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Courage Advisory Services

*Fit for Purpose
Governance and
Risk Solutions*

14 November 2013

Attention: Mavis Tan
Australian Securities Exchange
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

mavis.tan@asx.com.au

Dear Mavis

Response on the ASX consultation draft of the proposed third edition of the *Corporate Governance Principles and Recommendations*

Thank you for the opportunity to comment on the ASX consultation draft of the proposed third edition of the Corporate Governance Principles and Recommendations. Our key comments are set out in Attachment A.

If you have any questions in relation to our comments please contact me on 0413 596 256.

Yours faithfully

Carolyn Stroud
Managing Director
Courage Advisory Services
Mobile: 0413 596 256
Email: carolyn.stroud33@icloud.com

EGARUOC PTY LTD as Trustee for the
Stroud Professional Services Trust
Trading As Courage Advisory Services

33 Brigalow Bend Ellenbrook WA 6069

ACN: 165 490 719 ABN: 775 387 403 62

Attachment A: Courage Advisory Services comments on the draft of the proposed third edition of the Corporate Governance Principles and Recommendations

- **Principle 1 Recommendation 1.5 (Diversity):** Courage Advisory Services agrees with the inclusion in the commentary in paragraph 4 page 12 of the draft principles and recommendations a statement that diversity extends beyond gender. Accordingly, Courage Advisory Services believes that Recommendation 1.5 needs to include the 'setting of measurable objectives for other diversity dimensions' and 'reporting against the objectives'.
- **Principle 2 Recommendation 2.6 (Director Induction):** Courage Advisory Services recommends that the commentary be extended to include content to the effect that the listed entity should communicate clear expectations in relation to an appropriate balance between the provision of induction and professional development by the listed entity, and the responsibility of individual Directors to contribute to their own professional development. This could be achieved, for example, by the inclusion of clear statements in the listed entity's Board Charter and/or in the written agreement between the listed entity and each Director.
- **Principle 3 Opening Commentary (Ethical and Responsible Decision Making):** To ensure alignment with Principle 1 Courage Advisory Services recommends that the opening commentary be broadened to require equitable treatment of people across the spectrum of diversity issues.
- **Principle 8 Introductory Paragraph and Opening Commentary (Remunerate Fairly and Responsibly):** Courage Advisory Services recommends that references to 'creation of value for security holders' be extended to 'creation and protection of value for security holders' to further the intent of Principle 8 to encourage 'growth and success of the entity (in both the short term and over the longer term)'.