

NZSA Policy No 19- Annual and Special Shareholder Meetings Format

Application: This policy applies to all NZX listed companies.

Purpose: NZSA maintains a range of policies to positively influence the behaviour of all participants in the NZX listed company sector. These policies should be read in the context of the NZSA Policy Framework Statement.

Statement No 19:

1.0 Policy on Shareholder Meetings

- 1.1 NZSA believes hybrid Annual Shareholder Meetings (ASM's) or Special Shareholder Meetings (SSM's) maximise shareholder participation and should become the default format for all listed issuers.
- 1.2 As best as possible, companies should ensure that technology enables accessibility for virtual attendees in relation to asking questions. This includes the right to ask a supplementary or clarification question to ensure their original question is addressed.
- 1.3 The location and timing of ASM's and SSM's should be set with convenience and ease of access to shareholders in mind.
 - a) We expect that physical meetings will occur in one of New Zealand's six main centres (Auckland, Christchurch, Dunedin, Hamilton, Tauranga or Wellington).
 - b) We expect that use of hybrid meetings will allow more location flexibility.
 - c) Where possible, scheduling conflicts with the ASM's / SSM's of other major NZX-listed entities should be avoided.
- 1.4 Shareholder engagement is fundamental to good corporate governance, and we expect Boards to ensure their shareholders can attend and participate in shareholder meetings.
- 1.5 NZSA expects that a company SSM or ASM should contain content that is relevant to shareholder decision-making and is part of a wider shareholder engagement approach by the company.
 - a) Content at an SSM or ASM should not be limited solely to that related to the resolutions to be voted on at the ASM. Relevant information may include forward looking statements, a discussion on strategies, plans, challenges and

risks, or information on any other matters that is relevant to shareholder decision-making.

- b) Content should also be released to the NZX at the time or just before the meeting commences.
- c) After the meeting, a transcript or recording of shareholder questions and answers should be made available for shareholders and investors.

- 1.6 NZSA expects the Chair to facilitate the meeting in an impartial and fair way, and support discussion of major issues at an ASM or SSM.
- 1.7 Directors should speak to their election/re-election and be willing to take questions from shareholders. If directors are unable to be physically present at a meeting, where their election/re-election is to be considered, they should be streamed-in live to the meeting to speak to their appointment and respond to any questions from shareholders.
- 1.8 NZSA does not support any attempt to screen or dilute direct contact between auditors and shareholders at shareholder meetings or other forums where an independent view of the company is requested.
- 1.9. NZSA expects that the audit partner responsible for signing off an audit will be present at shareholder meetings to answer any shareholder questions (except in exceptional circumstances)
- 1.10 The results of voting on the resolutions should be posted as soon as practicably possible after the meeting has concluded. The release should contain full details of the voting outcomes (for/against/abstain – both voting numbers and percentages).

2.0 Commentary

- 2.1 Traditionally companies have held physical annual or special shareholder meetings ('ASM' or 'SSM'). In the past few years, several larger companies have also held virtual or online meetings. Most meetings are held in business hours, so a physical meeting does not always allow shareholders who work and those who live away from the physical location to attend.
- 2.2 NZSA has also noted that some shareholder meetings have been held in less-accessible locations across New Zealand.
- 2.3 **Meeting Content:** From a shareholder's perspective, there is sometimes a perception that little of value can be determined at an ASM; if anything is of interest, it occurs outside the formal business of the meeting.
 - a) NZSA believes that the content and format of an ASM can form part of a companies' broader focus on shareholder engagement, rather than simply be regarded as a compliance exercise.
 - b) Ideally, content at an ASM should engage shareholders, provide assurance

that their investment is being managed appropriately and provide content that is relevant to assisting their investment decisions.

- c) We do not believe that an ASM should be a personal marketing exercise for Board members or the CEO.
- d) Examples of content relevant to shareholders might include forward-looking information, clarity of purpose and governance authenticity.

2.4 **Virtual Meetings:** Some companies have held virtual meetings due to the small number of shareholders that have attended in person in the past. NZSA opposes this on the basis that it does not allow for full interaction with Boards and senior management.

- a) The impact of the Covid-19 lockdowns required some companies to hold virtual meetings. While we understand the limitations and risks inherent in preparing for physical gatherings during the Covid-19 pandemic, NZSA believes that virtual meetings have limited value when it comes to improving shareholder engagement or information flows between companies and their shareholders.
- b) A survey of NZSA members indicates that their main issue with virtual meetings is asking questions. In general, these must be submitted in a written format during the meeting; this does not allow for an immediate supplementary or clarification question to be put if the answer did not address the question.
- c) NZSA believes that in some cases, questions have been submitted but not addressed at virtual meetings.

2.5 **Hybrid Meetings:** We note that many companies are now adopting a hybrid model incorporating both a physical and virtual meeting. NZSA believes this format maximises shareholder attendance and recognizes the diverse personalities and demographics of shareholders, some of whom may prefer a virtual format on equal terms (if they so choose).

2.6 In essence, NZSA wishes to establish hybrid meeting protocols whereby those attending online feel similarly involved and engaged as if they were physically attending.

2.7 On some occasions, NZSA has noticed a line of enquiry being 'shut down' by a meeting Chair – usually, also, the Chair of the listed entity. We do not believe that this supports effective engagement between shareholders and their representatives (the Board) at the meeting and we expect effective facilitation of controversial or difficult issues.

2.8 Audit is a key policy area for NZSA. The External Reporting Board (XRB) has advised that auditor presence at an ASM is not a part of recognised audit independence standards covered within NZSA Policy 10; hence, NZSA has chosen to move some audit-related requirements from its Audit Independence Policy (10) to be included within this policy (section 1.8).

3.0 Further Advocacy

- 3.1 NZSA will continue to advocate on behalf of shareholders with the Share Registry providers in New Zealand to improve the underlying technology used to support the 'virtual' elements of a hybrid meeting.
- 3.2 Specifically, we wish to ensure that technology for virtual attendees replicates the situation at a physical meeting in relation to asking questions. That is:
 - a) The questioner should be able to ask a verbal question and appear on screen if they wish (ie, participation by audio and video)
 - b) All those speaking at the physical meeting should also be shown on video (as well as audio).

4.0 Key Regulatory Requirements

- 4.1 Companies Act 1993

5.0 References

NZX Listing Rules

Relevant listed-company constitutions

Australasian Institute of Investor Relations – 2020 ASM Guidance Note

APPENDIX

6.0 Submission Feedback incorporated in Version 19-3

A number of submissions were received on a consultation draft (20-1) issued on May 15th 2021, prior to this version being finalised on June 17th 2021. NZSA thanks all submitters for taking the time to provide their input.

Key feedback themes are described below:

6.1 Clarifications of language

- a) Use of language was clarified to refer to “shareholders” rather than “investors”.
- b) Clause 1.1 refers to a ‘default’ approach – one submitter questioned whether this should be considered as a ‘preferred’ approach. NZSA feels that there should be a common standard, with any deviation from that standard explained to shareholders, rather than allowing a further layer of interpretation.
- c) Other minor improvements were made to improve and clarify comprehension.

6.2 Meeting location

- a) We received some challenge as to the draft expectation of meetings being held in main centres, to improve shareholder ease of access.
- b) We expect that this will become less of an issue should companies move towards a ‘hybrid’ meeting structure.

6.3 Improvements in Technology

- a) Some submitters reflected that the technology was not yet available to support NZSA’s expectation to allow shareholders attending virtually to ask questions and appear on screen if they wished to do so.
- b) NZSA has amended the policy to reflect this and documented this under an “Advocacy” section now included in the document.

6.4 Transcripts

- a) Submitters noted that while a transcript or recording was useful, this did not need to be released via the NZX. NZSA has amended section 1.5 to better reflect the overall release of a transcript or recording, regardless of where this occurs.

APPENDIX

7.0 Previous Policy Statements (v19-2)

- 7.1 NZSA believes hybrid Annual Shareholder Meetings (ASM's) or Special Shareholder Meetings (SSM's) maximise shareholder participation and should become the default format for all listed issuers.
- 7.2 Companies should use technology that replicates the situation at a physical meeting in relation to asking questions. That is:
- a) The questioner should be able to ask a verbal question and appear on screen if they wish (ie, participation by audio and video)
 - b) They should also have the right to ask a supplementary or clarification question to ensure their original question is addressed.
 - c) All those speaking at the physical meeting should also be shown on video (as well as audio).
- 7.3 The location and timing of ASM's and SSM's should be set with convenience and ease of access to shareholders in mind.
- a) Unless there are unique circumstances, we expect that physical meetings will occur in one of New Zealand's six main centres (Auckland, Christchurch, Dunedin, Hamilton, Tauranga or Wellington).
 - b) Where possible, scheduling conflicts with the ASM's / SSM's of other major NZX-listed entities should be avoided.
- 7.4 Shareholder engagement is a fundamental good governance responsibility, and we expect Boards to ensure their shareholders can attend and participate in shareholder meetings.
- 7.5 NZSA expects that a company SSM or ASM should contain content that is relevant to shareholder decision-making and is part of a wider shareholder engagement approach by the company.
- a) Content at an SSM or ASM should not be limited solely to that related to the resolutions to be voted on at the ASM. Relevant information may include forward looking statements, a discussion on strategies, plans, challenges and risks, or information on any other matters that is relevant to shareholder decision-making.
 - b) Content should also be released to the NZX at the time or just before the meeting commences.
 - c) After the meeting, a transcript or recording of shareholder questions and answers should be made available on the NZX.
- 7.6 NZSA expects the Chair to facilitate the meeting in an impartial and fair way, and support discussion of major issues at an ASM or SSM.
- 7.7 Directors should speak to their election/re-election and take questions from

shareholders. If directors are unable to be physically present at a meeting, where their election/re-election is to be considered, they should be streamed-in live to the meeting to speak to their appointment and respond to any questions from shareholders.

- 7.8 NZSA does not support any attempt to screen or dilute direct contact between auditors and shareholders at shareholder meetings or other forums where an independent view of the company is requested.
- 7.9. NZSA expects that the audit partner responsible for signing off an audit will be present at shareholder meetings to answer any shareholder questions (except in exceptional circumstances)
- 7.10 The results of voting on the resolutions should be posted as soon as practicably possible after the meeting has concluded. The release should contain full details of the voting outcomes (for/against/abstain – both voting numbers and percentages).

Definitions

ASM: Annual Shareholder Meeting or Annual Unitholder Meeting

SSM: Special Shareholder meeting or Special Unitholder Meeting

Related Policies

Policy 10 – Audit Independence

Document Control

This document was approved by the NZSA Board:	June 17th 2021
This document is effective from:	July 1st 2021
The next planned review date is:	July 2023