



MEDIA RELEASE

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ASA SUPPORTS NEW EDITION OF CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

ASA welcomes the release of the *Corporate Governance Principles and Recommendations* 4th edition and looks forward to assessing companies' and directors' disclosures in relation to their governance frameworks.

While the Royal Commission is limited to the financial services sector, the revelations have added to growing public unease that some of our major companies are focused on profit at almost any cost, disregard norms of acceptable behaviour and are run for the primary benefit of the people who manage them, rather than their shareholders and other stakeholders. ASA supports the focus in the new edition on a listed company's long-term sustainable success being depending on the trust and goodwill of the various social groups with which it interacts. The focus on values, reputation and standing in the community 'puts flesh on the bones' on matters relating to culture.

ASA has long supported the 'if not, why not' approach of the *Corporate Governance Principles and Recommendations*, as it allows boards to disclose to the market their decisions in relation to a governance framework — a flexibility tempered by the requirement to explain why those decisions are in shareholders' interests. Investors expect boards to fully explain why the governance framework they have implemented is appropriate to the circumstances of the company at the particular stage of its lifecycle and is capable of supporting their stewardship responsibilities.

Investors do not want 'boilerplate' disclosures: they seek genuine transparency as to how directors are fulfilling their stewardship responsibilities and providing accountability for their decisions, and in terms that are appropriate to the context of each individual entity.

Australian Shareholders' Association is a founding member of the ASX Corporate Governance Council and a member of the Council Drafting Committee for the Principles and Recommendations.

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The Australian Shareholders' Association (ASA) is the only independent, member-funded, not-for-profit organisation that educates shareholders to become better investors and focuses on driving improvements in transparency and accountability of corporate behaviour in Australia.

Further information:

4th edition [*Corporate Governance Principles and Recommendations*](#)