



Private & Confidential

ASX Corporate Governance Council

15 November 2013

To whom it may concern,

Re: Review of Corporate Governance Principles and Recommendations

Thank you for the opportunity to comment on the public consultation paper on the proposed amendments to the ASX Corporate Governance Principles and Recommendations dated 16 August 2013. We support the ASX Corporate Governance Council (the Council) to continue monitoring and refining its Principles and Recommendations. We believe it is appropriate to continue with an "if not, why not" framework. We also support the amendments throughout to strengthen the Principles and reflect international corporate governance practice.

Audit committees

In particular, we support reframing *Principle 4 – Safeguard integrity in financial reporting* to require "formal and rigorous processes" that independently verify and safeguard the integrity of the company's financial report. We consider that the audit committee plays a central role in effective corporate governance and overseeing the integrity of financial reporting.

We support the approaches being developed in the UK and Canada to draw attention to the role of audit committees. We see the Canadian proposal for a periodic comprehensive review by the audit committee of auditor performance and quality of the audit as a logical evolution of the audit committee's responsibilities. We encourage the Council to continue to monitor these international developments and consider including similar provisions in the Principles and Recommendations as the practice in these jurisdictions develops.

We acknowledge that it may be appropriate for some small listed companies to put appropriate processes in place without establishing a separate audit committee. We agree that in these cases, stakeholders are better served by the company reporting these measures rather than a negative disclosure as to why the board does not have an audit committee.

Opportunity to streamline corporate reporting

Our clients, annual and financial report users and the broader business community have all told us for some time that corporate reporting has become complex and difficult to read. We encourage companies to streamline the form and content of their annual and financial reports to make them clear, concise and easily understood by stakeholders. Accordingly, we strongly support the Council's approach of enabling companies to make corporate governance disclosures on their website rather than in the annual report.

We would welcome the opportunity to discuss our views further.

Yours sincerely

A handwritten signature in black ink that reads 'Jan McCahey'.

Jan McCahey
Partner