

Newly released

Revised ASX Corporate Governance Principles and Recommendations

ASX listed organisations need to review their current governance practices against the new edition and act to implement the relevant changes.

New recommendations and wide-ranging changes have been introduced in the newly released *ASX Corporate Governance Principles and Recommendations* (4th Edition, February 2019) (the Principles and Recommendations).

All entities listed on the ASX, whether they are established in Australia or elsewhere, must report against the Principles and Recommendations. Furthermore, all directors and senior executives must be aware of the changes and decide the organisation's response to the new edition.

For unlisted entities, the public sector and not for profits, the Principles and Recommendations are an important 'best practice' reference.

Key changes in the Principles and Recommendations 4th edition

The review of the Principles and Recommendations focused on values, culture, non-financial risk and accountability.

The key changes include new disclosure requirements relating to values, whistleblower policies, and anti-bribery and corruption policies.

There is also a new recommendation that applies to entities with directors who do not speak the language in which board meetings are held or in which key documents are written. Disclosure is required of the processes in place to ensure directors understand meetings and documents.

Importantly, there is no change to the 'if not, why not' approach. If an entity considers a recommendation is not appropriate to its particular circumstances, it is entitled not to adopt it. However, it must explain why it has not adopted the recommendation.



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Actions for organisations

ASX listed organisations should review their current governance practices against the new edition and:

- Decide whether to early adopt the new edition, as encouraged by the ASX Corporate Governance Council
- Act to implement the relevant changes
- Update disclosures either in the entity's annual report or on its website.

The revised edition takes effect for an entity's first full financial year commencing on or after 1 January 2020.

Therefore:

- Entities with a 31 December balance date will be expected to measure their governance practices against the 4th edition commencing with the financial year ended 31 December 2020
- Entities with a 30 June balance date will be expected to measure their governance practices against the 4th edition commencing with the financial year ended 30 June 2021.

How we can help

We can work with your organisation to:

- Brief your organisation on the nature of the changes
- Conduct an independent review of current practices against the new edition
- Assist with development of new policies and practices
- Assist with the review of disclosures in your organisation's annual report.



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