



Australian
Shareholders'
Association

EXPLORING GOVERNANCE AND CULTURE



What is good governance and why is it important to shareholders?

- ▶ Good corporate governance promotes investor confidence and spans all company operations including management and oversight, disclosures, financial reporting, risk management and remuneration
- ▶ Companies should operate in a fair manner, with respect to all stakeholders, observe the spirit of legislation, rules, regulations and codes, and reflect the impact of their mode of operation on the economy and community in which they operate
- ▶ Companies should ensure independence is maintained in the composition of the board and appointment of directors, and facilitate transparency by making appropriate disclosures
- ▶ Environmental, Social and Governance (ESG) reporting should disclose any meaningful information about the company's ESG issues or risks and the processes in place to manage these risks



The ASX Corporate Governance Council Guidelines

- ▶ 1. Lay solid foundations for management and oversight
- ▶ 2. Structure the board to be effective and add value
- ▶ 3. Instil a culture of acting lawfully, ethically and responsibly
- ▶ 4. Safeguard the integrity of corporate reports
- ▶ 5. Make timely and balanced disclosure
- ▶ 6. Respect the rights of security holders
- ▶ 7. Recognise and manage risk
- ▶ 8. Remunerate fairly and responsibly



Stakeholders in Australia's corporate governance landscape

- ▶ ASIC – Australian Securities and Investment Commission
- ▶ APRA – Australian Prudential Regulatory Authority
- ▶ AICD – Australian Institute of Company Directors
- ▶ GIA – Governance Institute of Australia
- ▶ ACSI – Australian Council of Superannuation Investors
- ▶ Department of the Treasury
- ▶ Other relevant stakeholders include proxy advisors such as ISS, CGI Glass Lewis and Ownership Matters
- ▶ Auditors can also be considered part of this landscape



Uncovering the strength of a company's commitment to good governance and a healthy corporate culture

- ▶ AMP – multiple issues over the last few years
- ▶ Westpac receiving \$1.3billion in penalties from AUSTRAC for 23 million breaches of anti-money laundering laws
- ▶ Harvey Norman lacking board independence

