



ASX Corporate Governance Council

26 February 2013

General Manager
Corporations and Capital Markets Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir

Corporations Legislation Amendment (Remuneration Disclosures and Other Measures) Bill 2012

On behalf of the ASX Corporate Governance Council (the "Council"), I would like to thank you for the opportunity to comment on the abovementioned draft Bill.

By way of background, the Council is comprised of 21 member organisations drawn from a broad cross-section of business, investor and other stakeholder groups. I attach a list of current members to this letter. The primary role of the Council is to develop and issue recommendations on the corporate governance practices to be adopted by ASX listed entities. All ASX listed entities are required to report each year in their annual report on whether they comply with the Council's *Corporate Governance Principles and Recommendations* on an "if not, why not" basis.

The Council firmly believes that the measures in the draft Bill requiring listed companies to disclose their remuneration clawback policy in the event of a material misstatement in their financial statements (the "clawback requirements") would be better dealt with in the Council's *Corporate Governance Principles and Recommendations*, rather than in legislation. This is especially so since the clawback requirements in the draft Bill are couched as an "if not, why not" disclosure requirement, the very foundation on which the *Corporate Governance Principles and Recommendations* are built.

We would welcome the opportunity to meet with the Minister and his staff to explore how the clawback requirements might be better addressed in the Council's *Corporate Governance Principles and Recommendations*. In this regard, the Council has already foreshadowed to the market that it will be issuing a third edition of the *Corporate Governance Principles and Recommendations* for public consultation later this year. The clawback requirements could easily be built into that third edition.

If this is of interest, please contact me on (02) 9258 6872 or the Council's secretariat Kevin Lewis on (02) 9252 8359.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alan Cameron', with a long horizontal flourish extending to the right.

Alan Cameron
Chair
ASX Corporate Governance Council

Members of the ASX Corporate Governance Council

- Actuaries Institute
- Association of Superannuation Funds of Australia Limited
- ASX
- Australasian Investor Relations Association
- Australian Council of Superannuation Investors
- Australian Financial Markets Association
- Australian Institute of Company Directors
- Australian Institute of Superannuation Trustees
- Australian Shareholders' Association
- Business Council of Australia
- Chartered Secretaries Australia
- CPA Australia Ltd
- Financial Services Council
- Financial Services Institute of Australasia
- Group of 100
- The Institute of Chartered Accountants in Australia
- Institute of Internal Auditors - Australia
- Institute of Public Accountants
- Law Council of Australia
- Property Council of Australia
- Stockbrokers Association of Australia