

ASX Corporate Governance changes - are you ready?

20 May 2020

3 min. read

Worthwhile read for: Company directors, CEO, Board members

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For many companies, reporting against the Corporate Governance Principles and Recommendations (**Principles**) (4th Edition) starts 1 July – are you ready?

Key issues:

- The ASX Corporate Governance Council released the 4th Edition of the Corporate Governance Principles and Recommendations on 27 February 2019.
- Listed entities with a financial year ending 30 June will have the new Principles come into effect for the financial year ending **30 June 2021**, which means they will need to have regard to the new Principles from **1 July 2020**.

What are the Principles, and what do I have to report on?

The Principles are non-prescriptive, recommended principles made by the ASX Corporate Governance Council that govern all listed entities' internal systems and processes to achieve good governance outcomes and promote investor confidence in the market.

The 4th Edition of the Principles can be found [here](#).

The Principles form part of a listed entity's periodic disclosure requirements under Chapter 4 of the ASX Listing Rules. Companies must report against the Principles every year on an "if not, why not" basis (i.e. listed entities are required to either adopt the Principles into their corporate governance practices, or explain to shareholders any departure from those Principles, based on a variety of factors).

When does this kick in?

The 4th Edition takes effect for a listed entity's first full financial year commencing on or after 1 January 2020. This means that:

- entities with a 31 December financial year end will be required to measure their governance practices against the new recommendations for the financial year beginning **1 January 2020**; and
- entities with a 30 June financial year end will be required to measure their governance practices against the new recommendations for the financial year beginning **1 July 2020**.

Early adoption of new aspects of the 4th Edition has been encouraged by the ASX Corporate Governance Council.

Where to from here?

We recommend listed entities review their current corporate governance policies. If you haven't looked at these for a while, it would be a useful time to ensure these policies align with the new 4th Edition of the Principles, where appropriate, and that any necessary changes are adopted before 1 July 2020 (for companies with a 30 June financial year end).

Lastly, entities who release an Appendix 4G disclosure to the ASX should be aware that ASX have released an updated Appendix 4G template to reflect the new 4th Edition of the Principles, so you should ensure you are using the correct appendix for your disclosure. ASX have previously released a guide to transitioning to the 4th Edition of the Principles, available [here](#).

HopgoodGanim (along with [Effective Governance](#), part of the HopgoodGanim Advisory Group) have a long history in assisting clients to enhance their businesses through providing practical advice and solutions on governance and compliance improvements. This assistance takes the form of advising listed entities and boards in their consideration of, and compliance with, the Principles and the ASX Listing Rules, professional development training, policy and charter creation, and more recently on assisting clients with issues stemming from risks associated with culture and conduct risk.

If you require advice or consultation in relation to your obligations under the ASX Listing Rules or the Principles, or more generally in relation to your corporate governance practices and procedures, please contact our [Corporate Advisory and Governance](#) team.

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