



NZX to establish corporate governance institute

3 AUGUST 2022 – NZX is to establish a new institute as a centre of excellence for corporate governance in New Zealand's listed companies.

NZX Chair James Miller says the purpose of the new body – the NZX Corporate Governance Institute – will be to assist NZX by delivering recommendations in relation to the development of the NZX Corporate Governance Code and rule settings that apply to the corporate governance practices of issuers on the NZX Main Board.

NZX's corporate governance policy settings provide key investor protections which help to promote and facilitate the fair, orderly, and transparent operation of NZX's markets to support NZX in complying with its market operator license obligations.

"The New Zealand capital markets sector strongly supports the creation of a corporate governance institute that can make recommendations to NZX on the settings for issuers' corporate governance practices," Mr Miller says. "It should become the pre-eminent thought leader in corporate governance in New Zealand.

"The aim is to ensure the NZX Main Board has settings in place that will improve performance and increase shareholder value in a sustainable manner, while lowering issuers' cost of capital. "It will also assist NZX in delivering corporate governance policies that provide investor protections which are proportionate to the size of the NZX Main Board and the compliance requirements on issuers.

"NZX's settings need to reflect that issuers on the NZX Main Board compete for capital in the context of the Australasian capital markets."

Mr Miller says the institute will enhance the success of New Zealand's capital markets by ensuring key stakeholders have a more active role in the creation of the corporate governance standards applying to the listed market. It will also provide investors and other stakeholders access to appropriate information about issuers' corporate governance practices to enable informed voting and investment decisions.

The NZX Board will appoint the members of the Institute and any associate members. The Institute will have a minimum of five members. NZX will provide the secretariat service. The NZX Board will be looking for a broad cross section of respected candidates to appoint to the Institute including from institutional investors, corporates, experienced board directors, shareholders and academics. To ensure alignment with Australia, NZX will be proposing a cross-over director from the ASX Corporate Governance Council.

Mr Miller says he is delighted to announce the institute's establishment board will be chaired by Hamish Macdonald, NZX's former General Counsel, Company Secretary and Head of Policy.

"Hamish has strong knowledge of the details of the NZX Corporate Governance Code and rules, and a deep understanding of global corporate governance trends," Mr Miller says. "He has a unique understanding of the competing agendas in the corporate governance space and a proven ability of reaching consensus to ensure the right balance is achieved. These are critical attributes for the role of Chair."

The development of the institute follows public consultation last year on the NZX Corporate Governance Code. It is expected to begin in November 2022. The institute will initially be convened for an establishment phase of one year, after which NZX will assess its effectiveness and determine whether to continue the institute on a permanent basis.

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