



ASX Corporate Governance Council

COMMUNIQUE

16 August 2013

Consultation on a proposed third edition of the Corporate Governance Principles and Recommendations

The ASX Corporate Governance Council (Council) has today issued a consultation paper seeking comments on a proposed third edition of its *Corporate Governance Principles and Recommendations*.

The Council's consultation package is available at <http://www.asxgroup.com.au/corporate-governance-press-releases.htm> and includes:

- a consultation paper entitled *Review of the Corporate Governance Principles and Recommendations*;
- a draft of the proposed third edition of the *Principles and Recommendations*;
- a copy of the current edition of the *Principles and Recommendations* for comparison; and
- translation tables showing the linkages between the proposed new recommendations in the third edition and the existing recommendations in the current edition, and vice versa.

The draft third edition of the *Principles and Recommendations* is built around the existing 8 principles in, and maintains the same number of 30 recommendations as, the current edition. It has been revised and restructured to improve readability and to assist listed entities to comply with their governance disclosure obligations under the ASX Listing Rules. Substantive changes have also been made:

- giving greater flexibility to listed entities to make their governance disclosures on their website rather than in their annual report;
- adding alternative approaches within a recommendation to recognise that smaller listed entities may legitimately have different governance practices to larger entities, thereby allowing them to report that they comply with a recommendation rather than having to explain why they do not comply;
- introducing new and strengthened recommendations in relation to risk (principle 7);
- elevating some of the commentary in the current edition into recommendations in the third edition, reflecting the fact that they now represent contemporary governance standards against which entities should be required to report rather than mere guidance;
- amending the diversity recommendations to give listed entities the option to report their "Gender Equality Indicators" under the Workplace Gender Equality Act 2012 instead of reporting the respective proportions of men and women on the board, in senior executive positions and across the whole organisation; and
- strengthening the commentary on the meaning of "measurable objectives" in the diversity recommendations and on the steps a listed entity can take to measure its achievements against the diversity objectives set by its board, in support of greater representation of women in management and on boards.

Some changes are needed to the ASX Listing Rules to give effect to the reforms proposed in the third edition of the *Principles and Recommendations*. ASX has today issued a separate consultation paper about those Listing Rule changes, which is available at <http://www.asxgroup.com.au/public-consultations.htm>.

The Council welcomes submissions from all interested parties on the proposed third edition of the *Principles and Recommendations*. The consultation period is open until Friday, 15 November 2013. Parties may, if they wish, make a single submission responding to both the Council's and ASX's consultation papers. It is currently envisaged that the Council will release the final version of the third edition of the *Principles and Recommendations* early in calendar 2014, after it has had an opportunity to consider and reflect in the draft the feedback received in the consultation process.

On this timeline, the third edition of the *Principles and Recommendations* are likely to come into effect for an entity's first full financial year commencing on or after 1 July 2014. Entities with a 30 June balance date will be expected to benchmark their governance practices with the third edition commencing with the financial year ended 30 June 2015, while entities with a 31 December balance date will be expected to do so commencing with the financial year ended 31 December 2015.

On behalf of the Council, ASX will be conducting a national road show during September 2013 to inform and seek feedback from listed entities and other interested stakeholders about the proposed changes to the *Corporate Governance Principles and Recommendations*, the ASX Listing Rules and Guidance Note 9. The road show events will be held:

In:	At:	On:	Venue:
Brisbane	9.00-10.30 am	Monday, 16 Sept 2013	Pullman Hotel, cnr Ann and Roma Streets
Melbourne	9.00-10.30 am	Wednesday, 18 Sept 2013	RACV Club, Level 2, 501 Bourke Street
Adelaide	9.00-10.30 am	Thursday, 19 Sept 2013	Adelaide Convention Centre, North Terrace
Sydney	9.00-10.30 am	Friday, 20 Sept 2013	ASX Auditorium, 20 Bridge Street
Perth	4.00-5.30 pm	Thursday, 26 Sept 2013	PCEC, 21 Mounts Bay Road

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