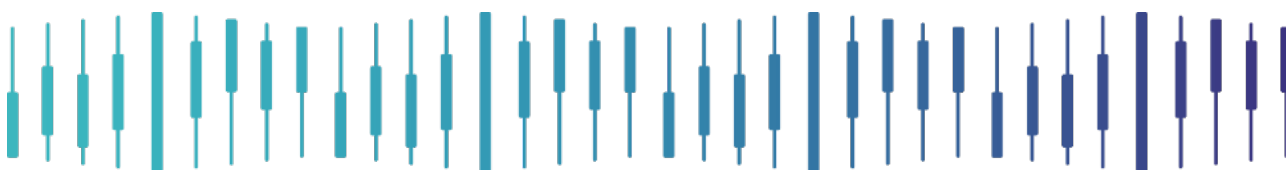


19 August 2025

NZ RegCo Decision

Accident Compensation Corporation (**ACC**)
Class waiver from NZX Listing Rule 6.3.1 (Director
Remuneration)



Background

1. The information on which this decision is based is set out in Appendix One to this decision. This waiver will not apply if that information is not, or ceases to be, full and accurate in all material respects.
2. The NZX Listing Rules (**Rules**) to which this decision relates are set out in Appendix Two. In this case, NZ RegCo has determined to exercise its power under Rule 9.7 to issue a class waiver on the application of the Rules involved.
3. Capitalised terms that are not defined in this decision have the meanings given to them in the Rules.

Waiver from Listing Rule 6.3.1

Decision

4. Subject to the conditions set out in paragraph 5 below, and on the basis that the information provided by ACC is complete and accurate in all material respects, NZ RegCo grants a class waiver from Rule 6.3.1 to the extent that this Rule restricts ACC from voting on director remuneration resolutions put forward by Issuers to shareholders in accordance with Rule 2.11.
5. The waiver in paragraph 4 above is provided on the conditions that:
 - a. ACC does not receive any direct or indirect benefit from the benefit that is or may be received by the Director;
 - b. the waiver will only apply in circumstances where ACC is solely an Associated Person of a relevant Director as a result of that Director being both a Director of the relevant Issuer seeking shareholder approval under Rule 2.11, and also being a board member of ACC, for the purposes of paragraph (e) of the definition of Associated Person in the Rules;
 - c. consideration and decision making in relation to voting on director remuneration is undertaken by ACC's Chief Investment Officer and/or ACC's in-house investment team. This waiver will not apply if for any reason the ACC board or board committee members are involved in the consideration and decision making in relation to voting on director remuneration; and
 - d. ACC notifies NZX and the relevant Issuer in circumstances when it becomes aware that there is a circumstance of commonality between an individual being a board member of ACC and a Director of an Issuer.

Reasons

6. In coming to the decision to provide the waiver set out in paragraph 4 above, NZ RegCo has considered that:
 - a. the policy behind Rule 6.3.1 (as it relates to voting on Director remuneration under Rule 2.11) is to provide a safeguard to non-related shareholders that personal interests or connections will not influence the level of Director remuneration set by a resolution put to shareholders. In this regard, the definition of "Associated Person" as it concerns a Director is an expansive definition with a view to addressing those governance and agency cost concerns;
 - b. the granting of this waiver will not offend this policy because:
 - i) the ACC Board delegates matters involving investments to the ACC Board Investments Committee which then sub-delegates all operational matters including day-to-day

investment decisions such as voting to the Chief Investment Officer and ACC's in-house investment team; and

- ii) there are specific legislative and ACC policy prohibitions on board members of ACC participating in decisions in relation to any matter they have interests in, and voting matters escalated by ACC's Chief Investment Officer to the ACC BIC and ACC Board are subject to those legislative and policy prohibitions;
- c. the application of Rule 6.3 with respect to Director remuneration resolutions creates a restriction on ACC exercising its shareholder rights in those circumstances, which when considering ACC's unique objectives and governance, extend beyond the policy protection sought by the Rule;
- d. the association between ACC and Directors of an Issuer in this context may arise from the broad application of the definition of "Associated Persons" and should not influence the voting decisions of ACC, which itself is accountable to its own stakeholders as a public entity; and
- e. a class waiver is appropriate given the significant number of portfolio investments that ACC holds and the potential for commonality between individuals being Directors of Issuers and occupying the role of board members of ACC.

Appendix One

Background

1. ACC is a statutory entity with responsibility for delivering New Zealand's accident insurance scheme (**Scheme**). As a statutory entity, it has the status of a body corporate and is also a Crown entity for the purposes of the Crown Entities Act 2004 (**Crown Entities Act**).
2. ACC is also a significant investor in listed companies in New Zealand. Its investment activities are designed to ensure the financial stability of the Scheme for future generations.

Governance of ACC

3. ACC is governed by a board of up to nine non-executive members, each appointed by the Minister for ACC under section 28(1)(a) of the Crown Entities Act. ACC board members are accountable to the Minister for ACC for the performance of their duties (as opposed to the company as is the case for directors under the Companies Act 1993). Those duties include obligations to ensure that ACC:
 - a. acts in a manner consistent with its objectives and functions¹; and
 - b. performs its functions efficiently and effectively and in a manner consistent with the spirit of public service².
4. In addition, the members must, when acting as a member, act in good faith and not pursue their own interest at the expense of ACC's interests³.
5. Although appointments are made by the Minister, ACC seeks to have persons who serve as professional directors in the New Zealand governance community serve as board members. This leads to the possibility of commonality of individuals being board members of ACC and directors of Issuers that ACC may invest in.
6. ACC has standing board committees in respect of its various functions and duties. Investment is supervised by the ACC Board Investment Committee (**ACC BIC**), as set out below:
 - a. ACC BIC operates under its own terms of reference⁴, which sets out its (and its members') roles and responsibilities. Specifically, ACC BIC assists the ACC board to monitor ACC's investment responsibilities.
 - b. In relation to investment matters, the ACC BIC terms of reference provide for certain delegations of authority to ACC's Chief Investment Officer, and further sub-delegation by the Chief Investment Officer to employees of ACC.
 - c. Broadly speaking, the ACC BIC is responsible for long-term asset allocation decisions, with all operational matters including day-to-day investment decisions such as voting being delegated to the Chief Investment Officer and ACC's in-house investment team.
7. As a result of the above, decisions in relation to specific investments are made by ACC staff under delegated authority. Typically, ACC board or board committee members will only be directly involved in strategic decisions falling outside of existing delegations.

¹ Section 49 of the Crown Entities Act.

² Section 50 of the Crown Entities Act.

³ Section 55 of the Crown Entities Act.

⁴ ACC BIC Terms of Reference <https://www.acc.co.nz/about-us/who-we-are/our-minister-board-ce-and-executive/acc-board-governance-documents>

8. In addition, ACC's internal governance policies expressly recognise and provide a disclosure and management framework for potential conflicts and other interests. These policies, including the ACC Board Governance Manual⁵, reflect the conflicts of interest management framework set out in the Crown Entities Act, which ACC is required to comply with as a Crown Entity⁶. That framework provides that in relation to a matter in which an ACC board member is "interested":
- a. the board member must disclose the interest to the ACC Chair and in ACC's statutory register of interests;
 - b. the board member must not vote or take part in any discussions or decision of the board or any committee (which would include the ACC BIC) relating to the matter, or otherwise participate in any activity of ACC that relates to the matter;
 - c. the board member must not be regarded as part of the quorum for any part of a meeting during which the matters in which they have an interest are discussed or in which a decision is made; and
 - d. the board member must not sign any document relating to the matter.

Accordingly, ACC's internal governance policies provide that a board member will be considered "interested" in any matter involving an entity of which the board member is a director. In relation to investment, all ACC BIC papers and other communications to ACC board members are vetted against their interests to ensure that board members do not receive any information specific to a company they are involved with.

9. There is a public benefit in ACC having a diverse Board comprising individuals with a wide range of experience, including experience as Director of an Issuer.

Application of the Listing Rules

10. No Director remuneration may be paid by an Issuer (or its Subsidiaries) without prior authorisation by an Ordinary Resolution. Rule 2.11 sets out these Director remuneration requirements.
11. Rule 6.3.1 sets out the voting restrictions in relation to certain shareholder resolutions. A Director, and any Associated Persons of that Director, is disqualified from voting on Rule 2.11 Director remuneration resolutions.
12. Associated Persons is a defined term in the Rules. A person (A) is associated with, or an Associated Person of, another person (B), if A is a director or Senior Manager of B (or vice versa).
13. The granting of this waiver assists in resolving the existing uncertainty in relation to its voting rights, in the context of concerns that ACC could be an Associated Person of its board members.

⁵ ACC Board Governance Manual <https://www.acc.co.nz/about-us/who-we-are/our-minister-board-ce-and-executive/acc-board-governance-documents>

⁶ Sections 63 to 66 of the Crown Entities Act.

Appendix Two

Rule 6.3 Voting Restrictions

- 6.3.1 Notwithstanding anything to the contrary in the Rules, persons identified in Column 2 of the table below are unable to Vote in favour of the resolutions listed in Column 1.

Column 1 RESOLUTION	Column 2 DISQUALIFIED PERSON
Resolutions under Rule 2.11	The Director intended to receive a payment or benefit in respect of the matter being the subject of the resolution, and any Associated Person of that Director.

Rule 9.7 Waiver

- 9.7.1 NZX may waive the application of any one or more of the provisions of the Rules for such period (including retrospectively) and on such terms and conditions as NZX sees fit. It may do this upon application by an Issuer or at its own instigation. A waiver may apply to a specific Issuer, or be a class waiver applying to the Rules generally.