

## COMMUNIQUE

27 February 2019

### Release of fourth edition of the ASX Corporate Governance Principles and Recommendations

The ASX Corporate Governance Council (Council), an independent body comprising 19 business, shareholder and industry groups, has today released:

- the [fourth edition of its Corporate Governance Principles and Recommendations](#);
- a [Consultation Response](#) summarising the main submissions the Council received during the consultation on the fourth edition and explaining the changes made to produce the final version;
- a [mark-up comparing the final version of the fourth edition to the consultation version](#); and
- a [mark-up comparing the fourth edition to the third edition](#).

#### What's in the fourth edition?

The final version of the fourth edition maintains the same flexible, non-mandatory 'if not, why not' approach to disclosure as in earlier editions. It also has the same structure – eight core principles, supporting recommendations, and commentary with guidance on implementing the recommendations.

The final version also includes all but one of the nine new recommendations proposed in the consultation draft, again with some drafting changes reflecting feedback received in the consultation.

Importantly, the final version includes all of the key changes around culture and values proposed in the consultation draft, with some drafting changes reflecting feedback received in the consultation. Council considers it imperative that listed entities align their culture and values with community expectations to help arrest the loss of trust in business.

Having listened carefully to the consultation feedback, Council has shortened the commentary and made changes to make it clearer that it is guidance and not intended to be prescriptive. Council has also replaced references in the commentary to 'social licence to operate' – for which there was considerable support from many stakeholders but opposition from others – with references to 'reputation' and 'standing in the community'. Council regards the concepts as synonymous.

#### Effective date

All ASX listed entities are required to report against the recommendations in the *Principles and Recommendations* on an annual basis under the ASX listing rules.

The fourth edition of the *Principles and Recommendations* **will take effect for an entity's first full financial year commencing on or after 1 January 2020**. Accordingly, entities with a 31 December balance date will be required to report against the fourth edition starting with the financial year beginning 1 January 2020 and ending 31 December 2020. Entities with a 30 June balance date will be required to report against the fourth edition starting with the financial year beginning 1 July 2020 and ending 30 June 2021.

As with previous editions, Council encourages listed entities to adopt the fourth edition earlier.

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ASX Corporate Governance Council

**Public consultation**

The release of the fourth edition follows an extensive public consultation process that began in May 2018.

Council received 92 non-confidential and 10 confidential submissions in response to its [consultation paper](#). Copies of the non-confidential submissions are available on the [ASX website](#).

**Other matters**

ASX will conduct a national roadshow to promote and explain the changes in the fourth edition. Dates and venues are available at [Corporate Governance Roadshow](#).

ASX will also mail a copy of the fourth edition to all listed entities and publish materials to help listed entities transition from the third to the fourth edition. These materials will be circulated shortly by way of a *Listed@ASX Compliance Update*.

As Chair of the Council, I would like to express my appreciation to all stakeholders who lodged submissions in the consultation and to the members of the Council for their tremendous work in producing the fourth edition.

Elizabeth Johnstone, Chair  
ASX Corporate Governance Council

More information about the ASX Corporate Governance Council is available at: <http://www.asx.com.au/regulation/corporate-governance-council.htm>.

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