



MEDIA RELEASE

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Corporate governance reporting remains high

The latest review by the Australian Securities Exchange (ASX) of reporting against the ASX Corporate Governance Council's Principles and Recommendations shows that listed entities continue to have a high level of corporate governance reporting.

ASX's supervision subsidiary, ASX Markets Supervision (ASXMS), reviewed the annual reports of 1,648 listed entities with a 30 June 2009 (FY09) balance date. This represented 75% of all listed entities at the time and was not limited to a specific entity size or market sector.

ASX listing rules require entities to disclose in their annual report the extent to which they have followed the Recommendations or explain why they have not done so ("if not, why not?" reporting).

Overall reporting levels, being the aggregate of the levels of adoption of the Recommendations and the levels of "if not, why not" reporting, continue to be high:

- **Overall reporting was 93% for all 27 Recommendations;**
- **Reporting was in excess of 90% for 18 out of the 19 practice-based Recommendations;**
- **Reporting was in excess of 80% for 8 out of the 8 information-based Recommendations.**

Because the revised Principles and Recommendations apply for the first time to companies with a year-end balance date of 30 June 2009, ASX has not made comparisons with the results of previous reviews measured against the original 2003 Principles and Recommendations.

Eric Mayne, Chief Supervision Officer of ASX, said: "The continued high level of reporting against all the recommendations shows that a culture of sound corporate governance transparency has developed among ASX-listed entities since the first Principles and Recommendations were introduced in 2003.

"This is good news for all market stakeholders. Investors are better informed about the corporate governance practices of listed entities, and entities themselves are more aware of the importance of being transparent with their governance arrangements.

"Where corporate governance reporting is deficient, ASX will write to a company's board and request that the deficiencies be addressed in the next annual report or via disclosure to the market by way of a company announcement."

The FY09 ASXMS review focused particularly on reporting against these five topics:

- Independence of directors;
- Trading policies;
- Risk management;
- Remuneration committees; and
- Diversity.

Independence of directors

Analysis was undertaken on the composition of boards and the reporting on independence of directors. It was found that 93% of all entities and 98% of top 300 entities reported on whether the board had a majority of independent directors.

Trading policies

It was found that 93% of all entities and 99% of top 300 entities reported on whether or not the entity had a policy concerning trading in the entity's securities. Actual disclosure of the policy or a summary of the policy was lower, with 86% of all entities and 95% of top 300 entities actually disclosing the policy or a summary of the policy.

Risk management

Significant attention has been given to risk management processes and reporting in recent years. This review found that entities have for the most part acknowledged the need for increased reporting in this area. A total of 96% of all entities and 99% of top 300 entities reviewed reported in some way on the establishment of risk policies.

Remuneration committees

Reporting about remuneration committees was very high with 99% of all entities and 98% of top 300 entities reviewed reporting on this topic. Of the 99% of all entities reporting, 51% adoption reported, 48% "if not, why not" reported and 1% did not report at all on remuneration committees. Among the top 300 entities, 87% adoption reported, 11% "if not, why not" reported and 2% did not report at all.

Diversity

In the light of the current public debate on the issue of diversity on boards, and the participation of women on boards and in senior management roles in particular, information was gathered on the reporting in annual reports of various aspects of diversity.

Those that reported having a female director on the board were found to be:

- 270 or 16% of all 1,648 entities reviewed;
- 96 or 42% of the 229 top 300 entities reviewed; and
- 67 or 45% of the 149 top 200 entities reviewed.

Those that reported having a female chair were found to be:

- 27 or 2% of all entities reviewed;
- 4 or 2% of the top 300 entities reviewed; and
- 4 or 3% of the top 200 entities reviewed.

On 30 June 2010 the ASX Corporate Governance Council released **amendments to the revised Principles and Recommendations** on diversity, remuneration, trading policies and briefings. The changes take effect for the first financial year of listed entities beginning on or after 1 January 2011. Details can be found here: http://www.asx.com.au/about/corporate_governance/index.htm

A summary of findings from the FY09 review follow:

All entities

	Across all 27 Recommendations	Across 19 Practice-Based Recommendations#	Across 8 Information-Based Recommendations^
Overall reporting levels	93%	96%	87%
> 90% reporting level	22 out of 27	18 out of 19	4 out of 8
> 80% reporting level	26 out of 27	19 out of 19	8 out of 8

Top 300 entities

Top 300	Across all 27 Recommendations	Across 19 Practice-Based Recommendations	Across 8 Information-Based Recommendations
Overall reporting levels	96%	98%	92%
> 90% reporting level	24 out of 27	19 out of 19	5 out of 8
> 80% reporting level	27 out of 27	19 out of 19	8 out of 8

#The practice-based Recommendations recommend the establishment of certain corporate governance practices or structures which the entity is required to report against in its annual report.

^The information-based Recommendations recommend the specific reporting on or disclosure of the information specified in that Recommendation.

The Analysis of Corporate Governance Disclosures in Annual Reports for Year Ended 30 June 2009 is available here: http://www.asx.com.au/about/corporate_governance/monitoring_compliance.htm.

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