

## Mavis Tan

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**From:** Paul Kearns <paul.kearns@maturityinstitute.com>  
**Sent:** Wednesday, 25 July 2018 2:53 AM  
**To:** Mavis Tan  
**Subject:** [Unverified Sender SPF] Review of the ASX Corporate Governance Council's Principles & Recommendations - Consultation submission

**Importance:** High

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Dear Mavis

I write as the Chair of the Maturity Institute (MI) in response to two specific sections of your consultation document.

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Re. "5.1. Proposed changes to principles

In common with the second and third editions, the consultation draft of the fourth edition has eight principles covering the same broad governance themes.

The primary change to the principles on which the Council is consulting is a substantial redraft of principle 3, currently worded in its abbreviated form as "act ethically and responsibly" and in its longer form as "[a] listed entity should act ethically and responsibly". This is proposed to be re-worded as "instil the desired culture" and "[a] listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and in a socially responsible manner" respectively."

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Re. "...to add to the list of usual responsibilities of the board:

- o defining the entity's purpose;
- o approving the entity's statement of core values and code of conduct to underpin the desired culture within the entity;
- o overseeing management in its implementation of the entity's business model, achievement of the entity's strategic objectives, instilling of the entity's values and performance generally; and
- o ensuring that the entity's remuneration framework is aligned with the entity's purpose, values, strategic objectives and risk appetite; and

### MI Response:

Without measurement of these 'intangibles' the wording can be interpreted very loosely. MI's OMINDEX measures purpose and values; whether corporations are acting in a "socially responsible manner" and what progress on instilling "the desired culture" is being made over time. <http://www.hrmaturity.com/corporate-purpose-clearly-defined-measurable-and-linked-with-higher-total-stakeholder-value-tsv/> . Without such practical tools we fear any change in wording is unlikely to engender any lasting, positive change.

Yours sincerely



Paul Kearns

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