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# Corporate Governance

Codes compared



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# Corporate governance codes compared

This comparative table, developed as a resource for directors, brings the following corporate governance codes into one place and summarises the similarities and differences between the codes. The table is in its sixth edition, updating our last version published in August 2023.

## [NZX Corporate Governance Code \(2025\)](#)

The NZX Code is the primary guidance on corporate governance for NZX-listed issuers. Issuers are required to comply with eight high level principles and supporting recommendations set out in the NZX Code, or explain why not. After the NZX undertook a comprehensive review of the Listing Rules in 2018, the NZX Code is more closely aligned with both the updated Financial Markets Authority Principles and Guidelines and the fourth edition of the ASX Corporate Governance Principles and Recommendations. Following amendments to the NZX Code which came into effect on 1 April 2023, and from 31 January 2025, the NZX Code now contains enhanced director independence settings.

## [ASX Corporate Governance Principles and Recommendations \(2019\)](#)

The ASX Corporate Governance Council has published its fourth edition principles and recommendations. The ASX Code sets out recommended corporate governance practices for entities listed on the ASX, and has a stronger focus on the link between culture, values and community expectations, which follows in the footsteps of the 2019 Hayne Royal Commission recommendations. These principles and recommendations may be relevant to some New Zealand companies listed on the ASX. Note that issuers with a Foreign Exempt Listing are not required to comply with these principles and recommendations, although may choose to do so on a voluntary basis.

## [Financial Markets Authority Corporate Governance in New Zealand: Principles and Guidelines \(2018\)](#)

The revised FMA principles and guidelines are intended as a reference for directors, executives, advisors and a wide range of companies and businesses including those who want to raise capital or list on the NZX in the future. The FMA has stated that they refreshed the Principles and Guidelines to remove any unnecessary overlap with the NZX Code, particularly to ensure the NZX Code is the primary source for requirements for listed companies. It has brought it in line with corporate governance developments in New Zealand and globally.

## [New Zealand Corporate Governance Forum Guidelines \(2015\)](#)

These expand on the previous 2014 FMA principles and guidelines and are intended to be used by listed companies and institutional investors.

## [Institute of Directors' Code of Practice for Directors \(2014\)](#)

The IoD Code provides guidance to directors to assist them in carrying out their duties and responsibilities in accordance with the highest professional standards. All IoD members sign up to the Code. It should be read in conjunction with **The Four Pillars of Governance Best Practice (2021)**, the IoD's comprehensive reference guide for directors in New Zealand. Four Pillars blends high-level principles in governance best practice with practical guidance on day to day directorship.



**The table is intended solely as high-level, summary guidance and is not exhaustive.**

While not compiled in a one-stop guide, directors should also familiarise themselves with the various Policy Statements of the New Zealand Shareholders' Association (as updated), which cover many of the topics traversed within the five codes compared below.

# Framework and Reporting

NZX Corporate Governance Code	ASX Corporate Governance Principles and Recommendations	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	IoD Code of Practice for Directors
<p>The NZX Code is structured around eight general principles, with specific recommendations to give effect to each principle. In addition, explanatory commentary is included.</p> <p>The NZX Code introduces a tiered approach to reporting:</p> <ul style="list-style-type: none"> <li>• Issuers are required to report annually in either their annual report or website (or through a combination of both) on their compliance with the Code or explain the basis against the recommendations.</li> <li>• Reporting against the explanatory commentary is voluntary.</li> </ul> <p>The NZX Listing Rules include mandatory requirements in relation to continuous disclosure and periodic reporting obligations.</p>	<p>The ASX Corporate Governance Council Principles and Recommendations are also structured as high-level principles, with more specific recommendations underneath each principle. Issuers are required to report on a compliance or explain basis against the recommendations.</p> <p>In terms of other reporting obligations, the recommendations include having a written policy (which should be disclosed) for complying with continuous disclosure obligations.</p>	<p>There are eight high level principles, which mirror those in the NZX Code, with more specific guidelines underneath each principle. There is also additional commentary on those guidelines.</p> <p>The FMA principles and guidelines encourage issuers to report how they have achieved each principle, rather than report specifically against the detail in the guidelines. The FMA recognises that the NZX Code is the primary guidance on corporate governance practices for NZX-listed companies.</p> <p>Therefore, they have refocused the principles and guidelines on non-listed companies and entities.</p> <p>Directors are encouraged to consider their, and the entity's performance, against each Principle before information is prepared. Although reporting against the principles is voluntary, they should be 'owned' by the board, and not delegated to management as a 'tick-box' compliance exercise.</p>	<p>The Corporate Governance Forum Guidelines builds up on the 2014 FMA principles and guidelines by suggesting additional guidelines for issuers, and also to explain why a Guideline has not been followed.</p> <p>There is particular focus on presenting information in a way that is useful to shareholders:</p> <ul style="list-style-type: none"> <li>• Reports should help shareholders understand a company's strategic objectives and its progress towards meeting them.</li> <li>• Could include using objective metrics and linking the reports to the company's business model.</li> <li>• Should report on Environmental, Social and Governance (ESG) considerations specific to the company.</li> </ul>	<p>The IoD Code is composed of a framework of interlocking values, principles and practices for governing organisations.</p> <p>The IoD Code provides that directors should monitor and control performance through accurate and timely internal and external reporting:</p> <ul style="list-style-type: none"> <li>• The board should present to shareholders an assessment of the company's performance and position (usually with more information than is required at law).</li> <li>• Reports and financial statements should be in a form readily understandable to shareholders (this means a coherent narrative as well as figures).</li> </ul>

# Ethical Standards

NZX Corporate Governance Code	ASX Corporate Governance Principles and Recommendations	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	IoD Code of Practice for Directors
<p>Issuers should:</p> <ul style="list-style-type: none"> <li>Put in place a code of ethics for directors and employees. Issuers should ensure employees know where to find it and training should be provided regularly. It should outline internal reporting procedures for any breach of ethics, and describe the issuer’s expectations about behaviour including around conflicts, acting honestly and with integrity, handling gifts and whistleblowing (Recommendation 1.1).</li> <li>Have a financial product dealing policy for directors and employees (Recommendation 1.2).</li> </ul>	<p>As part of a movement towards a “culture of acting lawfully, ethically and responsibly”, and in conjunction with the Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, the ASX Code has been re-written and bolstered Principle 3 to now recommend the following additions, compared with the NZX Code:</p> <ul style="list-style-type: none"> <li>Issuers should articulate and disclose its values (Recommendation 3.1).</li> <li>Issuers to have a:                             <ul style="list-style-type: none"> <li>code of conduct</li> <li>whistleblowers policy, and</li> <li>anti-bribery and corruption policy</li> </ul> </li> </ul> <p>that the board or relevant committee is made aware of any material incidents reported under those documents (Recommendations 3.2-3.4).</p>	<p>Key recommendations:</p> <ul style="list-style-type: none"> <li>Written code of ethics that is a “meaningful statement” of core values.</li> <li>Processes for recording and evaluating compliance, and remedying ethical breaches.</li> <li>Communicate code of ethics to employees, and support their compliance with training and clear procedures.</li> <li>Publish, review and report against their code.</li> <li>Disclose any serious instances of unethical behaviour and the action taken.</li> <li>Monitor adherence to the code and ensure directors, executives, and other personnel are held accountable for acting ethically (All Guidelines to Principle 1).</li> <li>A conflicts of interest register should be maintained for all board members and committees. The register should record interests that may be in conflict with the entity (Guidelines to Principle 3).</li> </ul>	<p>In addition to the FMA guidelines:</p> <ul style="list-style-type: none"> <li>A review of whistleblowing arrangements (Guideline 1.1).</li> <li>Policy on the company’s political engagement and trading by directors and employees of the company’s securities (Guideline 1.2).</li> <li>Disclosure of policy and processes for managing related party transactions (Guideline 1.4).</li> </ul>	<p>The IoD Code provides:</p> <ul style="list-style-type: none"> <li>That directors should encourage the adoption of a code of conduct.</li> <li>That directors should lead a culture of high ethical standards.</li> <li>Guidance on conflicts of interests.</li> <li>That directors should ensure there is an approved share dealing procedure for directors and their relatives.</li> </ul> <p>(All Paragraph 3.1) Additional:</p> <p>A comprehensive discussion on ethics is set out in the IoD’s <b>The Four Pillars of Governance Best Practice</b>.</p>

# Diversity

NZX Corporate Governance Code	ASX Corporate Governance Principles and Recommendations	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	IoD Code of Practice for Directors
<p>The NZX Code recommends that issuers should:</p> <ul style="list-style-type: none"> <li>• Have a diversity policy that requires measurable objectives to be set. Issuers within the S&amp;P/NZX20 Index should aim to have not less than 30% of its directors being male and not less than 30% of its directors being female within a specified period.</li> <li>• Assess annually the objectives and their progress towards achieving them, with the policy (or a summary) being disclosed. (Both Recommendation 2.5).</li> </ul> <p>Mandatory requirements in the Listing Rules:</p> <ul style="list-style-type: none"> <li>• Disclosure of the gender composition of the board and officers in annual report.</li> <li>• Annual report should contain an evaluation from the board of its performance with respect to its diversity policy (if applicable).</li> </ul>	<p>Have a diversity policy which has measurable objectives and:</p> <ul style="list-style-type: none"> <li>• Disclose the policy and the progress towards achieving the measurable objectives (Recommendation 1.5(b) and (c)).</li> <li>• Disclose the respective proportions of men and women on the board, senior executive positions and the whole workforce (Recommendation 1.5(c)).</li> </ul> <p>Commentary encourages Issuers to benchmark their position on gender diversity against their peers and to undertake gender pay equity.</p> <p>It is also recommend that boards consider other facets of diversity in addition to gender when considering the composition of the board. In particular, having directors of different ages, ethnicities and backgrounds can help bring different perspectives and experiences.</p>	<p>FMA principles and guidelines state that directors should be selected and appointed so the board has a range of relevant skills and experience (Principle 2.1).</p> <p>Commentary expands on this noting the desirability of a diverse board, including a consideration of gender, ethnicity, cultural background, age and specific relevant skills.</p>	<ul style="list-style-type: none"> <li>• Disclose the company's policy on diversity.</li> <li>• Measurable objectives for achieving diversity on the board and in senior management.</li> <li>• Report on progress made in achieving set objectives.</li> </ul> <p>(All Guideline 2.1 (<i>Diversity</i>)).</p>	<p>The IoD Code provides that there should be a balanced board with a mix of skills, knowledge and experience (Paragraph 3.6).</p> <p>Additional:</p> <p>The IoD strongly supports board diversity. Diversity brings a broader range of perspectives to the boardroom and increases the potential for success, effective risk oversight and long-term business sustainability. Diversity encompasses ethnicity, age, disability, culture, qualifications, experience and other dimensions as well as gender.</p> <p>The IoD's Charter for Chartered Members and Fellows provides that they should actively support and encourage diversity in the composition of governance bodies.</p> <p>The IoD's guide <b>Getting on board with diversity</b> (2016) offers five practical steps and tips to help boards attract and retain diverse talent.</p>

# Independence of the board

NZX Corporate Governance Code	ASX Corporate Governance Principles and Recommendations	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	IoD Code of Practice for Directors
<p>Recommendations:</p> <ul style="list-style-type: none"> <li>The majority of the board should be independent (Recommendation 2.8).</li> <li>The chair of the board should be independent (Recommendation 2.9).</li> <li>A director should not hold the position of CEO and chair (Recommendation 2.10).</li> <li>A procedure for the nomination and appointment of directors – the commentary provides further guidance as to what this procedure should include (Recommendation 2.2).</li> </ul> <p>Key mandatory requirements in the Listing Rules:</p> <ul style="list-style-type: none"> <li>Minimum of three directors (with two being ordinarily resident in New Zealand).</li> <li>Two independent directors (but see Code Recommendation above).</li> <li>Board must determine and disclose the independence of directors.</li> <li>A director must not hold office past the third AGM (without re-election) or for three years, whichever is longer (which applies to Executive Directors as well).</li> <li>Commentary to Recommendation 2.8 sets out some factors boards should consider, when making an independence determination, but the factors are not determinative.</li> </ul>	<p>Similar to the NZX Code, with recommendations such as:</p> <ul style="list-style-type: none"> <li>Independent chair, and not the CEO (Recommendation 2.5).</li> <li>The board should be comprised of a majority of independent directors (Recommendation 2.4).</li> </ul>	<ul style="list-style-type: none"> <li>Chair should be independent (Guidelines to Principle 2).</li> <li>The board should comprise a majority of non-executive directors, and a minimum of two independent directors or one-third of the board for larger boards (Commentary to Principle 2).</li> <li>Specific factors that may influence independence, e.g. recent employment or material business or contractual relationship with the entity (Commentary to Principle 2).</li> </ul>	<p>Expands extensively on the FMA's guidelines:</p> <ul style="list-style-type: none"> <li>Directors should be independently familiar with company operations (Guideline 2.1 (<i>Independence</i>)).</li> <li>Outlines circumstances in which a director could be deemed non-independent (Guideline 2.4 (<i>Independence</i>)), for example: <ul style="list-style-type: none"> <li>Employment in the past three years.</li> <li>Being the director of a company where the main company has an invested more than 10% of the share capital.</li> </ul> </li> <li>Succession should occur on a planned and ongoing basis (Guideline 2.1 (<i>Succession</i>)).</li> </ul>	<p>The IoD Code provides that:</p> <ul style="list-style-type: none"> <li>NZX listed and widely held companies should have a majority of non-executive directors (with at least two being independent directors) (Paragraph 3.7).</li> <li>A CEO/MD should not also be the chair (Paragraph 3.14).</li> <li>Boards should plan succession (Paragraph 3.6).</li> </ul>

# NZX Governance Code – Director Independence factors (31 January 2025)

## Examples of factors that may cause a board to determine that a director is not independent include that the director:

- |   |   |  |
|---|---|--|
| 1. is currently, or was within the last three years, employed in an executive role by the issuer, or any of its subsidiaries  | 4. is currently, or was within the last three years, employed by the external auditor to the issuer, or any of its subsidiaries   | 7. is currently, or was within the last three years, in a material contractual relationship with the issuer or any of its subsidiaries, other than as a director |
| 2. is currently deriving, or within the last 12 months derived a substantial portion of his, her or their annual revenue from the issuer  | 5. currently has, or did have within the last three years, a material business relationship (e.g. as a supplier or customer) with the issuer or any of its subsidiaries | 8. has close family ties or personal relationships (including close social or business connections) with anyone in the categories listed above                   |
| 3. is currently, or was within the last 12 months, in a senior role in a provider of material professional services (other than an external auditor) to the issuer or any of its subsidiaries | 6. is a substantial product holder of the issuer, or a senior manager of, or person otherwise associated with, a substantial product holder of the issuer               | 9. has been a director of the entity for a period of 12 years or more.   |

## Purpose of Independent Directors

The Listing Rules require that an issuer's board must have at least two Independent Directors, being directors who are not Employees, and who have no Disqualifying Relationship under the Rules. An issuer's board must consider the application of the Code factors when determining whether a director has a Disqualifying Relationship.

The purpose of these composition requirements is to ensure that there are a sufficient number of directors on an issuer's board who do not have relationships or interests that would reasonably cause them to be, or to be reasonably perceived to be, aligned with management<sup>4</sup> or a particular shareholder<sup>5</sup> group in a material way. These settings provide additional confidence for shareholders that an issuer's board includes a sufficient number of members who do not have interests or relationships that could reasonably be considered (or could reasonably be perceived) to materially affect their capacity to bring an independent perspective to board decision making - noting that both independent and non independent directors are subject to the same duties to act in the best interests of the company which are owed equally to all shareholders.

# Board appointments, skills and performance

NZX Corporate Governance Code	ASX Corporate Governance Principles and Recommendations	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	IoD Code of Practice for Directors
<p>Recommendations:</p> <ul style="list-style-type: none"> <li>Newly appointed directors should have written agreements establishing the terms of their appointment (Recommendation 2.3).</li> <li>Information about each director should be disclosed in the annual report or on its website, including a profile of experience, length of service, ownership interests, director attendance at board meetings and the board's assessment of the director's independence including a description of why the board has made that assessment (Recommendation 2.4).</li> <li>Directors should undertake appropriate training (Recommendation 2.6).</li> <li>The board should put in place a procedure to regularly assess director, board and committee performance (Recommendation 2.7).</li> <li>The commentary also notes that 'Independence' status should not be determined without careful consideration of all relevant factors. The recently updated Code outlines nine possible factors that may impact a director's independence, including previous executive roles, holding a senior role in providing professional services to the issuer, and length of tenure in excess of 12 years.</li> </ul>	<ul style="list-style-type: none"> <li>Largely similar to the NZX recommendations, other than the added requirement for new appointees to have an induction, and the board to periodically review whether there is a need for existing directors to undertake professional development (Recommendation 2.6).</li> <li>Also notes that a listed entity should have and disclose a board skills matrix setting out the current or desired mix of skills and diversity (Recommendation 2.2).</li> </ul>	<p>Largely similar to the NZX recommendations, other than the added requirement for new appointees to have a comprehensive induction, which is not specifically called out in the NZX Code (Principle 2).</p>	<ul style="list-style-type: none"> <li>A skills matrix is an effective tool to demonstrate skills across the boardroom (Guideline 2.2 (<i>Succession</i>)).</li> </ul>	<ul style="list-style-type: none"> <li>A balanced board needs a broad mix of skills, knowledge and experience (Paragraph 3.6).</li> <li>Boards should engage in continuing professional development (Paragraph 3.6).</li> <li>Boards should undertake an annual formal review of directors and the board, supplemented by informal evaluation during the year (Paragraph 3.17).</li> </ul>

# Audit Committee

NZX Corporate Governance Code	ASX Corporate Governance Principles and Recommendations	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	IoD Code of Practice for Directors
<p>Recommendations:</p> <ul style="list-style-type: none"> <li>All directors should be non-executive. The chair of the audit committee should not also be the chair of the board. (Recommendation 3.1).</li> <li>Employees only attend meetings by invitation (Recommendation 3.2).</li> <li>Have a written charter (Recommendation 3.1).</li> </ul> <p>Mandatory requirements in the Listing Rules:</p> <ul style="list-style-type: none"> <li>Committee must comprise at least three directors:                             <ul style="list-style-type: none"> <li>Majority independent directors.</li> <li>One director with accounting or financial background.</li> </ul> </li> </ul>	<p>Requirements similar to the NZX Code, with recommendations such as:</p> <ul style="list-style-type: none"> <li>The chair should be independent (Recommendation 4.1(a)(2)).</li> <li>Disclose charter and meeting attendances of committee members (Recommendation 4.1(a)(3) and (5)).</li> </ul> <p>Note that the ASX also requires that the qualifications and experience of audit committee members be made public, which is not required by the NZX Code (Recommendation 4.1(a)(4)).</p>	<p>The guidelines are similar to the NZX Code and mandatory requirements under the Listing Rules, and also recommend:</p> <ul style="list-style-type: none"> <li>The chair should be independent.</li> <li>Written charters and membership of each committee be published on the website and easily accessible.</li> <li>Proceedings of committees be reported back to the board.</li> </ul> <p>(All Guidelines to Principle 3)</p> <p>The Guidelines in Principle 3 go further to state that the chair of the audit committee should not have a longstanding association with the external audit firm, either as a current or retired audit partner or senior manager at the firm. An exception could be made if the association could no longer reasonably be perceived to influence either the chair or the external audit firm. The FMA consider that Audit committee chairs previously employed by the external audit firm would be perceived to be influenced for at least three years, and often longer, after leaving the firm.</p>	<p>No recommendations that differ from that suggested by NZX (except that the chair should be independent) or the FMA (Guideline 3.1 (<i>General</i>)).</p>	<p>The IoD Code provides that:</p> <ul style="list-style-type: none"> <li>Companies with widely held securities should have an audit committee (Paragraph 3.12).</li> <li>Committees should ideally be comprised of independent directors (Paragraph 3.12).</li> <li>The chair of the board should not also be chair of the audit committee (unless there is a compelling reason for this) (Paragraph 3.12).</li> <li>Committees should review the independence and performance of external auditors (Paragraph 3.12).</li> <li>Committees should meet with the external auditors at least once a year and for at least part of that meeting no executive directors or other employees should be present (Paragraph 3.12).</li> <li>When a committee is established by the board, its terms of reference, powers, duties, reporting procedures, membership, remuneration and duration of office should be clearly recorded. Decision-making abilities should be clearly defined. Generally, committee activities should result in recommendations for the approval of the full board (Paragraph 3.18).</li> </ul>

# Remuneration and Nomination Committees

NZX Corporate Governance Code	ASX Corporate Governance Principles and Recommendations	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	IoD Code of Practice for Directors
<p>Recommendations:</p> <ul style="list-style-type: none"> <li>• Have written charters (Recommendations 3.3 and 3.4).</li> <li>• Management only attend meetings of the remuneration committee by invitation (Recommendation 3.3).</li> <li>• At least a majority of the committees should be independent directors (Recommendations 3.3 and 3.4).</li> </ul>	<p>Recommends issuers have a remuneration and nomination committee (similar to NZX Code recommendations), with the additional Recommendation that the chair should be independent (Recommendation 8.1(a)(2), 2.1(a)(2)).</p>	<p>Commentary on the guidelines mentions the desirability of both committees for some issuers (Commentary to Principle 2 and 3).</p> <p>The commentary suggests that the remuneration committee should have a majority of independent directors (Commentary to Principle 3).</p>	<p>Largely similar to the NZX and the FMA, except for the Recommendation that the chair of each committee should be independent (Guideline 3.1 (<i>General</i>)).</p> <p>Recommends a nomination committee (where the company is of sufficient size) and should disclose processes regarding nominations by shareholders and the nomination committee (Guideline 3.3 (<i>General</i>)).</p>	<p>When a committee is established by the board, its terms of reference, powers, duties, reporting procedures, membership, remuneration and duration of office should be clearly recorded. Decision-making abilities should be clearly defined. Generally, committee activities should result in recommendations for the approval of the full board (Paragraph 3.18).</p> <p>The IoD Code recommends that a remuneration committee of the board is comprised of independent directors (Paragraph 3.13).</p>

# Other committees and general requirements for committees

NZX Corporate Governance Code	ASX Corporate Governance Principles and Recommendations	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	IoD Code of Practice for Directors
<p>Recommendations:</p> <ul style="list-style-type: none"> <li>• Issuers should consider whether it is appropriate to have any other standing board committees, each of which should operate under a written charter (Recommendation 3.5).</li> <li>• Identify the members of each committee and periodically report member attendance (Recommendation 3.5).</li> <li>• Establish appropriate protocols to be followed for dealing with a Change of Control transaction, including the option of establishing a committee of directors independent of the offeror (and the likely composition and implementation of such a committee) (Recommendation 3.6).</li> </ul> <p>The commentary also notes that an issuer may wish to consider establishing a separate risk committee (although noting these are often combined with the audit committee) or a health and safety committee.</p>	<ul style="list-style-type: none"> <li>• Form a risk committee, with the chair being an independent (Recommendation 7.1(a)).</li> </ul>	<ul style="list-style-type: none"> <li>• The charter and membership of each committee should be published on the entity's website and easily accessible (Guidelines to Principle 3).</li> <li>• Proceedings of committees should be reported back to the board to allow other directors to question committee members (Guidelines to Principle 3).</li> <li>• Particular consideration should be given to appointing a risk committee – depending on the size and nature of the entity, a combined risk and audit committee may not be appropriate (Commentary to Principle 3).</li> <li>• A health and safety committee may also be useful to provide oversight and accountability (Commentary to Principle 3).</li> </ul>	<ul style="list-style-type: none"> <li>• Recommends establishing procedures for if there is a takeover offer, which should include the option of establishing an independent takeover committee (Guideline 3.1 (<i>Takeover Committees</i>)).</li> <li>• Notes a board may need to form a related party committee as necessary in order to manage related party transactions (Guideline 1.4).</li> <li>• Generally, board committees should be majority independent and have an independent chair (Guideline 3.1 (<i>General</i>)).</li> <li>• Committees should contain or have access to the necessary expertise and training to execute their charters effectively (Guideline 3.2 (<i>General</i>)).</li> </ul>	<ul style="list-style-type: none"> <li>• In appropriate circumstances, and depending on the size of the board, other committees may promote the efficient operation of the board.</li> <li>• When a committee is established by the board, its terms of reference, powers, duties, reporting procedures, membership, remuneration and duration of office should be clearly recorded. Decision-making abilities should be clearly defined. Generally, committee activities should result in recommendations for the approval of the full board.</li> <li>• Non-executive directors should be invited to attend meetings of any board committee, whether appointed or not, except where excluded by a conflict of interest.</li> </ul> <p>(All Paragraph 3.18).</p>

# Risk Management and reporting non-financial matters

NZX Corporate Governance Code	ASX Corporate Governance Principles and Recommendations	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	IoD Code of Practice for Directors
<p>Recommendations:</p> <ul style="list-style-type: none"> <li>• Non-financial reporting should be balanced, clear and objective (Recommendation 4.3).</li> <li>• Issuers should provide non-financial disclosure at least annually (including environmental, social sustainability and governance factors and practices) and explain how operational or non-financial targets are measured (Recommendation 4.4).</li> <li>• A risk management framework should be in place to manage existing risks and to report material risks (and how they are being managed) (Recommendation 6.1).</li> <li>• Specific Recommendation that issuers should report on health and safety risks, performance and management (Recommendation 6.2).</li> </ul>	<ul style="list-style-type: none"> <li>• Risk management frameworks should be sound, and their efficacy reviewed at least annually by the board, and disclose whether such review has taken place (Recommendation 7.2(a) and (b)).</li> <li>• Form a risk committee (Recommendation 7.1(a)).</li> <li>• Disclosure of the details of any internal audit function (Recommendation 7.3(a)).</li> <li>• Disclose any material exposure to ESG risks and how it manages those risks (Recommendation 7.4).</li> </ul>	<p>Rigorous processes for risk management and internal controls should be in place:</p> <ul style="list-style-type: none"> <li>• Board should receive and review regular reports on these processes.</li> <li>• Board reports should include a copy of the entity's risk register and should highlight the main risks to the entity's performance and the steps being taken to manage them.</li> <li>• Boards should report on risk identification, risk management and relevant internal controls to investors and stakeholders, at least once a year.</li> </ul> <p>(All Guidelines to Principle 6).</p>	<p>Outlines the kind of risks that boards should consider:</p> <ul style="list-style-type: none"> <li>• Financial, strategic and ESG risks (Guideline 6.3).</li> <li>• Board should foster an "effective risk culture" (Guideline 6.2).</li> </ul>	<p>The IoD Code provides that:</p> <ul style="list-style-type: none"> <li>• Directors should recognise and manage risk through identification, prioritisation, creation and implementation of a good risk management plan and monitoring.</li> <li>• Directors should ensure the creation, implementation and maintenance of adequate systems of internal control within the company. (Both Paragraph 3.5).</li> </ul> <p>Additional:</p> <p>The IoD supports boards reporting meaningful non-financial information on:</p> <ul style="list-style-type: none"> <li>• ESG matters and risks, and</li> <li>• health and safety performance.</li> </ul>

# Remuneration

NZX Corporate Governance Code	ASX Corporate Governance Principles and Recommendations	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	IoD Code of Practice for Directors
<p>Recommendations:</p> <ul style="list-style-type: none"> <li>The issuer should have a policy for remuneration of directors and should recommend director remuneration packages to shareholders for approval in a transparent manner. Actual remuneration should be clearly disclosed in the annual report (Recommendation 5.1).</li> <li>The issuer should have a policy for remuneration of executives, which outline relative weightings of remuneration components and performance criteria (Recommendation 5.2).</li> <li>The remuneration arrangement for the CEO should be disclosed including disclosure of base salary, short term and long term incentives and performance criteria used to determine performance based payments (Recommendation 5.3).</li> </ul> <p>Commentary provides that if an issuer makes public statements referring to reliance on independent remuneration reports in respect of director remuneration, then a summary of the findings of the report should be made public.</p> <p>Mandatory requirements under the Listing Rules:</p> <ul style="list-style-type: none"> <li>Director remuneration must be approved by shareholders, although pro rata increases where there is an increase in the number of directors following approval are possible.</li> </ul>	<p>The ASX recommendations are similar to that of NZX:</p> <ul style="list-style-type: none"> <li>Disclose policies and practices for remunerating non-executive directors and executive directors (Recommendation 8.2).</li> </ul> <p>The ASX commentary includes further guidelines and suggestions for setting the remuneration policy. It also notes the strict mandatory requirements under the Corporations Act 2001.</p> <p>An issuer that has an equity based remuneration policy should have a policy on whether participants are permitted to enter into arrangements to hedge that risk and should disclose the policy (Recommendation 8.3).</p>	<p>Remuneration policy should be transparent, fair and reasonable:</p> <ul style="list-style-type: none"> <li>Boards should have a clear policy for setting executive and director remuneration. Remuneration should be fair and reasonable, and competitive in the market for the skills, knowledge and experience required.</li> <li>Remuneration policies should be disclosed to shareholders.</li> <li>Executive (including executive director) remuneration should be clearly differentiated from non-executive directors' remuneration.</li> <li>Executive (including executive director) remuneration packages should be appropriately aligned with the entity's strategy, and include an element dependent on entity and individual performance (All Guidelines to Principle 5).</li> </ul>	<p>The guidelines attempt to reconcile the protocols proposed by the FMA with the expectations of shareholders:</p> <ul style="list-style-type: none"> <li>Describe how the remuneration policy is aligned with the company's long term strategic objectives (Guideline 5.1 (<i>Remuneration Policy</i>)).</li> <li>Performance measurement should ensure there are no rewards for taking inappropriate risks at the expense of the company and its shareholders (Guideline 5.4 (<i>Executive Remuneration</i>)).</li> <li>Performance-based pay should not be granted to non-executive directors</li> <li>(Guideline 5.1 (<i>Board Remuneration</i>)).</li> </ul>	<p>The IoD Code provides that:</p> <ul style="list-style-type: none"> <li>Directors and management should be remunerated fairly and transparently (Paragraph 3.13).</li> <li>Directors' remuneration should be set to attract, motivate and retain the best people possible (Paragraph 3.13).</li> <li>Director and employee remuneration and incentives should be aligned with company strategy and performance (Paragraph 3.8).</li> <li>Directors' fees should be reviewed at least annually (Paragraph 3.13).</li> <li>A company's remuneration policy should be disclosed in the annual report (Paragraph 3.13).</li> </ul> <p>In addition:</p> <ul style="list-style-type: none"> <li>The IoD's <b>Guide to director remuneration disclosure in annual reports</b> (2017) aims to support transparent and consistent disclosure of director remuneration. The framework includes disclosing details on all board and committee fees received, plus any other benefits or payments received and associated explanations. The guide can be used by boards of all types of entities.</li> </ul>

# Auditors

NZX Corporate Governance Code	ASX Corporate Governance Principles and Recommendations	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	IoD Code of Practice for Directors
<p>Recommendations:</p> <ul style="list-style-type: none"> <li>• Framework established for the relationship with the external auditors (Recommendation 7.1).</li> <li>• The external auditor should attend the annual meeting to answer shareholder questions (Recommendation 7.2).</li> <li>• Internal audit functions should be disclosed (Recommendation 7.3).</li> </ul> <p>Mandatory requirements in the Listing Rules:</p> <ul style="list-style-type: none"> <li>• Lead audit partner must be rotated every five years.</li> </ul>	<ul style="list-style-type: none"> <li>• Issuers should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor (Recommendation 4.3).</li> <li>• CEO and CFO should declare that the financial records of the entity have been properly maintained, that the financial statements comply with appropriate accounting standards and give a fair view of the financial position of the issuer (Recommendation 4.2).</li> </ul> <p>Note that under the Corporations Act 2001, audit partner rotation is required every seven years.</p>	<ul style="list-style-type: none"> <li>• Rigorous selection of external auditors on professional merit.</li> <li>• No relationship between the auditor and the entity (or any related person) that could compromise the auditor's independence.</li> <li>• Regular and full dialogue between audit committee, external auditors and management.</li> <li>• No issuer's audit should be led by the same audit partner for more than seven consecutive years.</li> <li>• Boards must prepare and file financial reports as required under relevant legislation and should report to shareholders and stakeholders annually, on the fees paid to their audit firm.</li> <li>• Fee negotiations should be managed by the directors and/or the audit committee, not delegated to the entity's management.</li> <li>• Boards should explain in their annual report the non-audit work their audit firm carried out, and why the work did not compromise auditor objectivity and independence. (All Guidelines to Principle 7).</li> </ul>	<ul style="list-style-type: none"> <li>• Actively consider audit firm rotation every 10 years (Guideline 7.1).</li> <li>• Annual report should describe the work of the audit committee in discharging its responsibilities (Guideline 7.2).</li> </ul>	<p>The IoD Code provides that auditors should:</p> <ul style="list-style-type: none"> <li>• Maintain clear and open communication with audit committees (Paragraph 3.12).</li> <li>• Meet with audit committees at least once a year and for at least part of that meeting no executive directors or other company employees should be present (Paragraph 3.12).</li> </ul> <p>At meetings, auditors should be able to attend and speak on any part of the business that concerns them as auditors (Paragraph 3.11).</p>

# Shareholder relations and stakeholder interests

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<p>Issuers should:</p> <ul style="list-style-type: none"> <li>• Maintain a website where investors and interested stakeholders can access financial and operational information and key corporate governance information (Recommendation 8.1).</li> <li>• Allow investors the ability to easily communicate with the issuer (including by designing its shareholder meeting arrangements to encourage shareholder participation and by providing shareholders the option to receive communications electronically) (Recommendation 8.2).</li> <li>• Allow shareholders to vote on major decisions which may change the nature of the company (Recommendation 8.3).</li> <li>• If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rate basis, and on no less favourable terms, before they are offered to other investors (Recommendation 8.4).</li> <li>• Ensure that the notice of meeting is posted on their website as soon as possible and at least 20 working days prior to the meeting (Recommendation 8.5)</li> </ul>	<p>Recommendations regarding shareholder relations still likely broader than those in the in both the NZX Code and FMA Principles and Guidelines. In particular:</p> <ul style="list-style-type: none"> <li>• Commentary concerning specific ways shareholders can communicate with the board and participate in shareholder meetings is in depth and provides more guidance than any New Zealand code (Commentary to Recommendation 6.3).</li> <li>• Commentary goes into more detail concerning use of technology to ensure shareholders can access information and exercise their rights (Commentary to Recommendations 6.1 and 6.3).</li> </ul>	<p>Issuers should:</p> <ul style="list-style-type: none"> <li>• Publish policies on shareholder relations.</li> <li>• Provide a description of the business, strategies, performance, corporate governance documents and how it has followed the FMA Principles.</li> <li>• Encourage shareholder participation in AGMs.</li> <li>• Encourage shareholders to take part in annual and special meetings.</li> <li>• Recognise it is in shareholders' interests to take account of the interests of other stakeholders.</li> <li>• Take account of stakeholder interests by, for example, having clear policies for the entity's relationships with significant stakeholders; regularly assess compliance with these policies; check conduct towards stakeholders aligns with current accepted social, environmental, and ethical norms (All guidelines to Principle 8).</li> </ul>	<p>Guidelines are extensive in this area, they focus on:</p> <ul style="list-style-type: none"> <li>• Not diluting shareholders without approval and therefore listed issuers should seek shareholder approval for share issuance above 5% of the shares on issue (Guideline 8.1 (<i>Dilution</i>)).</li> <li>• The protection of shareholders' rights to vote on certain matters (Guidelines 8.1 to 8.5 (<i>Shareholder meetings</i>)).</li> <li>• More generally ensuring that shareholders' views are acknowledged by the board (Guidelines 8.1 to 8.3 (<i>Other Communications</i>)).</li> <li>• Establishing communication channels for dialogue and reporting on ESG matters with stakeholders (including shareholders) (Guideline 9.1).</li> </ul>	<p>The IoD Code provides that:</p> <ul style="list-style-type: none"> <li>• Directors should foster constructive relationships with shareholders to encourage engagement with the company (Paragraph 3.11).</li> <li>• Shareholders should be given sufficient time to ask, through the chair, questions of the board and management and auditors (Paragraph 3.11).</li> <li>• Publicly owned or large entities should maintain an up-to-date website providing online access to company reports, key corporate governance documents, shareholder notices, information releases and a description of the company's operations and goals (Paragraph 3.11).</li> <li>• Shareholders (and classes of shareholders) should be treated fairly according to their different rights (Paragraph 3.9).</li> <li>• Reports and financial statements should be in a form readily understandable to shareholders (Paragraph 3.16).</li> </ul>

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<p><b>Stakeholder interests</b></p> <p>The previous FMA Principle 9 on stakeholder interests has been merged with Principle 4 on reporting and disclosure and Principle 8 on shareholder rights and relations (as noted above).</p>	<p><b>Stakeholder interests</b></p> <p>The ASX principles do not directly cover “stakeholder interests”, although some of the “respect the rights of security holder” recommendations overlap.</p>	<p><b>Stakeholder interests</b></p> <p>The previous Principle 9 on stakeholder interests has been merged with Principle 4 on reporting and disclosure and Principle 8 on shareholder rights and relations (as noted above).</p>	<p><b>Stakeholder interests</b></p> <ul style="list-style-type: none"> <li>Clearly explain procedures concerning communication to stakeholders (Guideline 9.1).</li> </ul>	<p><b>Stakeholder interests</b></p> <p>The IoD Code provides that:</p> <ul style="list-style-type: none"> <li>Directors should recognise and respect the legitimate interests of stakeholders.</li> <li>Strict adherence to the law and ethical values helps to ensure recognition and appropriate consideration of the interests of stakeholders, including employees, suppliers and others.</li> <li>Active management of key stakeholder relationships is generally consistent with acting in the best interests of the company.</li> <li>Directors should adopt policies governing the management of relationships with key stakeholders that are consistent with the nature of the company, its mission or purpose and the interests of its shareholders. (All Paragraph 3.10).</li> </ul>

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Every effort has been made to ensure accuracy in this publication. However, the items are necessarily generalised and readers are urged to seek specific advice on particular matters and not rely solely on this text.

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