

Changes annotated from 2nd Edition of the principles published 2007 to the amendments to 2nd edition published June 2010

Existing Principle/ Recommendation or text box	Revised Principle/Recommendation or text box	Revised Commentary
Principle 1: Lay solid foundations for management and oversight		
No change		
Principle 2: Structure the board to add value		
2.4 The board should establish a nomination committee	No change to the Recommendation	<p><i>Additional commentary included under "Selection and appointment process and re-election of directors"</i></p> <p>Companies should provide greater transparency around processes to search for and select new board directors by reporting on:</p> <ul style="list-style-type: none"> • Whether the company has a skills matrix and uses it to identify gaps in skills and experience on the board • The process to identify candidates including whether professionals are used to identify and/or assess candidates • Steps taken to ensure a diverse range of candidates is considered; and • Factors taken into account in the selection process. <p>Board nomination committees should consider diversity in succession</p>

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		<p>planning (in addition to the other matters already stated).</p> <p>Companies should include a statement from the Board as to whether or not they support the nomination of the proposed candidate(s) in the information provided to shareholders on the election of directors (in addition to the matters already stated).</p>
<p>2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.</p>	<p>No change to the Recommendation</p>	<p><i>Additional commentary included under "Induction and education"</i></p> <p>The Company's director induction program should include (in addition to matters already stated):</p> <ul style="list-style-type: none"> • the culture and values of the company; • meeting arrangements; and • director interaction with each other, senior executives and other stakeholder. <p>Director ongoing education could include key developments in the company, industry and environment in which it operates</p>
<p>2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.</p>	<p>No change to the Recommendation. However, the Guide to reporting against Principle 2 provides new disclosure obligations.</p>	<p><i>Additional commentary included under "Guide to reporting on Principle 2"</i></p> <p>The following should be included in the corporate governance statement in the annual report (in addition to matters already stated):</p> <ul style="list-style-type: none"> • <i>A statement as to the mix of skills and diversity which the board of directors is looking to achieve in its membership.</i>

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Principle 3: Promote ethical and responsible decision making		
3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	This Recommendation was deleted. See ASX Listing Rules 12.9, 12.10, 12.11 and 12.10 for company trading policy requirements, which will implemented in 1 January 2011: http://www.asx.com.au/about/pdf/20100719_listing_rule_amendments_trading_policy_requirement.pdf	
	3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	<p><i>New commentary included under Recommendation 3.2</i></p> <p>Diversity includes but is not limited to gender, age, ethnicity and cultural background.</p> <p>The measurable objectives should identify how you measure achievement of gender diversity objectives e.g. proportion of women in the company, senior executive positions and on the board.</p> <p>Companies should introduce procedures to ensure the diversity policy is properly implemented.</p> <p>Companies may set measurable objectives in relation to other aspects of diversity.</p> <p>There should be an internal review mechanism to assess the</p>

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Box 3.2: Suggestions for the content of a trading policy	This text Box providing suggestions for the content of a trading policy was deleted. See ASX Guidance Note 27 – Trading Policies.	effectiveness of the policy.
	Box 3.2: Suggestions for the content of a diversity policy	<p><i>Box 3.2: Suggestions for the content of a diversity policy</i></p> <ul style="list-style-type: none"> • Articulate the benefits of diversity (e.g. benefiting from all available talent, promotes appointment of well qualified personnel, maximise achievement of corporate goals through diversity). • Identify ways to promote a culture supportive of diversity including recruitment from a diverse pool of candidates. • Identify factors to be taken into account in the selection process including whether to use professional intermediaries to identify or select candidates. • Identify programs designed to broaden the director candidate pool and initiatives that will assist employees to develop the skills and experience that will prepare them for senior management and board positions. • Articulate a commitment to a corporate culture supportive of diversity and which recognises employee domestic responsibilities. • Commit to transparency of board processes including review and appointment of directors.

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		<ul style="list-style-type: none"> Address the extent to which the achievement of measurable diversity objectives will be linked to the KPIs for the Board, CEO and senior executives.
<p>3.3 Provide the information indicated in Guide to reporting on Principle 3.</p>	<p>3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.</p>	<p><i>New commentary included under Recommendation 3.3</i></p> <ul style="list-style-type: none"> The company's governance culture should embrace diversity with a focus on female participation. The role of shareholders is enhanced if they are fully informed of the policy and measurable objectives which facilitate tracking and monitoring against the objectives.
	<p>3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.</p>	<p><i>New commentary included under Recommendation 3.4</i></p> <ul style="list-style-type: none"> Research shows increased gender diversity is associated with better financial performance and other benefits and that increased female participation in the workplace at all levels positively impacts the economy. Companies should report so as to achieve an accurate impression of relative participation of women and men in the workplace. The board or remuneration committee should have a duty to, at least annually, review and report on the relative proportion of women and men in the workforce at all levels of the



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		company/economic group. Include this in the charter.
	<p>3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3.</p> <p>No change to the Recommendation. However, the Guide to reporting against Principle 3 provides new disclosure obligations.</p>	<p><i>Additional commentary included under "Guide to reporting on Principle 3"</i></p> <p>In addition to what is already stated, a copy of the diversity policy or a summary should be posted on the company's website.</p>
Principle 4: Safeguard integrity in financial reporting		
No change		
Principle 5: Make timely and balanced disclosure		
No change		
Principle 6: Respect the rights of shareholders		
6.1 Companies should design a communications policy for promoting	No change to the Recommendation	<i>New commentary included under Recommendation 6.1 under "Briefings"</i>

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<p>effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.</p>		<ul style="list-style-type: none"> • Where possible companies should arrange for advance notice of significant group briefings (e.g. results announcements) and make them widely accessible including through the use of webcasting or other mass communication mechanisms. • Companies should keep a record of issues discussed at group or one to one briefings with investors and analysts including a list of who was present and time and place of meeting.
<p>Principle 7: Recognise and manage risk</p>		
<p>No change</p>		
<p>Principle 8: Remunerate fairly and responsibly</p>		
<p>8.1 The board should establish a remuneration committee.</p>	<p>No change to the Recommendation.</p>	<p><i>Revised commentary under "Charter"</i></p> <p>The commentary on the composition of a remuneration committee has been removed and upgraded to a Recommendation (8.2). <i>Additional commentary included under "Responsibilities of the remuneration committee"</i></p> <p>In addition to what is already stated the remuneration committee</p>

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		should consider remuneration by gender.
8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	8.2 The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors • is chaired by an independent director • has at least three members[*] 	<p><i>New commentary included under Recommendation 8.2</i></p> <ul style="list-style-type: none"> • The committee should be of a sufficient size and independence to discharge its mandate effectively. • Limit the use of executive directors to avoid incidence or appearance of conflict of interests. • Although senior executives may provide input to the remuneration committee on remuneration policy, no executive should be involved directly in deciding their own remuneration.
8.3 Companies should provide the information indicated in the Guide to reporting on Principle 8.	8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	No change.
	8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.	No change.

* Listed companies in the ASX S&P Top 300 should refer also to listing rules on composition of a remuneration committee:
http://www.asx.com.au/about/pdf/20100804_listing_rule_amendments_remuneration_committee_req.pdf