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FINANCIAL MARKETS AUTHORITY

**CORPORATE
GOVERNANCE**
IN NEW ZEALAND

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Principles and Guidelines

A handbook for directors, executives and advisers



FMA

FINANCIAL MARKETS AUTHORITY

TE MANA TATAI HOKOHOKO - NEW ZEALAND

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Corporate Governance in New Zealand: Principles and Guidelines
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PRINCIPLES FOR CORPORATE GOVERNANCE

01

Ethical Standards

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for delivering these standards throughout the organisation.

02

Board composition and performance

To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

03

Board committees

The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.

04

Reporting and disclosure

The board should demand integrity in financial reporting and in the timeliness and balance of corporate disclosures.

05

Remuneration

The remuneration of directors and executives should be transparent, fair and reasonable.

06

Risk management

Directors should have a sound understanding of the key risks faced by the business, and should regularly verify there are appropriate processes to identify and manage these.

07

Auditors

The board should ensure the quality and independence of the external audit process.

08

Shareholder relations

The board should foster constructive relationships with shareholders that encourage them to engage with the entity.

09

Stakeholder interests

The board should respect the interests of stakeholders, taking into account the entity's ownership type and its fundamental purpose.