

Terms of Reference

Objective

The objective of the NZ Corporate Governance Forum (the Forum) is to promote good corporate governance in NZ companies for the long-term health of the capital market.

Membership

1. Members of the Forum are set out in Schedule 1.
2. Further membership of the Forum is open, by invitation of the Steering Group, to fund managers managing in excess of \$100m in New Zealand listed equities (whether as principal or agent).
3. Full members must commit that they will actively engage, either directly or through their agents, on focus areas identified by the Forum and work collaboratively with other Forum members to meet the Forum's objectives.
4. Honorary membership may be extended, by the Steering Group, to organisations or individuals who do not meet the funds management criteria set out in 2.2.
5. The Steering Group may, at its discretion, revoke the membership of any member who has, in the Steering Group's opinion, brought the Forum into disrepute.

General Scope and Authority

1. The scope of the Forum's work extends to:
 - Review and support corporate governance principles and codes of good practice in the New Zealand market with a focus on the mid-to-long term.
 - Identify and share resources such as research, literature, empirical evidence and case studies to raise the level of awareness on corporate governance.
 - Engage with public policy makers and regulators to promote or improve policy, rules and guidelines on corporate governance.
 - Engage with other experts or stakeholders e.g. Institute of Directors; Shareholders Association; academic institutions; proxy advisors; international corporate governance networks.
 - Discuss case studies of exemplary, or deficient, governance standards.
 - Identify focus issues to help guide member engagement with listed issuers and/or regulators.
2. The Forum has no authority to speak on behalf of individual members. The Forum may issue communiqués (for example of focus areas) but will only do so with interested members as signatories to the communiqué. The Steering Group will use its discretion to determine whether an issue has sufficient support of members to warrant a communiqué on behalf of the Forum.

3. As a general rule the Forum will not opine on the practices of an individual company but may commission and /or issue research that provides a comparative market analysis that identifies individual companies.
4. Individual members may publicise their membership of the Forum but may not speak for (either expressly or implied) the Forum.

Focus issues

1. The Forum will identify and maintain a list of focus issues to help guide member engagement with companies and/or regulators.
2. A list of current focus issues is maintained in Schedule 2.

Forum Governance

1. Long term governance arrangements for the Forum have yet to be resolved.
2. A Steering Group will guide the Forum through its first year (from 31 October 2014).
3. The Steering Group will:
 - meet to discuss and progress matters of relevance to the establishment of the Forum
 - agree these Terms of Reference, including initial focus areas
 - communicate with, and seek feedback from, members
 - consider, and recommend to members of the Forum, appropriate governance arrangements to be put in place following the first year.
4. Members of the Steering Group are identified in Schedule 1
5. The Guardians of New Zealand Superannuation (GNZS) will provide secretariat services to the Forum, including the Steering Group, for the first two years.

Meetings / communications

1. The Forum will meet formally at least twice yearly, but may meet more frequently if appropriate.
2. An agenda of each meeting will be circulated prior to each regular meeting.
3. To facilitate communication the Forum will establish an extranet site, which will serve as a discussion site and a library of resources and meeting documents.
4. Working or discussion groups on focus issues will be managed by members who self-nominate to lead on those issues.

Schedule 1: Members (current)

- Accident Compensation Corporation (Steering Group)
- AMP Capital
- ANZ Investments
- Devon Funds Management (Steering Group)
- Forté Funds Management Limited
- Guardians of New Zealand Superannuation (Steering Group)
- Government Superannuation Fund Authority (Steering Group)
- Harbour Asset Management
- JBWere
- JMIS Limited
- Milford Asset Management
- Mint Asset Management (Steering Group)
- National Provident Fund (Steering Group)
- Nikko Asset Management New Zealand Limited
- Sovereign

Schedule 2: Current focus issues

- promoting high quality boards, in particular through a focus on board composition (skills and diversity) and independence;
- reporting and disclosure, in particular through better disclosure on strategy, risks and conflicts and through fair and accurate communication of financial performance;
- structure and disclosure of executive remuneration;
- guidelines and rules issued by regulatory bodies.