



Media Release

PNGX consults on new Corporate Governance Code for Listed Companies

Port Moresby, 06 March 2023: PNGX, Papua New Guinea's national stock exchange, has today released a proposed new Corporate Governance Code for Listed Issuers for public consultation.

PNGX is proposing to introduce a new Corporate Governance Code for the guidance of Boards of listed issuers.

The proposed Code contains 17 Standards. Within each of the 17 Standards are a number of Recommendations.

Each PNGX listed company is required under the Listing Rules to have corporate governance policies which are appropriate having regard to the nature and scale of its operations. Each company should address each Recommendation set out in the Standards. It is also required to include in its annual report a corporate governance statement or the URL of the page on its website where a corporate governance statement is located.

While the proposed Code has been developed by reference to global standards and practices adopted in other markets, it has been adapted to have regard to the characteristics of the PNG market and to be fit for purpose for the country.

The Standards and Recommendations are not prescriptive. Each company is at liberty to either adopt the Standards and Recommendations or not. However, as they are standards of expectations established through a mechanism of industry and stakeholder consultation, it is expected that directors should disclose in the company's annual report the extent to which the company has adhered to the Standards and Recommendations, and where there has been no or partial adoption, to give reasons. This "if not, why not" approach is common in markets globally.

Whilst the scope of the Code is limited to listed companies, it is hoped that the governance standards become a benchmark for corporate governance by the private sector in PNG generally. They may also have relevance to governance of SOEs.

The draft Code has been developed based upon the existing PNGX corporate governance standards and with the assistance of the International Finance Corporation (IFC) and the UN Sustainable Stock Exchanges Initiative, which PNGX joined in April 2022.

IFC has provided an expert education program relating to the development of environmental, social and governance (ESG) rules to help create appropriate disclosure standards for PNGX and its companies. Expert training on board gender diversity was also provided. This laid the foundations for a new corporate governance code that, importantly, factors in gender and other elements specific to PNGX. The IFC input has been integral to aligning the proposed standards with international best practice for developing markets and the revised OECD Principles of Corporate Governance to be issued in 2023.

PNGX has solidified its commitment to transparency and sustainability by becoming a partner exchange of the Sustainable Stock Exchanges Initiative which brings together over 110 stock exchanges around the world that are committed to promoting sustainable development. This supports PNGX to help develop the Papua New Guinea capital markets and support the sustainability of the PNG economy.

The Pacific Private Sector Development Initiative (PSDI) also contributed to the development of the corporate governance standards. PSDI is an Asian Development Bank (ADB) technical assistance program in partnership with the Governments of Australia and New Zealand.

PNGX recognizes the number of sustainability challenges that an emerging economy like Papua New Guinea face, which include access to capital for SMEs, corporate governance and transparency, climate change, gender equality, gender-based violence, and environmental sustainability. Addressing sustainability factors is of increasing importance to obtaining access to finance in today's world and PNGX is committed to it.

The majority of the Recommendations are directed towards matters specific to internal governance and controls of listed companies consistent with international practices. In addition, they include a number of recommendations relating to social challenges within Papua New Guinea including policies supporting equality of gender representation and remuneration, return to work practices and gender-based violence.

PNGX Chairman, Mr David Lawrence, said "Efforts to enhance the corporate governance standards in PNG are one contribution PNGX can make, in partnership with like-minded stakeholders, to lift the reputation of PNG, improve its ability to attract investment and lower the cost of capital for the country. In a time of considerable global disruption arising from pandemics, war and inflation, establishing a vision and standards for the future become particularly important."

PNGX General Manager, Ms Elizabeth Wamsa, said “The Code includes Recommendations to encourage a broader pool of directors for PNG companies, especially female directors. The Recommendations also include expected disclosures regarding gender pay equality policies, ‘return to work’ policies (for example, women returning to work after childbirth) and gender-based violence policies”.

“Good corporate governance enhances the performance of companies and increases their access to outside capital. It is great to see PNGX proposing these new, world class standards, which have been adapted for the local market,” said IFC Resident Representative for Papua New Guinea, Markus Scheuermaier. “These new measures are also innovative as they include standards around workplace response to gender-based violence, and on childcare. We are proud to support PNGX in this groundbreaking initiative.”

Mr Jeremy Cleaver, Senior Finance Sector Specialist, Pacific Private Sector Development Initiative (PSDI), Asian Development Bank said “the Standards in the Code are very robust and detailed and we are supportive of them. The positive results of PNGX working with IFC and the Sustainable Stock Exchanges Initiative come through clearly, particularly in terms of gender and climate related issues. We are happy with the Standards and fully support them.”

PNGX is releasing the proposed Corporate Governance Code for Listed Issuers for consultation and feedback from interested parties. The proposed Corporate Governance Code for Listed Companies is available on the PNGX website (www.pngx.com.pg). The consultation period will be open for 2 months.

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About PNGX Markets Limited

PNGX Markets is the national stock exchange of Papua New Guinea. PNGX is responsible for providing an orderly and fair market in relation to securities which are traded through its facilities and for acting in the public interest having regard to the need for protection of investors. PNGX is regulated and licensed by the Papua New Guinea Securities Commission. PNGX is the National Numbering Agency for Papua New Guinea.

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