

# Annual Corporate Governance Statement

Approved by the Board of Spark New Zealand Limited on 20 August 2015

This statement was approved by the Board of Spark New Zealand Limited (**Spark New Zealand**) on 20 August 2015 and is accurate as at that date. The Board does not undertake any obligation to revise this statement to reflect events or circumstances after 20 August 2015 (other than in accordance with the continuous disclosure requirements of the NZX and ASX Listing Rules).

The Board and management are committed to ensuring that Spark New Zealand maintains a high standard of corporate governance and adheres to high ethical standards. The Board regularly reviews and assesses Spark New Zealand's governance structures and processes to ensure that they are consistent with international best practice, in both form and substance.

## Board of Directors

The Board of Directors is elected by shareholders to protect and enhance the value of the assets of Spark New Zealand in the interests of Spark New Zealand and its shareholders. The Board is the overall and final body responsible for all decision-making within the company. The role and responsibilities of the Board are set out in the Board Charter, which may be found at: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance).

The Board has eight scheduled meetings each year. In addition, it meets whenever necessary between the scheduled meetings to discuss key strategic issues or urgent business. The Chair and the Managing Director establish meeting agendas to ensure adequate coverage of key issues during the year. The Directors generally receive materials for Board meetings seven days in advance of the meeting, except in the case of special meetings for which the time period may be shorter due to the urgency of the matter to be considered. Leadership Team members and other senior employees regularly attend Board meetings and are also available to be contacted by Directors between meetings.

## Board committees

The Board and its committees also meet regularly in executive session, presided over by the Chair, without the Managing Director or other management present. Such sessions, in particular, deal with management performance and remuneration issues, Board performance evaluation issues and discussions with the internal and external auditors to promote a robust independent audit process.

Three Board committees assist in the execution of the Board's responsibilities: the Human Resources and Compensation Committee (**HRCC**); the Nominations and Corporate Governance Committee (**NOMs**); and the Audit and Risk Management Committee (**ARMC**). The committees have a number of scheduled meetings each year to coincide with the timing of the various responsibilities of that committee. Other committees may be established from time to time to consider matters of special importance or to exercise the delegated authority of the Board.

Each Board committee has a charter summarising the role, rights, responsibilities and membership requirements for that committee. Committee charters may be found at: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance). The Board annually reviews the charters of the Board committees and their performance against those charters.

The Board is responsible for appointing committee members according to the skills, experience and other qualities they bring to the committee. All committees are required to comprise a minimum of three members. The composition of the HRCC and NOMs satisfies the requirement of the respective committee charter that a majority of Directors and the Chair be independent. The composition of the HRCC satisfies the requirement of its charter that all members are non-executive Directors. In accordance with its charter, all members of the ARMC are independent, non-executive Directors who are financially literate and the Chair of the ARMC is not the chair of the Board. The ARMC includes members who have appropriate financial experience and an

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understanding of the industry in which Spark New Zealand operates. For the industry knowledge and financial experience of members of the ARMC see [www.sparknz.co.nz/about/directors](http://www.sparknz.co.nz/about/directors).

After each committee meeting the Board is provided with minutes of the committee meeting at the next meeting of the Board. Where appropriate, the Board is also given a verbal report by the Chair of the committee on the outcomes of the meeting. The structure, membership and responsibilities of the Board's committees are summarised below. Each committee's role and responsibilities are also outlined in the relevant committee charter.

Committee	HRCC	ARMC	NOMs
<b>Role</b>	<ul style="list-style-type: none"> <li>Assist the Board in overseeing the management of the human resources activities of Spark New Zealand</li> </ul>	<ul style="list-style-type: none"> <li>Assist the Board in its oversight of the integrity of the financial reporting and risk management framework</li> <li>Ensure the independence of the external auditor</li> </ul>	<ul style="list-style-type: none"> <li>Identify and recommend to the Board nominations for members of the Board</li> <li>Review and develop Spark New Zealand's corporate governance principles and make recommendations to the Board</li> </ul>
<b>Responsibilities</b>	<ul style="list-style-type: none"> <li>Review the current remuneration and human resources strategy, structure and policy of Spark New Zealand</li> <li>Review and make recommendations to the Board on non-executive Director remuneration, having regard to any relevant factors (including the shareholder-approved fee pool)</li> <li>Review and evaluate the Managing Director's performance against key objectives and make recommendations to the Board on the Managing Director's remuneration</li> <li>Review and approve the conditions and terms of employment of the Managing Director's direct reports (other than members of the Managing Director's Office)</li> <li>Review and recommend to the Board the appointment or termination of the CFO</li> <li>Review and make recommendations to the Board with respect to incentive remuneration</li> </ul>	<ul style="list-style-type: none"> <li>Oversee all matters concerning the integrity of the financial statements and financial reporting systems and processes</li> <li>Ensure compliance with financial reporting and related regulatory requirements</li> <li>Consider the adequacy of internal controls after consultation with management and external and internal auditors</li> <li>Review the fraud report on a quarterly basis and make any necessary disclosures to the external auditor</li> <li>Ensure that an appropriate risk management framework exists and review principal risks</li> <li>Appoint the external auditors</li> </ul>	<ul style="list-style-type: none"> <li>Recommend candidates for appointment to the Board based on the criteria set out in the Board charter</li> <li>Oversee the performance evaluation of the Board and review Board succession planning</li> <li>Be actively involved in succession planning for the Chair</li> <li>Review, on an ongoing basis, the governance structures and processes of the Board and make recommendations to the Board</li> <li>Recommend to the Board the removal of any Director, subject to the provisions of the constitution</li> <li>Make recommendations to the Board as to its size</li> </ul>

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Committee	HRCC	ARMC	NOMs
	plans and equity-based compensation plans <ul style="list-style-type: none"> <li>• Make recommendations to the Board with respect to the measurable objectives to be set by the Board for achieving diversity</li> <li>• Annually assess the effectiveness of the diversity policy, the measurable objectives set for achieving diversity, the progress toward achieving them and make recommendations to the Board in respect of such assessments</li> <li>• Ensure that appropriate disclosures with respect to diversity are made in Spark New Zealand's Annual Report</li> <li>• Annually review and report to the Board on the relative proportion of women and men who make up Spark New Zealand's workforce, at all levels of the business</li> </ul>	(subject to annual shareholder approval) <ul style="list-style-type: none"> <li>• Review the external auditor's qualifications, performance and independence</li> <li>• Approve the appointment of the internal auditor and review the activities and performance of the internal audit function</li> <li>• Review Spark New Zealand's compliance with applicable laws, regulations and standards through Spark New Zealand's compliance frameworks</li> <li>• Provide oversight of the structure and outcome of remuneration incentive arrangements as they relate to key internal audit personnel</li> </ul>	

The Board has delegated to the Managing Director the day-to-day leadership and management of Spark New Zealand. The Managing Director has, in some cases, formally delegated certain authorities to his direct reports and has established a formal delegated authority framework that sub-delegates certain authorities within set limits.

## Company Secretary

The Company Secretary is responsible for supporting the effectiveness of the Board by ensuring that its policies and procedures are followed and for coordinating the completion and dispatch of the Board agendas and papers. The Company Secretary is accountable to the Board, via the Chair, on all governance matters, as further described in the Board Charter.

All Directors have access to senior management, including the Company Secretary, to discuss issues or obtain information on specific areas or items to be considered at the Board meeting or other areas they consider appropriate. The Board, Board committees and each Director have the right, subject to the approval of the Chair, to seek independent professional advice at Spark New Zealand's expense to assist them in carrying out their responsibilities. Further, the Board and Board committees have the authority to secure the attendance of outsiders with relevant experience and expertise at Board meetings.

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## Chair

The Chair is elected by the Board from the non-executive Directors. The Board supports the separation of the roles of Chair and Managing Director. The Chair's role is to manage and provide leadership to the Board and to facilitate the Board's interface with the Managing Director. The current Chair, Mark Verbiest, was appointed on 1 December 2011 (and re-elected on 28 September 2012 and 7 November 2014). Mr Verbiest is a non-executive Director and, as required by the Board charter, is independent (as outlined below). For his biography, see [www.sparknz.co.nz/about/directors](http://www.sparknz.co.nz/about/directors). The Board does not have a Deputy Chair.

## Director independence

The Board is committed to having a majority of Directors who are judged by the Board to be independent of judgement and character and free of material relationships with Spark New Zealand and other entities and people who might influence, or could be perceived by others to influence, such judgement. In setting the criteria for determining independence, the Board considered the requirements under the NZSX Listing Rules and the guidance provided in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition). Independence standards consistent with the requirements of these jurisdictions have been adopted by Spark New Zealand and are contained in the Board charter. Spark New Zealand's Board charter requires a majority of Directors to be independent. While the Board has not set financial materiality thresholds for determining independence, it considers all relationships on a case-by-case basis and, as a general policy, considers a threshold of 5% to be relevant in determining materiality. When determining independence, relationships are considered from the perspective of both Spark New Zealand and the customer or supplier. The Board also considers tenure when considering independence and succession planning.

At its 20 August 2015 Board meeting, the Board resolved, based on information provided by Directors regarding their interests, that each non-executive Director on the Board at 30 June 2015 and at the date of the meeting was independent.

The Board resolved that the executive Director, Mr Moutter, was not independent by virtue of the fact that he is the Managing Director and therefore part of the management team.

The Board will review any determination it makes on a Director's independence on becoming aware of any information that indicates the Director may have a relevant material relationship. For this purpose, Directors are required to ensure that they immediately advise of any new or changed relationships so the Board can consider and determine the materiality of the relationship. Further detail regarding Director independence, including length of service, and Directors' interests can be found in the Annual Report.

## Director nomination and appointment

Spark New Zealand Directors have no fixed term of office but are subject to the retirement provisions contained in the constitution, company policies and relevant stock exchange listing rules. In addition, under the NZSX Listing Rules, at least one third (or the number nearest to one third) of the Directors are required to retire from office at the annual meeting each year but shall be eligible for re-election at that meeting. The executive director (the Managing Director, in Spark New Zealand's case) is exempt from the requirement to stand for re-election but the executive director is counted in determining the number of directors that must retire. Under the ASX Listing Rules, a Director must not hold office without re-election past the third annual meeting following the Director's appointment or three years, whichever is the longer. The retiring Directors at any annual meeting will be those who have been longest in office since they were last elected. Spark

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New Zealand's notice of meeting details those Directors standing for re-election at Spark New Zealand's next annual meeting.

The procedures for the appointment and removal of Directors are ultimately governed by Spark New Zealand's constitution. The Board may appoint Directors to fill casual vacancies that occur or to add persons to the Board up to the maximum number (currently 12) prescribed by the constitution.

Recommendations for nominations of new Directors are generally made by the NOMs and considered by the Board as a whole. External consultants are used to access a wide base of potential candidates and to review the suitability of candidates for appointment. When recommending a candidate to act as Director, the NOMs takes into account such factors as it deems appropriate, including the background, experience, professional skills and personal qualities of the candidate, whether their skills and experience will augment the existing Board and their availability to commit themselves to the role (as further described in the Board matrix below).

If the Board appoints a new Director during the year, that person will stand for election by shareholders at the next annual meeting. Shareholders are provided with relevant information on the candidates standing for election in the notice of meeting.

## **Board diversity and skills matrix**

The Board was established on 1 December 2011 (following the demerger of Chorus from Telecom) with an appropriate mix of skills and diversity. This mix has continued to be considered as Telecom has changed to Spark New Zealand and as Spark New Zealand's strategies have developed. The Board approved the adoption in principle of a more formalised skills matrix on 9 June 2014, which has been approved as set out below:

The Board recognises that building diversity through diverse backgrounds, gender, age, experience and perspective across Spark New Zealand is critical for delivering enhanced business performance and building a business which is better able to solve problems and implement new ideas – this includes building diversity of thought within the Board of Directors. Spark New Zealand also seeks to ensure that the Board has a broad range of experience and skills appropriate to meet its objectives. Areas of expertise and experience that are relevant to achieving the Board's objectives include:

- telecommunications;
- digital business;
- innovation, entrepreneurship and partnering;
- media and content;
- brand, customer insight and service excellence;
- marketing and retail product development;
- operations;
- finance and accounting;
- legal and regulation;
- governance;
- risk and compliance;
- strategy;
- human resources;
- capital markets; and
- the economics of large scale business.

The current Board has depth of expertise and experience both in New Zealand and overseas as well as the diversity of backgrounds, age, gender and perspectives necessary to govern Spark

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New Zealand as it addresses opportunities and challenges. In particular, the current Board is comprised of individuals with expertise and experience in the specific areas listed above. For details of individual Directors see [www.sparknz.co.nz/about/directors](http://www.sparknz.co.nz/about/directors).

The NOMs is responsible for making recommendations to the Board regarding the Board's size and composition. It also reviews the criteria for the selection of Directors to ensure the Board comprises the right mix of skills, diversity and experience to meet the needs of Spark New Zealand.

## Director induction and education

The Board introduces new Directors to management and the business through specifically tailored induction programmes, depending on their needs. The programme may include one-on-one meetings with management and visits to key company sites. All Directors are regularly updated on relevant industry and company issues. This may include visits to Spark New Zealand operations and briefings from key Leadership Team members and industry experts. From time to time the Board may also undertake educational trips to receive briefings from companies in relevant industries. There is an ongoing programme of presentations to the Board by all business units. The Board expects all Directors to undertake continuous education so that they may appropriately and effectively perform their duties.

## Board and committee performance

The Board regularly discusses governance and performance issues and annually reviews its own performance as a whole against the Board Charter and each committee's performance against its charter. Further, Board evaluations are undertaken annually to seek Director and Leadership Team feedback on a range of matters relating to Board performance, including its role and composition and engagement with management, shareholders and stakeholders. The collective results of the evaluation are then reported to the Board by the Chair and discussed individually with Directors. The last Board evaluation survey was undertaken during June 2015, with the results reported to the Board and discussed with Directors during August 2015.

## Terms of appointment

Each Director and Leadership Team member has a signed letter of appointment or employment agreement setting out the terms of their appointment, including their duties, terms, conditions and term of appointment, expectations of the role and remuneration.

## ARMC and external audit independence

The ARMC is responsible for the appointment of Spark New Zealand's external auditor and their terms of engagement. KPMG was automatically re-appointed as Spark New Zealand's auditor for the upcoming year at Spark New Zealand's annual meeting in November 2014. Shareholders also approved the Board setting the remuneration of the auditor at the annual meeting in November 2014. The Chair of the ARMC may invite such persons to attend the committee meetings as deemed necessary. The committee regularly meets with the external auditor without management being present and meets management without the external auditor being present. Committee members may contact the external auditor directly at any time.

Spark New Zealand is committed to auditor independence. The ARMC reviews the independence and objectivity of the external auditor. For this reason, the work of the external auditor is carefully controlled and must either be: (i) consistent with the principles applied in assessing assurance services; or (ii) of a nature described for approval by the ARMC, each as set out below.



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Under Spark New Zealand's External Audit Independence Policy, the ARMC must pre-approve all audit (including all statutory and regulatory audit services) and related assurance services provided by the auditor. The ARMC has delegated pre-approval authority to the committee Chair up to an agreed limit. All services approved by the committee Chair are reported to the ARMC on a quarterly basis. All audit and audit-related assurance services for the past financial year were approved in accordance with Spark New Zealand's policy. The External Audit Independence Policy requires rotation of audit partners every five years and places restrictions on an audit partner or audit manager being employed by Spark New Zealand in another role and on the external auditor employing Spark New Zealand's Managing Director, CFO, GM Financial Control or any other member of Spark New Zealand management who has acted in a financial oversight role (which includes the Managing Director, CFO, GM Financial Control, GM Finance and Business Performance and the Heads of Finance for various business units). The policy prohibits the auditor from providing certain specified services and is designed to ensure that related assurance services provided by Spark New Zealand's auditor are not perceived as conflicting with the independent role of the auditor.

The general principles to be applied in assessing related assurance services are as follows:

- the external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. This includes the provision of valuation services where such valuation forms an input into audited financial information;
- the external auditor should not perform any function of management or be responsible for making management decisions;
- the external auditor should not be responsible for the design or implementation of financial information systems; and
- the separation between internal and external audit should be maintained.

Aside from core audit services, Spark New Zealand's auditor may provide the following services with prior approval from the ARMC:

- other assurance services (eg. trust deed reporting);
- accounting policy advice (including opinions on compliance with International Financial Reporting Standards); and
- accounting/technical training.

However, it is not considered appropriate for Spark New Zealand's auditor to provide:

- bookkeeping/other services related to accounting records or financial statements;
- the design of financial information systems;
- appraisal/valuation services/opinions as to fairness;
- internal audit services;
- structured finance advice;
- due diligence services;
- legal services (services that could be provided only by a person who is qualified in law);
- tax planning, strategy and compliance services;
- management functions;
- broker/dealer/investment adviser/investment banking services;
- services of an expert as an advocate;
- actuarial services;
- temporary staff for appropriate assignments;
- assistance in the recruitment of senior management; or
- tax services to employees of Spark New Zealand who act in a financial reporting oversight role.

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The External Audit Independence Policy can be found at: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance). It is a requirement of the ARMC charter that the committee annually assesses and confirms to the Board the independence of the external auditor after consideration of the External Audit Independence Policy criteria. This includes assessing whether the independence of the external audit process has been maintained in light of the performance of any other assurance services. The ARMC undertook this assessment at its meeting in August 2015 and confirmed to the Board that it had complied in all respects with the External Audit Independence Policy and that the committee was satisfied as to the external auditor's (KPMG's) independence. As part of this assessment, KPMG confirmed in writing that it has complied with all aspects of the External Audit Independence Policy.

Representatives of Spark New Zealand's external auditor will be available at Spark New Zealand's annual meeting to answer shareholder questions about the conduct of the audit and the content of the external auditors' reports.

## **ARMC and risk management**

The ARMC is also responsible for ensuring that management has established a risk management framework that includes policies and procedures to effectively identify, treat and monitor principal business risks. The committee regularly reviews Spark New Zealand's risk profile (at least annually). Spark New Zealand's ARMC receives reports on the effectiveness of the implementation of policies and processes designed to manage risk. The ARMC receives reports from internal audit on the adequacy and effectiveness of Spark New Zealand's internal controls. The committee regularly reports this information to the Board.

Through its risk management framework, Spark New Zealand identifies, assesses and manages risks that affect its business, including specific pan-Spark New Zealand risks arising from the business direction and strategic environment. Spark New Zealand's risk management framework is implemented through business processes, such as business planning, investment analysis, project management and operations management. Spark New Zealand's Managing Risk Policy requires Spark New Zealand's business and support groups to:

- identify risks that relate to the achievement of their business objectives;
- assess those risks and determine whether they are acceptable under existing controls or whether additional treatment is required;
- respond appropriately to the risks, based on that assessment; and
- monitor and report on the current status of risks and the effectiveness of their controls.

This systematic approach to managing risk is performed on a planned or embedded basis and is implemented throughout Spark New Zealand. Management regularly reports to the Board on the effectiveness of Spark New Zealand's management of its material business risks. Risk management takes place in the context of normal business processes. In addition, risk is managed through the delegated authority framework and other Spark New Zealand policies that provide a framework for managing specific pan-Spark New Zealand risks arising from the company's business direction and strategic environment. To manage financial risks around treasury transactions, the Board has approved principles and policies that specify who may authorise transactions and segregates the duties of those carrying them out.

## **Annual review of risk management framework**

Spark New Zealand conducts an annual assessment of the effectiveness of its risk management systems. The findings from this review are reported to the Managing Director and CFO. The review for FY15 found that Spark New Zealand's risk management system operated effectively and efficiently in all material respects. The scope of this review included risk management governance arrangements, the management of risk in core areas such as technology, business strategy,



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planning and performance, financial management and external reporting, customers and markets, regulation and industry and investment.

## Risk Factors

Spark New Zealand's ability to create acceptable returns for its shareholders requires successful execution of its business strategy and plans. Risks influencing its ability to do this, including Spark New Zealand's material exposure to economic, environmental and social sustainability risks, if any, and how it manages or intends to manage those risks, are set out below.

### Mobile competition

Becoming number one in mobile requires Spark New Zealand to increase customer usage revenues and connection numbers and customer usage revenues. Natural tensions exist between growing scale and maintaining margins. The competitive intensity of New Zealand's mobile market exacerbates these. Remaining competitive may require Spark New Zealand to discount its prices and include more value in its bundled offers. These responses could reduce mobile business profitability and earnings growth potential.

Spark New Zealand closely monitors the markets it operates in, enabling it to assess changing market dynamics and respond to ensure it remains competitive. Spark New Zealand's adoption of the net promoter score (NPS) system enables it to measure its brand strength and adjust its activities according to changing customer preferences.

### Broadband competition

New Zealand's broadband market is increasingly commoditised following the structural separation of Chorus. Spark New Zealand's ability to retain its scale and price premium position is constantly challenged by industry competitors and new competitors from different industries (for instance electricity).

### Monetising incremental broadband data growth

Unlimited broadband offers accelerate network capacity investment. It may not be possible to monetise this investment at current market price levels. This situation may be accelerated by expansion of the ultra fast broadband fibre network footprint. Competition and data monetisation risks may impair the returns available from broadband products.

In addition to the mitigations above, Spark New Zealand is developing new products that add value to its core services and improve its ability to create value from data consumption growth across its networks. These initiatives are underpinned by implementation of its strategy to achieve the lowest cost per unit data network.

### Transition to platform-based IT services (Cloud and as-a-service)

Spark New Zealand is developing scalable platform-based IT solutions to replace legacy IT services with the aim of growing IT services' revenues and margins. Its ability to do this may be limited by the need to continue supporting legacy IT services until the transition to platform-based replacements is complete. The ability to improve service delivery and margin performance remain the largest risk factors affecting the performance of the IT services business.

Continued development of scalable, standardised service offerings based on Cloud, or new virtualised configurations such as as-a-service products create more efficient, platform-based product portfolios and improve service delivery.

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## Growing into adjacent segments

Spark Ventures has launched new businesses offering media content, data analytics and smart living services in the last 18 months. Successfully growing these businesses may be challenged by risk factors, such as limited market acceptance or demand, requirements for higher levels of investment than Spark New Zealand is prepared to make or from aggressive incumbent responses. These risks may prevent successful monetisation of these new businesses.

Spark New Zealand continuously reviews its new businesses. This enables it to assess their performance and identify new opportunities to optimise performance. Spark New Zealand's FY16 capital plan includes funds to further grow these businesses.

## Managing fixed margin decline

Customer demand for traditional fixed network products and services continues to decline. Due to the high relative margins of fixed network products and services, any acceleration in the rate of decline could materially impact Spark New Zealand's earnings performance.

Spark New Zealand has a number of initiatives in place to manage the rate of this decline.

## Business efficiency

Spark New Zealand may be unable to continue reducing its cost base at the rates achieved by its Turnaround Programme without impacting its service levels. Future cost reductions will be more reliant on Spark New Zealand's ability to digitise and streamline its business processes and operations.

From 1 July 2015, Spark New Zealand has embedded the Accelerate programme (formerly the Turnaround Programme) into its business as usual performance management processes. Accelerate embeds business disciplines introduced by the Turnaround Programme into its business as usual operations, focusing on achieving efficient and economically sustainable operations. Its operation is closely overseen by the Leadership Team.

## Regulatory environment

The final price determined by the Commerce Commission in December 2015 for UBA/UCLL input products and their backdating arrangements may impact the profitability of Spark New Zealand's broadband business. Future regulatory reviews are planned that may also influence price and non-price conditions for copper- and fibre-based networks.

The risk of regulatory change is mitigated by maintaining engagement with government and industry stakeholders through frequent submissions and regular informal engagements up to and including Managing Director level.

## Meeting compliance obligations

Spark New Zealand must ensure it complies with a number of legislative and regulatory obligations without materially increasing its operating cost base. Key legislative compliance obligations exist under the Privacy Act 1993, Health and Safety in Employment Act 1992, Commerce Act 1986, and Fair Trading Act 1986. Spark New Zealand also has significant obligations under the Telecommunications Act 2001 (the Telecommunications Service Obligations (TSO)) and is subject to the NZX and ASX listing rules.

Legal compliance is assured primarily by regular Group legal services engagement with the

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business. This includes a Group Compliance and Privacy Team that supports the business, with comprehensive compliance frameworks, tools, training and advice.

## Technology performance

Spark New Zealand operates large integrated IT and network technology platforms. Customers and other stakeholders require its products and services to be high performing and resilient. If technology incidents occur that affect customer experiences, Spark New Zealand may be unable to attract new or retain existing customers.

Spark New Zealand is implementing a number of initiatives that increase technology performance and resilience. These include investment in new network and IT infrastructure, new approaches for making changes in technology environments and improved operational risk management processes.

## IT and data security risks

Spark New Zealand's role as a major provider of connectivity, storage and digital services makes it susceptible to cyber attacks motivated by denial of customer access to services or controlling technology for illegitimate purposes. The reputational consequences of a successful cyber or data security breach may include customer loss, additional investment in IT security or other internal controls or the imposition of injunctions or punitive measures, such as fines.

Spark New Zealand has commissioned a comprehensive review of its IT security capabilities and environments with a leading international consulting organisation. Its review findings are being implemented through an integrated security programme of work, lifting security capability to best-in-class levels. Programme implementation is overseen by Spark New Zealand's Leadership Team.

Spark New Zealand has a comprehensive Privacy Compliance Framework that includes compulsory online privacy training for all Spark New Zealand people. The training focuses on how we meet our customers' expectations for management of their personal information, and includes keeping personal information secure.

As noted previously, in relation to all of the risks listed above, the Board does not undertake any obligation to revise these risks to reflect events or circumstances after 20 August 2015.

## Internal audit

Spark New Zealand has an internal audit group based in New Zealand. The internal audit charter (available at: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance)) defines the internal audit group's objectives, scope, independence, responsibilities and authority. The internal audit group's primary objective is to assist the Board and Managing Director in exercising good governance by providing independent assurance on Spark New Zealand's control and risk management processes. The ARMC approves the appointment and replacement of the General Manager responsible for Group Risk and Audit who reports to the Board through the ARMC. The internal audit group is independent from the activities and operations it audits, including risk management systems, and has unrestricted access to Spark New Zealand's records and employees. The internal audit group regularly performs audits across Spark New Zealand business units. The internal audit team works to an internal audit plan approved by the ARMC. The ARMC ensures that the internal audit group is appropriately staffed and that its scope of work is adequate in light of the key risks facing Spark New Zealand.

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## External reporting assurance

Spark New Zealand requires that its Managing Director and CFO make an annual declaration in relation to Spark New Zealand's financial statements in the form set out in s295A of the Australian Corporations Act. Section 295A requires the CEO and CFO to declare that: (a) Spark New Zealand's financial records have been properly maintained; (b) the financial statements comply with accounting standards; and (c) the financial statements give a true and fair view. Prior to approving Spark New Zealand's financial statements, the Board receives a declaration from the Managing Director and CFO that, in their opinion, the financial records of Spark New Zealand have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Spark New Zealand and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## Code of Ethics

The Spark New Zealand Code of Ethics sets out the standards by which Spark New Zealand employees are expected to conduct themselves in all aspects of their work, facilitating behaviour and decision-making that meets Spark New Zealand's business goals and is consistent with Spark New Zealand's values, policies and legal obligations.

Only the NOMs may grant a waiver from compliance with the Code of Ethics. Spark New Zealand has compliance escalation procedures that are designed to be used to report breaches of the Code of Ethics and a confidential whistle-blowing hot line. Non-compliance with the Code of Ethics is treated very seriously. Any concerns are investigated with action taken as appropriate.

The Code of Ethics covers:

- conflicts of interest;
- acceptance of gifts;
- corporate opportunities;
- confidentiality;
- Code of Behaviours and expectations of employees (including to deal fairly and honestly with Spark New Zealand's people, professional advisers, customers, and suppliers);
- the proper use of Spark New Zealand's assets and information;
- compliance with laws and Spark New Zealand policies;
- delegated authority; and
- reporting issues regarding breaches of the Code of Ethics, legal obligations or other Spark New Zealand policies.

Spark New Zealand also has a Directors' Code of Ethics, which addresses similar topics and establishes the behaviour expected of Directors. The Board is conscious of its obligations to ensure that Directors avoid conflicts of interest (both real and perceived) between their duty to Spark New Zealand and their own interests. The Board charter outlines the Board's policy on conflicts of interest. Where conflicts of interest do exist, then the Director must disclose their interest and excuse themselves from any relevant Board discussions. In accordance with the relevant stock exchange listing rules, such a Director may not exercise his or her right to vote in respect of such matters.

Copies of the Code of Ethics and Directors' Code of Ethics can be found at: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance). Spark New Zealand employees are responsible for ensuring that Spark New Zealand carries out its business activities in a way that maximises business opportunities, has due regard to all applicable legal and regulatory requirements and minimises Spark New Zealand's exposure to unacceptable legal and regulatory risk. Managers are responsible for making sure that Spark New Zealand people are given appropriate information and

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training to assist them in complying with legal, regulatory and policy compliance obligations. The Group Compliance and Privacy team supports employees and managers in these roles by providing comprehensive compliance frameworks, tools, training and advice.

Spark New Zealand has a number of core internal policies and procedures, including:

- Code of Ethics;
- Code of Behaviours;
- Managing Risk Policy;
- Insider Trading Policy and Guidelines;
- Market Disclosure and Communications Policies;
- Diversity Policy;
- Health and Safety Policy and related protocols;
- Human Resources Policies, including employment, remuneration and benefits, equal opportunity, anti-harassment and discrimination;
- Legal and Compliance Policy;
- Information Management Policy;
- Technology Policy; and
- Delegation of Authority Framework.

Spark New Zealand has an integrated compliance framework that includes company-wide compliance. Implementation is monitored by the ARMC. Any Spark New Zealand employee (or contractor) who becomes aware of a legal, regulatory, policy or other compliance issue has a responsibility to report it using Spark New Zealand's breach reporting/whistle-blowing frameworks. Spark New Zealand also has a procedure whereby accounting, auditing or internal control breaches or concerns may be reported confidentially to the ARMC.

## Market disclosure

Spark New Zealand's Market Disclosure Policy governs communications with shareholders and other stakeholders. Spark New Zealand is committed to providing comprehensive continuous disclosure to shareholders and other stakeholders and complying with the NZX and ASX Listing Rules. A copy of the Market Disclosure Policy can be found at: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance).

Spark New Zealand requires certain senior people (the Managing Director, CFO, Company Secretary and the Disclosure Officer) and, in some cases, the Chair, to discuss whether information is material prior to its release.

Spark New Zealand has appointed a Disclosure Officer who, together with the Company Secretary, is responsible for ensuring that all material information is lodged promptly and without delay with the NZX and ASX. The Disclosure Officer ensures that such information is published on Spark New Zealand's website where appropriate, with further dissemination through broadcast emails to news agencies and other market commentators. Disclosure practices are monitored by the Disclosure Officer. Spark New Zealand has also appointed certain Leadership Team members as authorised spokespeople who are required to ensure that all proposed public comments contain information already in the public domain or information that is not materially price sensitive. Management is responsible for ensuring compliance with the Market Disclosure Policy.

## Shareholder communications

Spark New Zealand's investor relations programme includes:

- semi-annual earnings announcements
- semi-annual post-results briefings with investors in Auckland, Wellington and Sydney
- regular ad hoc one on one and group investor and analyst meetings

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- an annual meeting
- interim and annual reports
- semi-annual shareholder newsletters
- investor briefing days (where appropriate)
- regular investor road shows to Australia, Asia, USA and UK.

Spark New Zealand maintains a dedicated investor website ([investors.sparknz.co.nz](http://investors.sparknz.co.nz)). This website contains media releases, periodic financial information, current and past annual reports, dividend histories, notices of meeting, a list of shareholders' frequently asked questions and other information about Spark New Zealand.

Spark New Zealand webcasts its earnings announcements and annual meeting over its website where appropriate and full participation of shareholders at the annual meeting is encouraged.

Shareholders may electronically appoint and direct a proxy to vote on their behalf at the annual meeting by lodging their proxy form online at: [investorcentre.linkmarketservices.co.nz/voting/SPK](http://investorcentre.linkmarketservices.co.nz/voting/SPK) (for New Zealand holders) or [investorcentre.linkmarketservices.com.au/voting/SPK](http://investorcentre.linkmarketservices.com.au/voting/SPK) (for Australian holders). The webcast will be archived on the Spark New Zealand investor website ([investors.sparknz.co.nz](http://investors.sparknz.co.nz)) after the meeting.

Further information for investors is also available at [investors.sparknz.co.nz](http://investors.sparknz.co.nz) or by contacting the Investor Relations Team at [investor-info@spark.co.nz](mailto:investor-info@spark.co.nz).

## Trading in Spark New Zealand securities

Directors and employees are subject to restrictions under the law relating to dealing in Spark New Zealand securities and other related Spark New Zealand derivatives if they are in possession of inside information. Inside information is information that is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of Spark New Zealand securities. To help ensure compliance with these legal requirements, the Insider Trading Policy specifies that no Director or Spark New Zealand employee may buy or sell Spark New Zealand shares while in possession of inside information. The policy also states that Directors and Spark New Zealand employees in possession of inside information cannot directly or indirectly advise or encourage any person to deal in Spark New Zealand shares. The policy sets out additional rules for Directors, Leadership Team members, direct reports to the Leadership Team and certain other Spark New Zealand employees, and includes the requirement to seek company consent before trading and mandatory trading black-out periods. Compliance with the Insider Trading Policy is monitored through the consent process and by education and notification by Spark New Zealand's share registrar when any Director or senior manager engages in trading activities. Any breach of the Insider Trading Policy would be regarded very seriously. In addition, as required by the Financial Markets Conduct Act 2013, all trading by Directors and senior managers is reported to NZX. Trading by Directors is also reported to ASX.

## Diversity

Spark New Zealand believes that building diversity of thought across the organisation will deliver enhanced business performance. Diverse backgrounds, experience and perspectives are critical to build a leading-edge business and delivering for our customers. Spark New Zealand is committed to attracting, recruiting, developing, promoting and retaining a diverse group of talented individuals who will help drive Spark New Zealand's business performance. Spark New Zealand's Diversity Policy sets out the company's commitment to diversity and the respective responsibilities of the Board, the HRCC, and management in relation to building diversity across the organisation. Spark New Zealand's Diversity Policy may be found at: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance).



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The HRCC is responsible for developing measurable objectives in relation to diversity within Spark New Zealand and recommending the objectives to the Board for approval. The HRCC is also responsible for conducting annual assessments of the measurable objectives and the progress made toward achieving them, as well as reporting on such progress. These responsibilities are set out in the respective Board and committee charters.

Spark New Zealand's progress towards achieving gender diversity, and the proportions of men and women on the Board, are also included in the Annual Report.

## Remuneration

### Remuneration of non-executive Directors

The remuneration of Directors is reviewed by the HRCC – taking account of the company's size and complexity, and the responsibilities, skills, performance and experience of the Directors – with recommendations made to the Board for approval. Specialist independent consultants may be engaged from time to time to provide advice and ensure that the remuneration of Spark New Zealand's Directors is appropriate and comparable to that of similar companies in New Zealand and, as relevant, Australia.

Our Annual Report details the remuneration paid to Directors. Apart from the Managing Director, no Director of Spark New Zealand receives compensation in the form of share options or restricted shares, nor do they participate in any bonus or profit-sharing plan. That said, non-executive Directors are strongly encouraged to maintain a holding of Spark New Zealand shares – such holdings are detailed in the Annual Report. As is the case for employees, Directors are required to comply with the Insider Trading Policy when buying or selling Spark New Zealand shares – and any such transactions are disclosed to the market.

Excluding the Managing Director, no superannuation or retirement allowance was paid to any Spark New Zealand Director during FY15. Spark New Zealand does not have service contracts with any Director (apart from the Managing Director) that provide for any benefits or remuneration in the event that a Director's service with Spark New Zealand is terminated. For details of the Managing Director's entitlements on termination, see below.

### Spark New Zealand remuneration policy

Spark New Zealand's remuneration policy sets out the principles that guide the way in which Spark New Zealand designs and sets remuneration for all employees, including the Managing Director and Leadership Team. These principles are:

- Rewards are market competitive to attract and retain talented people;
- Remuneration is linked to performance so that higher levels of performance attract higher rewards;
- The overall cost of remuneration is managed and linked to the ability of the company to pay; and
- Rewards to senior management are aligned to the long-term performance of the company.

The HRCC is responsible for reviewing Spark New Zealand's remuneration policy and practices, as well as the company's overall human resources strategy, structure, policy and practices. Where appropriate, the HRCC engages independent professional advice to inform its decisions with respect to Spark New Zealand's remuneration policy, and the remuneration of senior executives. The HRCC is also ultimately responsible for the governance of Spark New Zealand's remuneration policies and practices and for ensuring that Spark New Zealand meets its legislative and regulatory requirements as they relate to remuneration matters.

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## Short-term incentive schemes

Spark New Zealand operates a number of short-term incentive schemes, ranging from monthly- and quarterly-based commission and sales incentive plans, to annual, cash-based short-term incentives.

Employees in specific sales positions may have a component of their remuneration subject to individual or divisional sales performance targets, such that their total remuneration potential is directly linked to the acquisition and retention of profitable business for Spark New Zealand.

For senior managers, including the Leadership Team, a component of their remuneration package is at-risk in the form of an annual cash-based short-term incentive. Spark New Zealand's Short-Term Incentive Scheme rewards senior managers for the achievement of annual performance objectives, with payments awarded from a fixed cash pool that is set based on overall Spark New Zealand performance against financial and/or non-financial annual performance objectives. Eligibility to participate in the Short-Term Incentive Scheme is at the discretion of the company, and is targeted at individuals in senior roles who play a significant role in driving the overall performance of Spark New Zealand.

## Long-term incentive schemes

Spark New Zealand believes that senior managers should have part of their remuneration linked to the long-term performance of the company, so for the Leadership Team and a select group of senior managers, a long-term incentive forms part of their remuneration package. The company currently operates two such schemes:

### *Spark New Zealand Share Rights Scheme*

For members of the Leadership Team, long-term incentives are granted in the form of share rights – these are nil-cost options, with no entitlement to dividends or voting rights, which can be exercised if a total shareholder return performance hurdle is met at the end of a three-year period.

### *Spark New Zealand Restricted Share Scheme*

For senior managers below the Leadership Team, an interest free loan is provided by the company to enable the employee to acquire restricted shares in Spark New Zealand – these shares being held in trust for a period of three years, after which if the employee remains employed by Spark New Zealand Trading Limited the company makes payment of a cash bonus to the employee to pay off the loan, and the shares are unrestricted.

### *Spark New Zealand Long Term Incentive Scheme*

For FY16, Spark New Zealand is replacing the above long-term incentive schemes with a new scheme, which will apply to both the Leadership Team and senior managers. This new scheme is based on the existing Spark New Zealand Restricted Share Scheme, but with a number of changes. A performance hurdle will be applied to all issues of restricted shares under the scheme, creating stronger shareholder alignment for all participants, and requiring a minimum level of performance for any value to be delivered to employees. Dividend entitlement will remain, but dividends will be applied to repay the interest-free loan during the restrictive period. Participants will be able to exercise any voting rights attached to the shares. The first issue of shares under the new scheme is intended to be made in September 2015.

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## Managing Director's remuneration

The Managing Director's remuneration package reflects the scope and complexity of his role and is set by the Board with reference to the remuneration of managing directors of similarly sized organisations. For FY15 the Managing Director's remuneration package comprised of a fixed cash component, an at-risk short-term incentive (to be awarded under the terms of the Managing Director Annual Performance Incentive Scheme), an at-risk equity incentive (to be awarded under the Managing Director Performance Equity Scheme) and an at-risk long-term incentive (to be awarded under the Managing Director Performance Rights Scheme). The construct of the Managing Director's remuneration package is such that 64% of his remuneration package is at-risk. The Annual Report details the remuneration paid to the Managing Director, Mr Simon Moutter, for FY15.

### *Managing Director Annual Performance Incentive Scheme*

The Managing Director is eligible for an annual cash-based short-term incentive, subject to the achievement of specific performance objectives set by the Board based on Spark New Zealand's strategy and business plan for the respective financial year. These objectives will be a combination of financial and non-financial measures, including corporate governance, reputation, and effective leadership and management of the company. The Board will assess the Managing Director's performance at the end of the financial year to determine the actual payment value of his short-term incentive, which will be in the range of 0 to 175% of his target value. For FY15, the Managing Director's performance objectives related to earnings before interest, tax, depreciation and amortisation (EBITDA) and delivery of cash savings under the company's Turnaround Programme.

### *Managing Director Performance Equity Scheme*

In addition to the cash-based short-term incentive scheme, the Managing Director is also eligible for an award of redeemable shares under the Managing Director Performance Equity Scheme. This scheme essentially acts as a deferred incentive scheme – the value of the award is linked to the same performance objectives as apply to the Managing Director's annual cash-based short-term incentive scheme, but the award is deferred for a two year period. At the Board's determination, based on the Managing Director's performance against the performance objectives described above (that apply to the Managing Director Annual Performance Incentive Scheme), the value of the award will be in the range of 0 to 175% of the Managing Director's target equity incentive value. This value will be used to determine the number of redeemable ordinary shares granted to the Managing Director. The Managing Director is prohibited from disposing of these redeemable ordinary shares for a specified period – usually two years – at the end of which they will reclassify into ordinary shares.

Grants of redeemable ordinary shares will be made at the discretion of the Board within the context of the approval granted by shareholders and may be made in September of each year but in no case later than 28 September 2015 (being three years after the date of the 2012 Annual Meeting) unless further shareholder approval is obtained. The Board may, at its discretion, elect to deliver the award in cash – deferred for two years with the amount payable being based on Spark New Zealand's share price at the end of the two-year period. The award of redeemable shares, or deferred cash linked to share price, further enhances the link between the Managing Director's remuneration and the interests of shareholders.

### *Managing Director Performance Rights Scheme*

The long-term incentive component of the Managing Director's remuneration package is designed to link part of his remuneration to the long-term performance of Spark New Zealand, and align his interests with those of shareholders, through the grant of share rights with a post-allocation performance hurdle. The grant of share rights to the Managing Director will be at the discretion

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of the Board and may be made in September of each year, but in no case later than 28 September 2015 (being three years after the date of the 2012 Annual Meeting) unless further shareholder approval is obtained. Each share right is granted for no cash consideration and provides the right to acquire one ordinary share in Spark New Zealand for no cash consideration (that is, each share right has a nil exercise price). The Board will set the period after which the share rights are eligible to vest (that is, become exercisable) at the time that a grant is made to the Managing Director. Each share right, upon exercise by the Managing Director, converts to one ordinary share. At the Board's discretion, a cash amount equivalent to the value of the shares can be paid instead.

## *Performance hurdle*

A performance hurdle typically applies to the grants of share rights made to the Managing Director under the Managing Director Performance Rights Scheme. This hurdle is agreed by the Board, and sets a minimum level of performance that is required to be achieved over the period of each grant of share rights, in order for the Managing Director to be eligible to exercise some, or all, of those share rights. For the share rights granted in FY15, a performance hurdle of Spark New Zealand's total shareholder return (TSR) applies – this is a measure of share price appreciation and dividends paid over the period of the grant. The target for this hurdle is Spark New Zealand's cost of equity plus one percent compounding annually.

Spark New Zealand's TSR must meet or exceed this target over the period of the grant (from the date the share rights were granted in September 2014 to the date three years later in September 2017) in order for the share rights to become exercisable by the Managing Director. If Spark New Zealand's TSR does not meet this target, all of the share rights will lapse. Testing to determine whether the TSR performance hurdle has been met will occur at the end of the vesting period of the grant. The Board will receive independent advice to the effect that the performance hurdle has been met, or not met, in determining whether the Managing Director can exercise the share rights, or whether the share rights will lapse.

## **Spark Share**

On 24 March 2015, Spark New Zealand established Spark Share, an employee share purchase scheme for eligible employees of Spark New Zealand to buy and hold shares in Spark New Zealand at a discount to the listing price. Spark Share has been approved by the Inland Revenue Department in accordance with sections DC 12 – 15 of the Income Tax Act 2007 and has a three-year vesting period on the shares purchased.

## **Performance evaluation**

The HRCC annually reviews the performance of the Managing Director. The evaluation is undertaken using criteria set by the HRCC (and approved by the Board), including the performance of the business, the accomplishment of strategic and operational objectives and other non-quantitative objectives agreed at the beginning of each year. The last Managing Director evaluation was undertaken during August 2015 (in respect of the FY15 financial year).

The Managing Director annually reviews the performance of his direct reports. The evaluation is undertaken using criteria set by the Managing Director, including the performance of the business, the accomplishment of strategic and operational objectives and other non-quantitative objectives agreed with the HRCC at the beginning of each financial year. The last Leadership Team evaluations were undertaken during July 2015 (in respect of the FY15 financial year).

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Spark New Zealand Limited

ABN / ARBN:

050 611 277

Financial year ended:

30 June 2015

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance)

The Corporate Governance Statement is accurate and up to date as at 20 August 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 21 August 2015

Name of Director or Secretary authorising lodgement: Charlotte Swan

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.sparknz.co.nz/about/governance">www.sparknz.co.nz/about/governance</a> (Diversity Policy)</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at Annual Report page 86</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at Annual Report page 86</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.sparknz.co.nz/about/governance">www.sparknz.co.nz/about/governance</a> (Nominations and Corporate Governance Committee Charter)</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at Annual Report page 83 and 84</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at Annual Report page 87 ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance <b>OR</b> <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at Annual Report page 16 and 17	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.sparknx.co.nx/about/governance">www.sparknx.co.nx/about/governance</a> (Code of Ethics, Director Code of Ethics)	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.sparknz.co.nz/about/governance">www.sparknz.co.nz/about/governance</a> (Audit and Risk Management Committee Charter)</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.sparknz.co.nz/about/directors">www.sparknz.co.nz/about/directors</a> and Annual Report page 16, 17 and 84</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.sparknz.co.nz/about/governance">www.sparknz.co.nz/about/governance</a> (Market Disclosure Policy)	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at <a href="http://www.sparknz.co.nz/about/governance">www.sparknz.co.nz/about/governance</a> and <a href="http://investors.sparknz.co.nz">investors.sparknz.co.nz</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://investors.sparknz.co.nz">investors.sparknz.co.nz</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.sparknz.co.nz/about/governance">www.sparknz.co.nz/about/governance</a> (Audit and Risk Management Committee Charter)</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at Annual Report page 83 and 84</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):]  ... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]  ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.sparknz.co.nz/about/governance">www.sparknz.co.nz/about/governance</a> (Nominations and Corporate Governance Committee Charter)</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at Annual Report page 83 and 84</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.sparknz.co.nz/about/governance">www.sparknz.co.nz/about/governance</a> (Insider Trading Policy)</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>