



## legal compliance newsletter

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### **Companies not up to scratch in governance**

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A Grant Thornton survey has found less than half of Australia's top 300 public companies are compliant with the ASX corporate governance guidelines. Only 134 companies (45%) of the ASX 300 public companies were "fully compliant with best practice" under the stock exchange's governance principles, the review found.

**Australia's recalcitrant companies fell down in the structure of their boards, the integrity of their financial statements and their unwillingness to fully disclose risk issues.**

In addition, in 7% of companies, the chairman and the CEO are the same person while only 89% of companies have properly composed audit committees. The same proportion of companies (89%) could report their financial statements were based on a sound system of risk management.

Many companies are taking advantage of the ASX's "If not, why not?" reporting option, which made it easy for them to dodge full disclosure. Few, if any, companies describe information on what systems are in place to identify risks, monitor risks and manage exposure to risks.

Good governance is increasingly a factor in investor confidence and ultimately affected the cost of capital in the global market, the report said.

**The ASX is due to release its revised corporate governance principles this month before they are implemented from the start of next year.**

Source: AAP

***Need more information or assistance?* Contact our Legal Compliance experts on:**

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