Media Release

PNGX Introduces New Corporate Governance Code to Enhance Standards for Listed Companies

Port Moresby, 26 June 2023: *PNGX, Papua New Guinea's national stock exchange, has adopted a new Corporate Governance Code for Listed Issuers following public consultation.*

PNGX, the national stock exchange of Papua New Guinea, is proud to announce the adoption of its new comprehensive Corporate Governance Code. This groundbreaking initiative aims to provide guidance to the Boards of listed issuers and elevate corporate governance standards in the country.

Effective from July 3, 2023, alongside the implementation of the new Listing Rules, the Code sets the stage for companies to report its corporate governance practices for the financial year ending December 31, 2023. Market stakeholders can expect to find these reports included in the annual reports released in the second quarter of 2024.

Following an extensive period of public consultation that began in March 2023, the adopted Code consists of 17 Standards, each containing a set of Recommendations. While compliance with the Code is not mandatory, PNGX listed companies are encouraged to establish appropriate corporate governance policies tailored to their operations. Moreover, companies are required under the Listing Rules to address each Recommendation outlined in the Standards and include a corporate governance statement or the URL of the page containing the statement in their annual reports.

Developed with the unique characteristics of the PNG market in mind, the Code draws upon global standards and practices employed in other markets. It has been meticulously tailored to meet the specific needs of the country while aligning with international best practices. The Code promotes flexibility, allowing companies to adopt or adapt the Standards and Recommendations as they see fit. However, it is expected that directors disclose the extent to which their company adheres to the Code in their annual reports. In cases where non-adoption or partial adoption occurs, directors should provide reasons for their decisions, following the globally recognized "if not, why not" approach.

While the Code's immediate scope is limited to listed companies, its governance standards are poised to become a benchmark for corporate governance across the private sector in Papua New Guinea. These standards may also hold relevance for the governance of State-Owned Enterprises (SOEs).

The development of the draft Code has been made possible through collaboration with our contributing partners, the International Finance Corporation (IFC), a member of the World Bank Group, and the UN Sustainable Stock Exchanges Initiative. As a partner exchange of the Sustainable Stock Exchanges Initiative since April 2022, PNGX showcases its commitment to transparency and sustainability. IFC has provided expert awareness or training programs focusing on environmental, social, and governance (ESG) standards, as well as board gender diversity, aligning with international good practices, including the new revised OECD Principles of Corporate Governance.

Contributions from the Pacific Private Sector Development Initiative (PSDI), in partnership with the Governments of Australia and New Zealand, have also been integral to the development of the corporate governance standards. PSDI, as an Asian Development Bank (ADB) technical assistance program, actively works towards enhancing private sector development in the Pacific region.

Mr. David Lawrence, Chairman of PNGX, stated, “Recognizing the sustainability challenges faced by emerging economies like Papua New Guinea, PNGX acknowledges the importance of addressing factors such as corporate governance and transparency, climate change and environmental sustainability. Today, addressing these sustainability factors is crucial to securing access to finance, and PNGX remains steadfast in its commitment to driving progress in these areas.”

"Enhancing corporate governance standards in PNG is one way PNGX can contribute to elevating the international reputation of PNG’s capital markets and attracting local and foreign investment. Establishing a vision and standards for the future becomes particularly crucial for the Papua New Guinea capital market," he said.

Ms. Elizabeth Wamsa, General Manager of PNGX, added, "The Code includes Recommendations aimed at fostering a broader pool of directors for PNG companies, especially female directors. It also emphasizes the importance of disclosures relating to gender pay equality policies, 'return to work' practices, and policies addressing gender-based violence. In these areas, the new Code sets the standard for the world."

"Good corporate governance practices enhance company performance, and are vital for sustainable private sector development,” Markus Scheuermaier, IFC’s Resident Representative in Papua New Guinea, said. “The inclusion of standards addressing workplace responses to gender-based violence and childcare demonstrates innovation, and

aligns with international good practices. We are proud to support PNGX in this groundbreaking initiative."

The new Corporate Governance Code for Listed Issuers is available from the PNGX website[1].

ENDS

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.

Contacts

David Lawrence
+61 4 1117 2697

Frank Dunphy
+61 4 27888724

[1] https://www.pngx.com.pg/wp-content/uploads/2023/06/PNGX-Corporate-Governance-Code-Effective-03-July-2023.pdf