the chairperson of the NZX Board.
NZX Group	means NZX and its wholly-owned subsidiaries.
Rules	means the NZX Listing Rules, as amended from time to time.