



**CORPORATE**

**GOVERNANCE**

Spark Annual Corporate  
Governance Statement 2023

# Annual Corporate Governance Statement 2023

The Board and management of Spark New Zealand Limited (**Spark**) are committed to maintaining high standards of corporate governance. Spark's governance structures and processes are regularly reviewed and assessed by the Board to ensure that they are consistent with international best practice.

Spark has elected to report against the NZX Corporate Governance Code dated 1 April 2023 (**NZX Code**) and, as part of its commitment to best practice governance, has elected to take into consideration and substantially complies with the ASX Corporate Governance Council's Principles and Recommendations (the Fourth Edition).

This statement is a snapshot view of Spark's practices, processes and policies measured against the principles of the NZX Code for the period from 1 July 2022 to 30 June 2023. It was approved by the Board on 17 August 2023 and is accurate as at that date.



Justine Smyth, CNZM  
Chair

## Principle 1:

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### Ethical Standards

**“Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.”**

#### Recommendation 1.1

The board should document minimum standards of ethical behaviour to which the issuer's directors and employees are expected to adhere (a code of ethics).

Spark has an integrated company-wide compliance framework. A Code of Ethics (which applies to all employees) and a Directors' Code of Ethics, together set out the standards by which Spark people are expected to conduct themselves.

The codes provide guidance on decision-making and set out to instill a culture of acting lawfully, ethically and responsibly. The Code of Ethics contains links to Spark's core policies and details Spark's values and expected behaviours. It also sets out Spark's approach to conflicts of interest, bribery and corruption, gifts and hospitality, confidentiality, use of assets and information, and compliance with laws. Also set out in the codes are Spark's compliance escalation procedures that are designed to be used to report breaches of Spark's legal obligations, the codes themselves and other Spark

policies, either through the Honesty Box confidential whistle-blowing online portal or other avenues.

Training on the Code of Ethics and how to apply this is delivered to all employees through Spark's learning management system online modules. This training forms part of the onboarding journey for new employees and annual completion of the module for existing employees is required to maintain compliance. We reinforce this training through regular reminders from People Leaders and broader internal communications (emails and intranet articles) across the business. The module content is reviewed annually and updated to reflect any code/policy changes, if necessary. We also embed relevant aspects of the Code into Spark 'plays'. Plays are one-page online guides on how to carry out common activities at Spark. The Directors' Code of Ethics is provided to new directors as part of their induction.

Copies of the Code of Ethics and the Directors' Code of Ethics can be found at: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance)

Principle 1 continued:

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## Ethical Standards

**“Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.”**

### Recommendation 1.2

**An issuer should have a financial product dealing policy which applies to employees and directors.**

The Insider Trading Policy and the Disclosure Policy (together with the associated procedures for implementation) are two of Spark’s core policies that address the treatment of material information and trading in Spark and other issuers’ financial products while in possession of material information.

The Insider Trading Policy and Disclosure policies apply to all directors, senior managers and employees of the Spark group of companies. Copies of the Insider Trading Policy and the Disclosure Policy can be found at: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance)

## Principle 2:

### Board Composition and Performance

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

A key factor in Spark’s long-term growth framework is strong governance, with focus areas including proactive risk management policies and having a diverse Board.

#### Recommendation 2.1

The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management.

The Board of Directors is elected by shareholders to protect and enhance the value of the assets of Spark in the interests of Spark and its shareholders. The Board has statutory responsibility for the affairs and activities of Spark, which in practice is achieved through delegation to the Chief Executive Officer (CEO) and those who are charged with the day-to-day leadership and management of Spark. The CEO has, in some cases, formally delegated certain authorities to direct reports and has established an empowerment framework that sets out decision rights at Spark.

More information regarding the respective roles and responsibilities of the Board and management is set out in the Board Charter, which can be found at: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance)

The Board regularly reviews and assesses Spark’s governance structures and processes to ensure that they are consistent with international best practice in both form and substance.

#### Recommendation 2.2

Every issuer should have a procedure for the nomination and appointment of directors to the board.

The procedures for the appointment and removal of directors are governed by Spark’s Constitution, the Companies Act 1993 and relevant stock exchange listing rules.

Recommendations for nominations of new directors are generally made by the Nominations and Corporate Governance Committee (NOMs) and considered by the Board as a whole. External consultants are from time to time 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 factors including the candidate’s experience, qualifications and personal qualities. In doing so Spark will undertake appropriate checks, including the candidate’s character, education, criminal record and bankruptcy history. The NOMs will review the candidate’s skills and experience relative to the Board skills matrix to determine whether they will augment the existing Board skillset and assess their availability to commit themselves to the role.

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.

#### Recommendation 2.3

An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment.

Each director has a signed letter of appointment or employment agreement setting out the terms of their appointment, including their duties, terms, conditions of appointment, expectations of the role and remuneration. Spark directors have no fixed term of office but are subject to the retirement provisions contained in Spark’s Constitution and relevant stock exchange listing rules.

#### Recommendation 2.4

Every issuer should disclose information about each director in its annual report or on its website, including:

- a. a profile of experience, length of service and ownership interests;
- b. the director’s attendance at board meetings; and
- c. the board’s assessment of the director’s independence, including a description as to why the board has determined the director to be independent if one of the factors listed in table 2.4 applies to the director, along with a description of the interest, relationship or position that triggers the application of the relevant factor.

Principle 2 continued:

## Board Composition and Performance

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

A biography of each Board member can be found on Spark’s website, see [www.sparknz.co.nz/about/directors](http://www.sparknz.co.nz/about/directors), and at page 78 of the 2023 Annual Report.

The Board skills matrix that outlines the qualifications, capabilities, geographical location, tenure and gender of each member of the Board can be found in the ‘Our Board’ section of the 2023 Annual Report.

Board and Committee meeting attendance can be found at page 143 of the 2023 Annual Report.

The Board’s statement regarding Director independence can be found at page 144 of the 2023 Annual Report.

### Recommendation 2.5

**An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity’s progress in achieving them.**

Spark’s Board believes that building a diverse and inclusive team that reflects the country’s rich diversity speaks to our role as a major New Zealand company and shows leadership in areas important to society. Improving diversity is a company-wide ambition that encompasses the Board. The Board also believes that a highly inclusive, adaptive culture will unlock future growth and ultimately deliver enhanced customer experiences and business performance. One of Spark’s major initiatives is the Blue Heart Pledge, which is an individual’s personal commitment to support a ‘heart-led’ approach to diversity and inclusion at Spark.

Spark’s Diversity and Inclusion Policy sets out the requirement for the Board to set and review measurable objectives for achieving diversity each year. The Human Resources and Compensation Committee (HRCC) annually reviews and reports to the Board on the relative proportion of gender diversity that makes up Spark’s workforce and recommends objectives to the Board. A copy of Spark’s Diversity and Inclusion policy can be found at:

[www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance)

For more details on the importance of diversity, equity and inclusion at Spark, and reporting on our workforce demographics, please see the ‘Creating value for our people’ section of the 2023 Annual Report.

### Recommendation 2.6

**Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer.**

The Board introduces new directors to management and the business through specifically tailored induction programmes, depending on their needs. All directors are regularly updated on relevant industry and company issues. This may include visits to Spark operations and briefings from key Leadership Squad members or external experts. There is an ongoing programme of presentations to the Board by management from across Spark. From time to time the Board also receives educational briefings from companies in relevant industries and relevant consultants and academics. The Board expects all directors to undertake continuous education so that they may appropriately and effectively perform their duties.

### Recommendation 2.7

**The board should have a procedure to regularly assess director, board and committee performance.**

The Board regularly discusses governance and performance and annually reviews its own performance as a whole against the Board Charter and each Committee’s performance against its Charter. The Chair meets with directors to discuss the performance of each director individually.

Board evaluations are undertaken annually to seek director and Leadership Squad 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. Further, every three years it is the usual practice of the Board to engage an external consultancy to perform the Board evaluation with the latest external evaluation being undertaken between March and June 2023.

Principle 2 continued:

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## Board Composition and Performance

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

### Recommendation 2.8

**A majority of the board should be independent directors.**

Spark’s Board Charter requires that a majority of directors be independent. When assessing independence, the Board will consider whether a director is free of material relationships with Spark (other than as a director) and other entities, and people who could influence, or could reasonably be perceived to influence, the director’s capacity to exercise independent judgement and act in the best interests of Spark and Spark’s shareholders generally. The mere existence of a relationship with Spark, or a customer or supplier, may not necessarily mean that a director is not independent. Rather, the Board will assess each relationship on a case-by-case basis to determine whether it is material and might compromise the independence, or perceived independence, of the director. The Board will also consider the tenure of each director when assessing independence and succession planning.

### Recommendation 2.9

**An issuer should have an independent chair of the board.**

The Chair is elected by the Board. The Chair’s role is to manage and provide leadership to the Board and to facilitate the Board’s interface with the CEO. The current Chair, Justine Smyth, is a non-executive and independent director as required by the Board Charter. The Board does not have a Deputy Chair.

### Recommendation 2.10

**The Chair and the CEO should be different people.**

The Board supports the separation of the roles of Chair and the CEO. The current CEO Jolie Hodson, is an executive director.



Principle 3:

**Board Committees**

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

Spark’s Board establishes committees to assist in the execution of the Board’s responsibilities. Board committees do not act or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so.

The current committees of the Board are:

- Audit and Risk Management Committee (ARMC)
- Human Resources and Compensation Committee (HRCC)
- Nominations and Corporate Governance Committee (NOMs).

Other committees may be established from time to time to consider matters of special importance or to exercise the delegated authority of the Board.

**Recommendation 3.1**

An issuer’s audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should be an independent director and not the chair of the board.

The Board has delegated responsibility to the ARMC for reviewing Spark’s principal risks on an at least annual basis. This ensures an established risk management framework that:

- includes policies and procedures to effectively identify, treat and monitor principal business risks;
- assesses the effectiveness of the risk management system and ensures it is fit for purpose; and
- monitors compliance with the risk management framework.

The ARMC is also tasked with ensuring the quality, credibility and objectivity of Spark’s accounting processes, including financial reporting. The ARMC will discuss interim financial statements with the Leadership

Squad, including whether the reporting is consistent with the Committee members’ information and knowledge and whether it is adequate for shareholder needs.

The ARMC is comprised solely of non-executive directors. The current Chair of the ARMC is Charles Stinch, who is an independent director and is not the Chair of the Board.

The members of the ARMC and their qualifications can be found at pages 81 & 141 of the 2023 Annual Report.

**Recommendation 3.2**

**Employees should only attend audit committee meetings at the invitation of the audit committee.**

Spark management and employees can only attend committee meetings at the invitation of the committee.

**Recommendation 3.3**

**An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee.**

The HRCC is responsible for reviewing Spark’s remuneration policy and practices, as well as Spark’s overall human resources strategy, structure, policy and practices. The remuneration of directors is reviewed by the HRCC - taking account of Spark’s size and complexity and the responsibilities, skills, performance and experience of the directors - with recommendations made to the Board for approval.

The HRCC is comprised of a majority of independent directors.

Principle 3 continued:

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## Board Committees

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

### Recommendation 3.4

An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors.

The NOMs role is to identify and recommend to the Board individuals for nomination as members of the Board and its committees (taking into account such factors as it deems appropriate, including experience, qualifications, judgement and personal qualities); and to develop and review Spark’s corporate governance principles and make recommendations to the Board. The NOMs is also responsible for reviewing Board succession planning.

The NOMs is comprised of a majority of independent directors.

### Recommendation 3.5

An issuer should consider whether it is appropriate to have any other board committees as standing committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.

Each Board Committee has a Charter summarising the role, rights, responsibilities and membership requirements for that Committee. The Board reviews the charters of the Board committees annually and their performance against those charters, with the last review conducted in November 2022.

The Board committee charters can be found at: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance)

The Board is responsible for appointing committee members and Chairs according to the skills, experience and other qualities they bring to the Committee. All Board committees are comprised of a majority of independent directors. A Committee Chair is entitled to invite persons to attend Committee meetings as deemed necessary.

Specific Committee memberships and attendance information are outlined on pages 141 & 143 of the 2023 Annual Report.

### Recommendation 3.6

**The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder.**

Spark’s Board has put in place Takeover Response Guidelines that set out the procedure to be followed if there is a takeover offer for Spark, including with regards to communication between insiders and the bidder, the preparation of an independent advisor’s report and establishment of a Bid Response Sub-committee.



## Principle 4:

### Reporting And Disclosure

**“The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.”**

#### Recommendation 4.1

**An issuer’s board should have a written continuous disclosure policy.**

Spark is committed to providing material information regarding Spark’s business and operational performance to shareholders and other stakeholders in compliance with applicable laws and stock exchange requirements. Pursuant to its Disclosure Policy, Spark has an appointed Disclosure Officer to authorise all financial market communications. Together with the Company Secretary, the Disclosure Officer is responsible for overseeing Spark’s disclosure practices and ensuring that all material information is lodged promptly and without delay with the relevant stock exchanges and ensuring that the Board receives copies of all material market announcements and is kept informed of the nature and quality of the information being disclosed to the market.

Authorised spokespersons are restricted to reduce the risk of inconsistent communications and to ensure that public comments are within the bounds of information already in the public domain and/or information that is not materially price sensitive.

#### Recommendation 4.2

**An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.**

Spark’s website has a dedicated governance section that contains Spark’s policies that outline its core governance structures and processes. This includes the Code of Ethics, Board Charter (and the charters of the various committees), Disclosure Policy, Insider Trading Policy, Diversity and Inclusion Policy and other principal corporate governance documents:

[www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance)

#### Recommendation 4.3

**Financial reporting should be balanced, clear and objective.**

Spark’s financial reports are prepared in a manner that is balanced, clear and objective. The financial statements in the Annual Report are prepared in accordance with NZ GAAP and comply with NZ IFRS.

The Board requires that, prior to its approval of financial statements, the CEO and CFO make a declaration that, in their opinion, Spark’s financial records 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; and that their opinion has been formed on the basis of a sound system of risk management and internal control, which is operating effectively.

#### Recommendation 4.4

**An issuer should provide non-financial disclosure at least annually, including considering environmental, social sustainability and governance factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the board.**

In addition to the published financial statements, Spark’s Annual Report provides information on Spark’s performance on a number of non-financial matters, including environmental, social and governance commitments. Spark’s 2023 Annual Report has been prepared in accordance with the Integrated Reporting International <IR> Framework and with the Global Reporting Initiative (GRI) Core Option and also incorporates climate risk disclosure aligned to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The 2023 Modern Slavery Statement and 2023 Greenhouse Gas Inventory Report are published alongside this Corporate Governance Statement and the 2023 Annual Report.

## Principle 5:

### Remuneration

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

#### Recommendation 5.1

**An issuer should have a remuneration policy for the remuneration of directors. An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer’s annual report.**

The HRCC is responsible for Spark’s remuneration policy and practices and is also ultimately responsible for ensuring Spark meets legislative and regulatory requirements as they relate to remuneration matters.

Spark is committed to ensuring that the remuneration of directors is transparent, fair, and reasonable. The total fees available to be paid to directors are subject to shareholder approval.

Non-executive director remuneration is determined with consideration of the size and complexity of Spark and relative market activity. From time to time independent consultants are engaged for benchmarking purposes to ensure that the remuneration of Spark’s non-executive directors is appropriate and comparable to that of similar companies in New Zealand and, as relevant, Australia. Non-executive directors are also expected to purchase and hold an amount of Spark shares within the first three years of their appointments.

Jolie Hodson, as an executive director, does not receive any director fees.

Further details on non-executive director remuneration can be found at pages 87, 141 & 142 of the 2023 Annual Report.

Further details on directors’ Spark shareholdings can be found at pages 145 & 148 of the 2023 Annual Report.

A copy of Spark’s Director Remuneration policy can be found at: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance).

#### Recommendation 5.2

**An issuer should have a remuneration policy for remuneration of executives which outlines the relative weightings of remuneration components and relevant performance criteria.**

The Leadership Squad’s remuneration consists of a fixed remuneration component and at-risk short-term and long-term incentives. Spark’s STI rewards senior leaders for the achievement of annual performance objectives, with payments awarded from a

fixed cash pool that is set based on overall Spark performance against financial and/or non-financial annual performance objectives. Spark believes that senior leaders should have part of their remuneration linked to the long-term performance of Spark. For the Leadership Squad and a select group of senior leaders, a long-term incentive, which vests after three years contingent on continued employment and Spark achieving a performance hurdle, forms part of their remuneration packages.

Further details on Leadership Squad remuneration can be found at pages 85 & 86 of the 2023 Annual Report.

A copy of Spark’s Executive Remuneration policy can be found at: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance)

#### Recommendation 5.3

**An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short term incentives and long term incentives and the performance criteria used to determine performance based payments.**

The CEO’s remuneration package reflects the scope and complexity of the role and is set by the Board, with reference to the remuneration of CEOs of similarly sized organisations. For FY23 the CEO’s remuneration package comprises a fixed cash component, an at-risk short-term incentive and an at-risk long-term incentive.

The CEO’s annual cash-based short-term incentive is subject to the achievement of specific performance objectives set by the Board based on Spark’s strategy and business plan for the respective financial year. The CEO’s annual long-term incentive will be granted as options under Spark’s LTI, contingent on continued employment and Spark achieving a performance hurdle. The CEO is also expected to purchase and hold an amount of Spark shares.

Further details on CEO remuneration can be found at pages 86, 87, & 142 of the 2023 Annual Report.

For more details on director and executive remuneration please see the ‘Leadership and Board remuneration’ section of the 2023 Annual Report.

## Principle 6:

### Risk management

**“Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.”**

#### Recommendation 6.1

An issuer should have a risk management framework for its business and the issuer's board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed.

Spark's Agile organisation design and practices empower its people to make decisions and manage the risks associated with achieving Spark's strategy and business objectives. Strong corporate governance, including a highly effective and integrated risk management framework, helps Spark people to make good business decisions that create stakeholder value. Spark's Managing Risk Policy and Framework is benchmarked to the COSO ERM 2017, a leading enterprise risk management standard.

Spark's Managing Risk Policy and Framework is designed on the principles that managing risk creates, protects and enhances value. It is embedded in decision-making processes and accountability structures so that uncertainty and risks can be managed effectively. It is iterative and responsive to change so that it remains effective when external and internal forces require Spark to adapt its priorities and operating models. A copy of Spark's Managing Risk Policy can be found at: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance).

The ARMC plays an important role and is responsible for ensuring that Management has established a risk management framework. Spark's Risk Team is accountable for designing and managing this framework and provides the ARMC with regular updates about its performance and evolution.

The ARMC reviews Management's principal risk profile bi-annually. It also receives reports on the effectiveness of the implementation and operation of the policies and systems designed to manage risk. The ARMC receives quarterly reporting from the Risk, Internal Audit and Fraud Lead that discusses progress against the approved Risk, Internal Audit and Fraud Plan. Information reported includes the priorities, updates about the evolution of the Managing Risk Framework, findings from its internal audit reviews, updates about the status of previously raised items and fraud risk management.

The ARMC receives an annual assessment to confirm the Managing Risk Framework is designed and operating effectively. The last assessment was undertaken by Spark's Risk team in August 2023. Every five years Spark also has its Managing Risk Framework externally reviewed to ensure it continues to be fit for purpose and is operating effectively. The next review is scheduled and will be completed by November 2023.

A summary of Spark's Managing Risk Framework and Spark's identified principal business risks and mitigations are outlined in the 'Our governance and risk management' section of the 2023 Annual Report.

#### Recommendation 6.2

An issuer should disclose how it manages its health and safety risks and should report on its health and safety risks, performance and management.

The health, safety and wellbeing of people is of the utmost importance to Spark. A safe and healthy workplace is one in which people and suppliers are accountable and empowered to work together to protect and promote the health, safety and wellbeing of all. To achieve this Spark has established four pillars of health and safety: a clearly defined Health and Safety framework; active hazard and risk management; development of an employee-driven safety culture; and the right resources and processes to deliver on the framework. Integral to the framework is the H&S Information System, which shapes and monitors key performance indicators across the business, focussing on Spark's strategic objectives, targets and managing critical hazards and risks. The Board and Leadership Squad are both integrally involved in health and safety strategic planning, implementation and monitoring. Furthermore, Spark has reframed wellbeing to support our people's work-life balance with a framework that focusses on four pillars:

- Healthy work environment
- Connection and collaboration
- Mind Health
- Energy

This framework is a key part of building an inclusive environment for our people.

Further details regarding Spark's health and safety performance can be found in the 'Creating value for our people' section of the 2023 Annual Report.

Principle 7:

**Auditors**

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

**Recommendation 7.1**

The board should establish a framework for the issuer’s relationship with its external auditors. This should include procedures:

- (a) for sustaining communication with the issuer’s external auditors;
- (b) to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired;
- (c) to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors to the issuer; and
- (d) to provide for the monitoring and approval by the issuer’s audit committee of any service provided by the external auditors to the issuer other than in their statutory audit role.

Oversight of Spark’s external audit arrangements is the responsibility of the ARMC. The External Auditor Independence Policy and ARMC Charter, together, establish a framework for Spark’s engagement with the external auditor. The objective of this framework is to ensure that audit independence is maintained, both in fact and appearance, such that Spark’s external financial reporting is viewed as being highly reliable and credible.

The ARMC is responsible for the appointment of Spark’s external auditor, its terms of engagement and the level of fees incurred (subject to shareholder approval). The ARMC Charter outlines the nature of the services permitted to be performed and those not permitted to be performed by the external auditor.

The ARMC Charter requires that the Committee annually assesses and confirms to the Board the independence of the external auditor after consideration of the External Auditor Independence Policy criteria. Regular rotation of the external audit firm is not mandated, however, rotation of the key audit partner of Spark is required every five years.

Procedures for communication between the ARMC, the External Auditor and Management are set out in the ARMC Charter.

The Audit and Risk Management Committee Charter and the External Auditor Independence Policy can be found at: [www.sparknz.co.nz/about/governance](http://www.sparknz.co.nz/about/governance)

**Recommendation 7.2**

The external auditor should attend the issuer’s Annual Meeting to answer questions from shareholders in relation to the audit.

Representatives of Spark’s external auditor are available at Spark’s Annual Meeting to answer shareholder questions about the conduct of the audit and the content of the External Auditor’s reports.

**Recommendation 7.3**

Internal audit functions should be disclosed.

The Spark Internal Audit Team’s primary objective is to assist the Board and CEO to exercise good governance by providing independent assurance on Spark’s control and risk management processes. The ARMC approves the appointment and oversees the performance of Spark’s Risk, Internal Audit and Fraud Lead, who is accountable for leading Internal Audit and reports directly to the Chair of the ARMC. The Internal Audit Charter defines the objectives, scope, independence, responsibilities and authority. Internal Audit is independent from the activities and operations it audits and has unrestricted access to Spark’s records and employees.

Internal Audit regularly performs audits across Spark. It works to an annual Risk, Internal Audit and Fraud Plan that outlines the risk themes, objectives and key results over the plan year. The ARMC approves this plan and ensures that the Internal Audit is appropriately staffed and that its scope of work is appropriate for the key risks facing Spark. Priorities for the next meeting are approved following consultation with the ARMC and other relevant stakeholders e.g., Leadership Squad members.

Principle 8:

## Shareholder Rights and Relations

**“The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.”**

Spark is committed to promoting a fair, orderly and transparent market through comprehensive continuous disclosure and ensuring shareholders are able to exercise their rights in an informed manner.

Spark’s Disclosure Policy and associated procedures governs communications with shareholders and other stakeholders. All material information is lodged promptly and without delay with the relevant stock exchanges. Once lodged the information will also be published on Spark’s website, with further dissemination through broadcast emails to news agencies and other market commentators where appropriate. Spark may make available on its website any other relevant information made available to investors/analysts (e.g. presentation materials).

### Recommendation 8.1

**An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.**

Spark’s website is an important avenue of communication with shareholders and other stakeholders. Spark maintains a dedicated investor website ([investors.sparknz.co.nz](http://investors.sparknz.co.nz)). This contains market releases, financial information, current and past annual reports, investor presentations and webcasts, dividend and share price histories, notices of meeting, biographies of Spark directors and Leadership Squad, investor contacts, important calendar dates and other information about Spark.

### Recommendation 8.2

**An issuer should allow investors the ability to easily communicate with the issuer, including by designing its shareholder meeting arrangements to encourage shareholder participation and by providing shareholders the option to receive communications from the issuer electronically.**

Spark provides shareholders with the option to receive communications from, and send communications to, Spark electronically.

Spark is committed to maintaining multiple channels of shareholder communications and engagement, which currently includes:

1. Semi-annual earnings announcements via audio conference
2. Semi-annual post-results briefings with investors in New Zealand and Australia
3. Regular ad hoc one-on-one and group investor and analyst meetings
4. An Annual Meeting with virtual participation via webcast and audio
5. An Annual Report, Corporate Governance Statement, Modern Slavery Statement and Greenhouse Gas Inventory Report
6. Investor briefing days (where appropriate)
7. Regular international investor roadshows.

Spark remains committed to maintaining its investment profile in key investment markets in the US, UK, Asia and Australasia to ensure that its strategies and opportunities are understood, and the market is fully informed. Over the last few years, Spark’s Investor Relations Programme has adapted with investor engagement being held virtually due to Covid-19 travel disruptions. However, the lifting of border restrictions has meant that in-person international engagement was able to resume in recent times with Australian, US and the UK investors. With restrictions easing, in-person engagement with Asian market investors is due to return later this calendar year.

All Spark shareholders are encouraged to participate in the Annual Meeting including in person and virtually via an online annual meeting platform or audio conference, where shareholders can vote, ask questions and watch the meeting via webcast. Shareholders can also electronically appoint and direct proxies to vote on their behalf at the Annual Meeting.

The Annual Meeting webcast will be archived on the Spark investor website after the meeting.

### Recommendation 8.3

**Quoted equity security holders should have the right to vote on major decisions which may change the nature of the issuer in which they are invested.**

Spark is committed to ensuring that each shareholder who invests in Spark has the right to vote on major decisions that may change the nature of the company. All of Spark’s

Principle 8 continued:

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## Shareholder Rights and Relations

**“The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.”**

shareholders have the right to one vote per share and voting at the annual meeting is conducted by poll.

### Recommendation 8.4

If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.

Spark did not undertake any equity capital raises over the 12 months to 30 June 2023.

### Recommendation 8.5

The board should ensure that the notice of annual or special meeting of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 working days prior to the annual meeting.

Spark's Annual Meeting of Shareholders was held as a hybrid meeting on Friday, 4 November 2022. The Notice of Annual Meeting was published on Thursday, 6 October 2022.



# Glossary

There are terms used in this document that may be unfamiliar. These are what each mean:

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**ARMC** Audit and Risk Management Committee

**COSO ERM 2017** Committee of Sponsoring Organization of the Treadway Commission Enterprise Risk Management

**HRCC** Human Resources and Compensation Committee

**LTI** Long-Term Incentive Scheme, which is part of Spark Leadership Squad and CEO remuneration

**NOMs** Nominations and Corporate Governance Committee

**NZ GAAP** Generally Accepted Accounting Practice in New Zealand

**NZ IFRS** New Zealand equivalents to International Financial Reporting Standards

**Spark** Spark New Zealand Limited

**STI** Short-Term Incentive Scheme, which is part of Spark Leadership Squad and CEO remuneration

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