Corporate **governance codes** compared

UPDATED SEPTEMBER 2017

Institute of Directors

CHAPMAN TRIPP

Contents

Corporate governance codes compared

The Institute of Directors (IoD) and Chapman Tripp produced the *Corporate Governance Codes Compared* table in 2016 to make it easier for companies to see the similarities and differences between the various corporate governance codes in New Zealand. Since then, the NZX Corporate Governance Code has been significantly revised. This has introduced a new level of consistency across the codes produced by the NZX, the Financial Markets Authority and the New Zealand Corporate Governance Forum. We have refreshed the table in light of this.

Transparency and a level of consistency in corporate reporting are important to the market, stakeholders and shareholders. Good governance practice expects reporting that is open and meaningful – that goes beyond 'tick box compliance'.

Comparative table

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:

- **IoD 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* (2017), 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.
- **NZX Corporate Governance Code (2017)** – The recently revised NZX Code applies to entities whose "equity securities" are quoted on the NZX. They are required to comply with eight high level principles and supporting recommendations set out in the NZX Code or explain why not. The NZX Code mirrors eight of the nine FMA principles. The last principle on stakeholder interests has been merged with other principles.
- **Financial Markets Authority Corporate Governance in New Zealand: Principles and Guidelines (2014)** – The FMA principles and guidelines are intended as a reference for directors, executives and advisors. It is recommended that boards provide sufficient meaningful information to show how they meet nine high level principles for corporate governance. The FMA has indicated that it is refocusing this handbook on unlisted companies now the NZX Code has broadly adopted its recommendations for listed companies.
- **New Zealand Corporate Governance Forum Guidelines (2015)** – These expand on the FMA principles and guidelines and are intended to be used by listed companies and institutional investors.
- **ASX Corporate Governance Principles and Recommendations (2014)** – The ASX Corporate Governance Council has published principles and recommendations setting out recommended corporate governance practices for entities listed on the ASX. 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.

Table structure

The table sets out key aspects of corporate governance beginning with the IoD and NZX codes (with some additional references). It outlines the FMA principles and guidelines and additional commentary from the New Zealand Corporate Governance Forum Guidelines. The ASX position is summarised as a comparator. The table is intended solely as high-level, summary guidance and is not exhaustive.

Framework and Reporting

IoD Code of Practice for Directors	NZX Corporate Governance Code	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	ASX Corporate Governance Principles and Recommendations
The IoD Code is composed of a framework of interlocking values, principles and practices for governing organisations. The IoD Code provides that directors should monitor and control performance through accurate and timely internal and external reporting: • The board should present to shareholders an assessment of the company's performance and position (usually with more information than is required at law). • Reports and financial statements should be in a form readily understandable to shareholders (this means a coherent narrative as well as figures).	The NZX Code is structured around eight general principles, with specific recommendations to give effect to each principle. In addition, explanatory commentary is included. The NZX Code introduces a tiered approach to reporting: • Issuers are required to report annually on a comply or explain basis against the recommendations. • Reporting against the explanatory commentary is voluntary. The NZX Listing Rules include mandatory requirements in relation to continuous disclosure and periodic reporting obligations.	There are nine high level principles (the first eight principles mirror those in the NZX Code), with more specific guidelines underneath each principle. There is also additional commentary on those guidelines. 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. In terms of other reporting obligations, the guidelines suggest implementing processes to ensure listing rules and other reporting obligations are complied with: • "Rigorous" processes to ensure the quality and integrity of financial statements. • Clear and concise financial statements. • Written internal process concerning continuous disclosure.	The Corporate Governance Forum Guidelines build upon the FMA principles and guidelines by suggesting additional guidelines for issuers, and also to explain why a guideline has not been followed. There is particular focus on presenting information in a way that is useful to shareholders: • Reports should help shareholders understand a company's strategic objectives and its progress towards meeting them. • Could include using objective metrics and linking the reports to the company's business model. • Should report on Environmental, Social and Governance (ESG) considerations specific to the company.	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 comply or explain basis against the recommendations. In terms of other reporting obligations, the recommendations include having a written policy (which should be disclosed) for complying with continuous disclosure obligations.

Ethical Standards

IoD Code of Practice for Directors	NZX Corporate Governance Code	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	ASX Corporate Governance Principles and Recommendations
The IoD Code provides: • That directors should encourage the adoption of a code of conduct. • That directors should lead a culture of high ethical standards. • Guidance on conflicts of interests. • That directors should ensure there is an approved share dealing procedure for directors and their relatives. (All Paragraph 3.1) Additional: A comprehensive discussion on ethics is set out in the IoD's *The Four Pillars of Governance Best Practice*.	Issuers should: • Put in place a code of ethics for directors and employees and this should adhere to any procedures about whistleblowing (Recommendation 1.1). • Have a financial product dealing policy for directors and employees (Recommendation 1.2).	Key recommendations: • Written code of ethics that is a "meaningful statement" of core values. • Processes for remedying ethical breaches. • Ethics code should apply to senior managers and employees. • Ethics code should set out conduct expected of management and the board in responding to and supporting instances of whistleblowing. • Publish, review and report against their code. • Disclose any serious instances of unethical behaviour and the action taken. (All Guidelines to Principle 1)	In addition to the FMA guidelines: • A review of whistleblowing arrangements (Guideline 1.1). • Policy on the company's political engagement and trading by directors and employees of the company's securities (Guideline 1.2). • Disclosure of policy and processes for managing related party transactions (Guideline 1.4).	The ASX also recommends a written code of conduct as a "meaningful statement" of a company's core values (Recommendation 3.1). • Similar to NZX recommendations. • Also includes processes to protect "whistleblowers who report violations in good faith" (Commentary to Recommendation 3.1).

Diversity

IoD Code of Practice for Directors	NZX Corporate Governance Code	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	ASX Corporate Governance Principles and Recommendations
The IoD Code provides that there should be a balanced board with a mix of skills, knowledge and experience (Paragraph 3.6). Additional: 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. The IoD's Charter for Chartered Members and Fellows provides that they should actively support and encourage diversity in the composition of governance bodies. The IoD's guide *Getting on board with diversity* (2016) offers five practical steps and tips to help boards attract and retain diverse talent.	The NZX Code recommends that issuers should: • Have a diversity policy that requires measurable objectives to be set. • Assess annually the objectives and their progress towards achieving them, with the policy (or a summary) being disclosed (Both Recommendation 2.5). Mandatory requirements in the Listing Rules: • Disclosure of the gender composition of the board and officers in annual report. • Annual report should contain an evaluation from the board of its performance with respect to its diversity policy (if applicable).	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). Commentary expands on this noting the desirability of a diverse board, including a consideration of gender, ethnicity, cultural background, age and specific relevant skills.	• Disclose the company's policy on diversity. • Measurable objectives for achieving diversity on the board and in senior management. • Report on progress made in achieving set objectives. (All Guideline 2.1 (Diversity)).	Have a diversity policy which has measurable objectives and: • Disclose the policy and the progress towards achieving the measurable objectives (Recommendation 1.5(b) and (c)). • Disclose the respective proportions of men and women on the board and in senior executive positions (Recommendation 1.5(c)).

Independence on the board

IoD Code of Practice for Directors	NZX Corporate Governance Code	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	ASX Corporate Governance Principles and Recommendations
The IoD Code provides that: • NZX listed and widely held companies should have a majority of non-executive directors (with at least two being independent directors) (Paragraph 3.7). • A CEO/MD should not also be the chair (Paragraph 3.14). • Boards should plan succession (Paragraph 3.6).	Recommendations: • A director should not hold the position of CEO and chair (Recommendation 2.8). • A procedure for the nomination and appointment of directors – the commentary provides further guidance as to what this procedure should include (Recommendation 2.2). Key mandatory requirements in the Listing Rules: • Two independent directors (unless there are eight or more directors, in which case there must be three or one third). • Board must determine and disclose the independence of directors. • At least a third of directors, and any director appointed by the board during the year, should retire from office at the annual meeting.	• Chair should be independent (Guidelines to Principle 2). • The board should comprise a majority of non-executive directors (Commentary to Principle 2). • Specific factors that may influence independence, eg recent employment or material business or contractual relationship with the entity (Commentary to Principle 2).	Expands extensively on the FMA's guidelines: • Directors should be independently familiar with company operations (Guideline 2.1 (Independence)). • Outlines circumstances in which a director could be deemed non-independent (Guideline 2.4 (Independence)), for example: o Employment in the past three years o Being the director of a company where the main company has an invested more than 10% of the share capital. • Succession should occur on a planned and ongoing basis (Guideline 2.1 (Succession)).	Recommendations: • Independent chair (Recommendation 2.5). • The board should be comprised of a majority of independent directors (Recommendation 2.4).

Board appointments, skills and performance

IoD Code of Practice for Directors	NZX Corporate Governance Code	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	ASX Corporate Governance Principles and Recommendations
• A balanced board needs a broad mix of skills, knowledge and experience (Paragraph 3.6). • Boards should engage in continuing professional development (Paragraph 3.6). • Boards should undertake an annual formal review of directors and the board, supplemented by informal evaluation during the year (Paragraph 3.17).	Recommendations: • Newly appointed directors should have written agreements establishing the terms of their appointment (Recommendation 2.3). • Information about each director should be disclosed in the annual report, including a profile of experience, length of service, independence and ownership interests (Recommendation 2.4). • Directors should undertake appropriate training (Recommendation 2.6). • The board should put in place a procedure to regularly assess director, board and committee performance (Recommendation 2.7).	Largely similar to the NZX recommendations (Principle 2).	• A skills matrix is an effective tool to demonstrate skills across the boardroom (Guideline 2.2 (Succession)).	• Largely similar to the NZX recommendations. • 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).

Audit Committee

IoD Code of Practice for Directors	NZX Corporate Governance Code	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	ASX Corporate Governance Principles and Recommendations
The IoD Code provides that: • Companies with widely held securities should have an audit committee (Paragraph 3.12). • Committees should ideally be comprised of independent directors (Paragraph 3.12). • 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). • Committees should review the independence and performance of external auditors (Paragraph 3.12). • 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). • 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).	Recommendations: • All directors should be non-executive. The chair of the audit committee should not also be the chair of the board. (Recommendation 3.1) • Employees only attend meetings by invitation (Recommendation 3.2). • Have a written charter (Recommendation 3.1) Mandatory requirements in the Listing Rules: • Committee must comprise at least three directors: o Majority independent directors. o One director with accounting or financial background.	The guidelines are similar to the NZX Code and mandatory requirements under the Listing Rules, and also recommend: • The chair should be independent. • Written charters and membership of each committee be published on the website and easily accessible. • Proceedings of committees be reported back to the board. (All Guidelines to Principle 3)	No recommendations that differ from that suggested by NZX (except that the chair should be independent) or the FMA (Guideline 3.1 (General)).	Requirements similar to the NZX Code, but also recommend: • The chair should be independent (Recommendation 4.1(a)(2)). • Disclose charter, the qualifications and experience and meeting attendances of committee members (Recommendation 4.1(a)(3),(4) and (5)).

Remuneration and Nomination Committees

IoD Code of Practice for Directors	NZX Corporate Governance Code	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	ASX Corporate Governance Principles and Recommendations
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). The IoD Code recommends that a remuneration committee of the board is comprised of independent directors (Paragraph 3.13).	• Have written charters (Recommendations 3.3 and 3.4). • Management only attend meetings of the remuneration committee by invitation (Recommendation 3.3). • At least a majority of the committees should be independent directors (Recommendations 3.3 and 3.4).	Commentary on the guidelines mentions the desirability of both committees for some issuers (Commentary to Principle 2 and 3). The commentary suggests that the remuneration committee should have a majority of independent directors (Commentary to Principle 3).	Largely similar to the NZX and the FMA, except for the recommendation that the chair of each committee should be independent (Guideline 3.1 (General)). 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 (General)).	Recommends issuers have a nomination committee (similar to NZX Code recommendations), with the additional recommendation that the chair should be independent (Recommendation 8.1(a)(2)).

Other committees and general requirements for committees

IoD Code of Practice for Directors	NZX Corporate Governance Code	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	ASX Corporate Governance Principles and Recommendations
• In appropriate circumstances, and depending on the size of the board, other committees may promote the efficient operation of the board. • 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 . • 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. (All Paragraph 3.18).	Recommendations: • 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). • Identify the members of each committee and periodically report member attendance (Recommendation 3.5). • Establish appropriate protocols to be followed for dealing with a takeover offer, including the option of establishing an independent takeover committee (and the likely composition and implementation of such a committee) (Recommendation 3.6). 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.	• The charter and membership of each committee should be published on the entity's website and easily accessible (Guidelines to Principle 3). • Proceedings of committees should be reported back to the board to allow other directors to question committee members (Guidelines to Principle 3). • 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). • A health and safety committee may also be useful to provide oversight and accountability (Commentary to Principle 3).	• Recommends establishing procedures for if there is a takeover offer, which should include the option of establishing an independent takeover committee (Guideline 3.1 (Takeover Committees)). • Notes a board may need to form a related party committee as necessary in order to manage related party transactions (Guideline 1.4). • Generally, board committees should be majority independent and have an independent chair (Guideline 3.1 (General)). • Committees should contain or have access to the necessary expertise and training to execute their charters effectively (Guideline 3.2 (General)).	• Form a risk committee (Recommendation 7.1(a)).

Risk management and reporting non-financial matters

IoD Code of Practice for Directors	NZX Corporate Governance Code	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	ASX Corporate Governance Principles and Recommendations
The IoD Code provides that: • Directors should recognise and manage risk through identification, prioritisation, creation and implementation of a good risk management plan and monitoring. • Directors should ensure the creation, implementation and maintenance of adequate systems of internal control within the company. (Both Paragraph 3.5). Additional: The IoD supports boards reporting meaningful non-financial information on: • ESG matters and risks and • Health and safety performance.	The NZX Code notes that issuers should provide non-financial disclosure at least annually (including material exposure to environmental, economic and social sustainability risks and other key risks), explain how they plan to manage those risks and how operational or non-financial targets are measured (Recommendation 4.3). The NZX Code also states: • 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). • Specific recommendation that issuers should report on health and safety risks, performance and management (Recommendation 6.2).	Rigorous processes for risk management and internal controls should be in place: • Board should receive and review regular reports on these processes. • Issuers should report annually to investors on risk identification and management controls. (Both Guidelines to Principle 6).	Outlines the kind of risks that boards should consider: • Financial, strategic and ESG risks (Guideline 6.3). • Board should foster an “effective risk culture” (Guideline 6.2).	• Risk management frameworks should be sound, and their efficacy periodically reviewed by the board (Recommendation 7.2). • Form a risk committee (Recommendation 7.1(a)). • Disclosure of the details of any internal audit function (Recommendation 7.3(a)). • Disclose any material exposure to ESG risks and how it manages those risks (Recommendation 7.4).

Remuneration

IoD Code of Practice for Directors	NZX Corporate Governance Code	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	ASX Corporate Governance Principles and Recommendations
The IoD Code provides that: • Directors and management should be remunerated fairly and transparently (Paragraph 3.13). • Directors' remuneration should be set to attract, motivate and retain the best people possible (Paragraph 3.13). • Director and employee remuneration and incentives should be aligned with company strategy and performance (Paragraph 3.8). • Directors' fees should be reviewed at least annually (Paragraph 3.13). • A company's remuneration policy should be disclosed in the annual report (Paragraph 3.13). In addition: The IoD's *Guide to disclosing director remuneration in annual reports* (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	Recommendations: • Recommend director remuneration packages to shareholders for approval in a transparent manner and actual remuneration should be clearly disclosed in the annual report (Recommendation 5.1). • The issuer should have a policy for remuneration of directors and officers, which outline relative weightings of remuneration components and performance criteria (Recommendation 5.2). • The remuneration arrangements 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). 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. Mandatory requirements under the Listing Rules: • 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.	Remuneration policy should be fair and reasonable, differentiating between executive and non-executive directors: • Executive remuneration should have entity and individual based components. • Non-executive directors should not receive a retirement payment unless otherwise agreed by shareholders and publicly disclosed. • Remuneration policy should be published (All Guidelines to Principle 5).	The guidelines attempt to reconcile the protocols proposed by the FMA with the expectations of shareholders: • Describe how the remuneration policy is aligned with the company's long term strategic objectives (Guideline 5.1 (Remuneration Policy)). • Performance measurement should ensure there are no rewards for taking inappropriate risks at the expense of the company and its shareholders (Guideline 5.4 (Executive Remuneration)). • Performance-based pay should not be granted to non-executive directors (Guideline 5.1 (Board Remuneration)).	The ASX recommendations are similar to that of NZX: • Disclose policies and practices for remunerating non-executive directors and executive directors (Recommendation 8.2). 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. 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).

Auditors

IoD Code of Practice for Directors	NZX Corporate Governance Code	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	ASX Corporate Governance Principles and Recommendations
The IoD Code provides that auditors should: • Maintain clear and open communication with audit committees (Paragraph 3.12). • 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). At meetings, auditors should be able to attend and speak on any part of the business that concerns them as auditors (Paragraph 3.11).	Recommendations: • Framework established for the relationship with the external auditors (Recommendation 7.1). • The external auditor should attend the annual meeting to answer shareholder questions (Recommendation 7.2). • Internal audit functions should be disclosed (Recommendation 7.3). Mandatory requirements in the Listing Rules: • Lead audit partner must be rotated every five years.	• Rigorous selection of external auditors on professional merit. • Issuers should report at least annually to shareholders on the fees paid to auditors, including individually identifying non-audit work. • Issuers should explain in the annual report what non-audit work was undertaken and why this did not compromise auditor objectivity and independence (as well as other matters relating to the relationship with the auditor). • Explain procedures concerning appointment and retention/termination of auditors. • Audit should not be led by the same audit partner for more than seven consecutive years. (All Guidelines to Principle 7)	• Actively consider audit firm rotation every 10 years (Guideline 7.1). • Annual report should describe the work of the audit committee in discharging its responsibilities (Guideline 7.2).	• The external auditor should attend an AGM to answer questions from shareholders in relation to the audit (Recommendation 4.3). • CEO and CFO should declare that the financial records of the entity have been properly maintained, that the financial statements comply with GAAP and give a fair view of the financial position of the issuer (Recommendation 4.2). Note that under the Corporations Act 2001, audit partner rotation is required every seven years.

Shareholder relations and stakeholder interests

IoD Code of Practice for Directors	NZX Corporate Governance Code	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	ASX Corporate Governance Principles and Recommendations
The IoD Code provides that: • Directors should foster constructive relationships with shareholders to encourage engagement with the company (Paragraph 3.11). • Shareholders should be given sufficient time to ask, through the chair, questions of the board and management and auditors (Paragraph 3.11). • 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). • Shareholders (and classes of shareholders) should be treated fairly according to their different rights (Paragraph 3.9). • Reports and financial statements should be in a form readily understandable to shareholders (Paragraph 3.16).	Issuers should: • Maintain a website where investors and interested stakeholders can access financial and operational information and key corporate governance information (Recommendation 8.1). • Allow investors the ability to easily communicate with the issuer (including electronically) (Recommendation 8.2). • Allow shareholders to vote on major decisions which may change the nature of the company (Recommendation 8.3). • Give shareholders one vote per share (Recommendation 8.4). • Ensure that the notice of meeting is posted on their website as soon as possible and at least 28 days prior to the meeting (Recommendation 8.5).	Issuers should: • Publish policies on shareholder relations. • Maintain a website providing a description of the business, strategies, performance, corporate governance documents and copies of market releases. • Encourage shareholder participation in AGMs. • Facilitate questioning of external auditors by shareholders at the AGM (All guidelines to Principle 8).	Guidelines are extensive in this area, they focus on: • 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 (Dilution)); • The protection of shareholders' rights to vote on certain matters (Guidelines 8.1 to 8.5 (Shareholder meetings)); and • More generally ensuring that shareholders' views are acknowledged by the board (Guidelines 8.1 to 8.3 (Other Communications)). • Establishing communication channels for dialogue and reporting on ESG matters with stakeholders (including shareholders) (Guideline 9.1).	Recommendations regarding shareholder relations likely broader than those in the FMA Handbook: • 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). • Commentary goes into specific detail concerning use of technology to ensure shareholders can access information and exercise their rights (Commentary to Recommendations 6.1 and 6.3). The ASX principles do not directly cover "stakeholder interests", although some of the "respect the rights of security holder" recommendations overlap.

Shareholder relations and stakeholder interests

IoD Code of Practice for Directors	NZX Corporate Governance Code	FMA Corporate Governance in New Zealand: Principles and Guidelines	New Zealand Corporate Governance Forum Guidelines	ASX Corporate Governance Principles and Recommendations
Stakeholder interests The IoD Code provides that: • Directors should recognise and respect the legitimate interests of stakeholders. • 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. • Active management of key stakeholder relationships is generally consistent with acting in the best interests of the company. • 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)	**Stakeholder interests** 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).	**Stakeholder interests** • Public sector entities should report annually to the public on how they have served the interests of their stakeholders • All boards should have clear policies for relationships with significant stakeholders, including taking account of relevant social, ethical and environmental factors. (Both Guidelines to Principle 9)	**Stakeholder interests** • Clearly explain procedures concerning communication to stakeholders (Guideline 9.1).	

This table is intended solely as high-level, summary guidance. It is not (and should not be relied upon as being) comprehensive. Specific circumstances should always be referred to a legal adviser.

Kirsten Patterson
CEO
Telephone: 04 499 0076
Email: ceo@iod.org.nz

Felicity Caird
Manager, Governance Leadership Centre
Telephone: 04 470 2663
Email: felicity.caird@iod.org.nz

Selwyn Eathorne
Senior Governance Advisor
Telephone: 04 474 7650
Email: selwyn.eathorne@iod.org.nz

Roger Wallis
Partner
Telephone: 09 357 9077
Email: roger.wallis@chapmantripp.com
Location: Auckland

Geof Shirtcliffe
Partner
Telephone: 04 498 6322
Email: geof.shirtcliffe@chapmantripp.com
Location: Wellington

Fiona Bennett
Partner
Telephone: 03 353 0341
Email: fiona.bennett@chapmantripp.com
Location: Christchurch

Rachel Dunne
Partner
Telephone: 09 357 9626
Email: rachel.dunne@chapmantripp.com
Location: Auckland

Tim Tubman
Partner
Telephone: 09 357 9076
Email: tim.tubman@chapmantripp.com
Location: Auckland

Josh Blackmore
Partner
Telephone: 04 498 4904
Email: josh.blackmore@chapmantripp.com
Location: Wellington

ISBN 978-0-473-41172-5