



BOARD CHARTER

February 2024

1. Introduction

1.1 This Charter sets out the responsibilities and framework for the operation of the Board.

1.2 If there is any conflict between this Charter and the Company's Constitution, the Constitution prevails.

2. Objective

2.1 The Company is a licensed market operator. The Company is responsible for monitoring and enforcing the rules under which the Company's markets operate.

2.2 NZCDC, a wholly-owned subsidiary of the Company, operates the NZCDC settlement system (also called NZX Clearing). NZCDC is responsible for monitoring and enforcing the rules under which NZX Clearing operates.

2.3 RegCo, a wholly-owned subsidiary of the Company, performs the Company's regulatory functions.

2.4 NZCDC has contracted with the Company and RegCo for RegCo to provide the regulatory function in respect of NZX Clearing.

2.5 The primary objective of the Board is to protect and enhance the value of the Company in the interests of the Company and its shareholders. It will do this by adopting the following governance principles:

- (a) directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation;
- (b) to ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives;
- (c) the Board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility;
- (d) the Board should demand integrity in financial and non-financial reporting and in the timeliness and balance of corporate disclosures;
- (e) the remuneration of directors and executives should be transparent, fair and reasonable;
- (f) directors should have a sound understanding of the material risks faced by the Company and how to manage them. The Board should regularly verify that the Company has appropriate processes that identify and manage potential and material risks;
- (g) the Board should ensure the quality and independence of the external audit process; and



- (h) the Board should respect the rights of shareholders and foster relationships with shareholders that encourage them to engage with the Company.

3. Responsibilities

3.1 The Board is responsible for:

- (a) overall governance and providing strategic leadership;
- (b) overseeing management's implementation of the NZX Group's strategic objectives and performance;
- (c) overseeing the development, adoption and communication of a clear strategy for the business;
- (d) overseeing accounting and reporting systems (including the external auditor) and the Company's compliance with its continuous disclosure obligations;
- (e) adopting and reviewing a risk management framework;
- (f) approving the appointment of the CEO, determining their conditions of employment and monitoring their performance against key performance objectives;
- (g) approving the appointment of direct reports of the CEO or Board (except for members of the CEO's office);
- (h) approving the NZX Group's operating budgets/major capital expenditure;
- (i) approving the Company's dividend policy;
- (j) approving delegations to management, and transactions and other matters outside delegation limits;
- (k) ensuring there are adequate resources available to meet the NZX Group's objectives;
- (l) approving the NZX Group's corporate governance documents;
- (m) ensuring that Board capability is reviewed and the mix of independence, skills, knowledge, experience and perspectives is appropriate for the responsibilities and requirements of governing the Company;
- (n) appointing and removing the directors of subsidiaries in the NZX Group, including NZCDC (who will be members of management) and RegCo;
- (o) ensuring that appropriate governance and risk management arrangements exist in respect of NZCDC and its operations (including by appointing independent risk advisers and internal and external auditors of NZX Clearing); and
- (p) providing governance oversight of the NZX Group's environmental, social and governance (**ESG**) performance overall and considering relevant ESG matters as a standard agenda item at least twice a year (by the full Board).



- 3.2 Management is responsible for implementing the strategic objectives set by the Board. Management operates within the risk tolerance and delegations set by the Board and deals with all other aspects of the Company's day-to-day business.
- 3.3 The Financial Markets Conduct Act 2013 requires the Company to operate its markets in a fair, orderly and transparent manner. The Financial Market Infrastructures Act 2021 requires NZCDC to operate NZX Clearing in accordance with the regulatory requirements of that Act, including the Financial Market Infrastructures Standards. Those standards require NZCDC to have objectives that place a high priority on the safety and efficiency of the NZCDC settlement system, and that explicitly support financial stability and other relevant public interest considerations. The Board must take these requirements into consideration when making decisions and advising the Board on matters which impact these parts of the Company's operations.

4. Membership

- 4.1 The Board will:
- (a) have a minimum of four directors;
 - (b) have a maximum of ten directors;
 - (c) have at least two directors ordinarily resident in New Zealand; and
 - (d) have at least two independent directors.
- 4.2 All directors are elected by shareholders. Director appointment, rotation and retirement will comply with the NZX Listing Rules.
- 4.3 The Board will determine the independence of each director on appointment and at least annually after that in accordance with the NZX Main Board Listing Rules. The Board will also review any determination it has made as to a director's independence on becoming aware of any information that may indicate that the director has an interest or relationship which compromises their independence.

5. Chairperson

- 5.1 The Board will appoint the Chairperson from amongst its members.
- 5.2 The Chairperson is responsible for:
- (a) chairing all meetings of the Board at which they are present;
 - (b) ensuring that Board decisions provide clear guidance to the CEO regarding expected outcomes;
 - (c) representing the Board to shareholders;
 - (d) ensuring the integrity and effectiveness of the Board's governance processes; and
 - (e) maintaining regular dialogue with the CEO over all operational matters and promptly consulting with the Board over any matter about which the Board should be aware.



6. Secretarial

- 6.1 The Company Secretary will act as the secretary to the Board and is responsible for the co-ordination of all Board business, including the filing of disclosures with regulatory authorities.
- 6.2 The Company Secretary will generally circulate the agenda and supporting documentation to directors at least five business days prior to each meeting.
- 6.3 The Company Secretary will take minutes at each meeting and circulate them to directors.

7. Committees

- 7.1 The Board may establish Board committees, delegate powers to them, and approve charters for those committees setting out their responsibilities and framework for operation.
- 7.2 The standing Board committees are:
 - (a) Audit and Risk Committee;
 - (b) Clearing Committee;
 - (c) Human Resources and Remuneration Committee;
 - (d) Technology Committee; and
 - (e) Nomination Committee.
- 7.3 The Board may from time to time establish other ad hoc Board committees.
- 7.4 The Board will appoint and remove the members and the chairpersons of the Board committees.

8. Meetings

- 8.1 Board meetings will be conducted in accordance with the Company's Constitution and otherwise as determined by the Chairperson.
- 8.2 The Board will meet at least six times a year. The Board may meet at any other time at the request of a director.
- 8.3 The Board will establish an annual work programme to ensure that it reviews, assesses or reports on each of the areas for which it is responsible under this Charter. The programme will:
 - (a) review the NZX Group's strategic plan;
 - (b) review the operational plans and implementation programme for achieving the strategic plan;
 - (c) approve the annual budget;
 - (d) approve the full and half-year financial statements;



- (e) approve the interim and annual reports;
 - (f) consider and, if approved, declare the payment of any dividends;
 - (g) review the Board composition, structure and succession;
 - (h) review the performance of, necessity for, and composition of Board committees;
 - (i) review the NZX Group's health and safety performance, taking into account the findings of any health and safety performance reviews or audits;
 - (j) consider the Company's internal and external audit requirements;
 - (k) undertake Board, Board committee and individual director performance assessments;
 - (l) review directors' remuneration;
 - (m) review the CEO's performance and remuneration;
 - (n) review the NZX Group's remuneration practices;
 - (o) review the NZX Group's risk tolerance, risk management framework, insurance cover and compliance with legal and regulatory requirements;
 - (p) review the NZX Group's corporate governance policies (including the Conflict Management Policy); and
 - (q) settle the Board's annual work programme for the following 12 months.
- 8.4 The Board may seek advice or assistance from independent external advisers. Any advice from independent external advisers as to the adequacy and suitability of New Zealand Clearing Limited's (which operates NZX Clearing's central counterparty clearing house) capital stress testing model and default capital requirements will be made available to the Reserve Bank of New Zealand and Financial Markets Authority.
- 8.5 The Board will have unrestricted access to management and the external auditor as necessary.
- 8.6 Management may only attend meetings at the invitation of the Board.
- 8.7 The Chairperson may ask any person attending a meeting to leave.
- 8.8 The quorum for a meeting is four directors.
- 8.9 Unless the requirement is waived, notice of meetings will be given to all directors. Notice will usually be by way of secure electronic transmission to an email address provided by the director.
- 8.10 Directors are expected to attend all meetings and may be required to give an explanation to the Chairperson if they miss a meeting. Meetings can take place by means of video conference or telephone conference, provided all directors are connected and able to hear each other.



- 8.11 Open and constructive discussion is encouraged at all Board and Board committee meetings to ensure decisions benefit from the diverse range of independence, skills, knowledge, experience and perspectives of directors.
- 8.12 Each director is expected to fully participate in meeting discussions, having read the agenda and supporting documentation. The content, presentation, quantum and delivery of the agenda and supporting documentation to directors for each meeting will be in accordance with guidelines agreed by the Board.
- 8.13 All decisions of the Board will be by majority vote. In the event of a deadlock, the Chairperson does not have a casting vote.
- 8.14 All discussions, papers and records of Board meetings will remain confidential to the Company, unless there is specific direction from the Board, or disclosure is required by law.

9. Conflicts of interest

- 9.1 The Company will maintain an interests register that contains directors' disclosures in relation to organisations of which they are substantial shareholders, directors, officers or trustees. It is the responsibility of each director to ensure that they notify the Company Secretary of any changes in their interests as soon as they become aware of the issue and take any necessary and reasonable measures to try to manage the conflict.
- 9.2 Directors must disclose to the Board any actual or potential conflict of interest.
- 9.3 Subject to paragraph 9.4, a director must excuse himself or herself from all discussions in respect of any matter in which they may have an actual conflict. The Chairperson will determine whether a member will receive supporting documentation in respect of any matter in which the member may have an actual conflict.
- 9.4 A director who may have an actual conflict in respect of a matter may not (except in relation to the granting of an indemnity or if the matter is one in respect of which a director is required to sign a certificate) vote in relation to that matter, but may:
 - (a) attend a meeting of directors at which the matter arises (but must excuse himself or herself from all discussions in respect of the matter);
 - (b) sign a document relating to the matter on behalf of the Company; and
 - (c) do anything else as a director in relation to the matter, as if they did not have an actual conflict in respect of the matter.

10. Director responsibilities and duties

- 10.1 The conduct of directors will be consistent with their duties and responsibilities to the Company and to its shareholders and in compliance with the Company's Code of Conduct.
- 10.2 Each director is responsible for his or her continuing education to ensure they are able to effectively perform their duties. The Company will assist with this.
- 10.3 Each director will receive a letter of appointment setting out the key terms and conditions of their appointment.



11. Delegation

- 11.1 The Board may delegate its power to the Chairperson, any one or more directors, a Board committee, a management committee, management or advisers.
- 11.2 The Board may not delegate the powers reserved for directors in the second schedule to the Companies Act 1993.

12. Relationship with management

- 12.1 Management must supply the Board with information in a form and timeframe, and of a quality, that will enable the Board to discharge its duties effectively and, in particular, directors' duty to exercise reasonable care, diligence and skills in the relevant circumstances.
- 12.2 Directors are entitled to request additional information from management as necessary.

13. Professional advice

Any director may seek independent professional advice in relation to his or her duties as a director. Before doing so, the director should consult with the Chairperson. Having done so, they may then seek advice. That advice should be sought through the Company Secretary, who will also arrange to pay the costs of that advice.

14. Performance

- 14.1 The Board will assess its performance against the responsibilities set out in this Charter at least annually.
- 14.2 The Board will assess Board committee and individual director performance at least annually.

15. Interpretation

In this Charter:

Board means the board of directors of the Company;

CEO means the Chief Executive Officer of the Company;

Chairperson means the chairperson of the Board;

Company means NZX Limited;

NZCDC means New Zealand Clearing and Depository Corporation Limited;

NZX Group means the Company and its wholly-owned subsidiaries; and

RegCo means NZX Regulation Limited.

Approver:	NZX Limited Board
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