

THE CAPITAL MARKETS **CORPORATE GOVERNANCE PRINCIPLES**

REPORTING GUIDELINES FOR LISTED COMPANIES AND LICENSED INTERMEDIARIES

How to Report under the Principles

The Recommendations under each Principle are not prescriptions; they are guidelines designed to produce an outcome that is effective and of high quality and integrity.

The Principles and Recommendations do not prescribe a “one size fits all” approach to corporate governance but aims to set out best practice Recommendations on structures and processes that listed companies and licensed intermediaries may use in their operations towards achieving the optimal governance framework. The Recommendations are suggestions for practices designed to optimise governance performance and accountability of a company and intermediary in the interests of shareholders, investors and the broader economy. If a company or intermediary considers that a Recommendation is inappropriate to its particular circumstances, or is below the standard that the company has in place, it has the flexibility not to adopt – a flexibility tempered by the requirement to explain why – the “if not, why not” approach.

Listed companies and licensed intermediaries are encouraged to use the Recommendations as a guideline for refocusing or re-examining their corporate governance practices and to determine whether and to what extent the company may benefit from change in approach, having regard to the company’s particular circumstances.

The consultations and discussions on the Principles and Recommendations realizes that there is little value in a checklist approach to corporate governance that does not focus on the particular needs, strengths and weaknesses of the company or intermediary given the range and diversity of the companies listed on our stock exchange and our licensed intermediary. Therefore companies are encouraged if considering structural or major changes in order to follow the principles and Recommendations to prioritise its needs and to set and disclose practical goals against an indicative timeframe for meeting them.

Reporting and Disclosure requirements

Companies are required to provide a statement in their annual report disclosing the extent to which they comply with each Principle and have followed the Recommendations in the reporting period.

Where company structures differ from the Principles or where companies have not followed the Recommendations, the company must identify the principle or recommendation that they have not followed and give reasons for not following them.

It is only when a Principle or recommendation is not followed or where a disclosure requirement is specifically identified that a disclosure obligation is triggered.

Each Recommendation is a disclosure requirement but the commentary that follows the Recommendation does not form part of the Recommendation. It is provided to assist and offer some guidance to understanding the Recommendations, to highlight factors that may need to be considered and make suggestions on best practice implementation of the Recommendations.

The “If not, why not” Approach

In deciding what the best approach would be for Fiji, staff of the Authority considered the various models used in various jurisdictions and in the end considered that the most appropriate and suitable approach for Fiji would be one that was based on principles rather than prescriptive rules. The “if not, why not” approach used by the ASX in Australia clearly identified a practical approach to encouraging good corporate governance and one that the Authority felt could be applied and accepted by our listed companies. Disclosure of a company or intermediaries governance practice, rather than conformity with a particular model is central to this approach. This approach was discussed and finally adopted by participants at the Corporate Governance Conference held in 2007 and the forum held in 2008 at the Suva Holiday Inn¹.

The forums fully supported the need to encourage good corporate governance within the capital markets and acknowledged that a flexible approach which did not mandate prescriptive rules for companies and intermediaries would be the best way forward for Fiji. There is no typical organization and no single readily suitable model for corporate governance and so the Principles and Recommendations support companies and intermediaries seeking to meet the “spirit” of the Principles through whatever means they believe are most

¹ Participants to both forums can be found in the Annexures attached to this guideline.

appropriate to their business. At different times in a company's life, some governance structures may be better suited for the company than others.

Nothing in the Principles precludes a company or intermediary from following an alternative practice to that set out in the Recommendations provided that it explains the practice and how the alternative practice follows the Principle. This is the essence of the "if not, why not" approach. The Authority considers that a well reasoned "if not, why not" explanation from a company or intermediary is a valid response to a particular Recommendation.

Effective "if not, why not" reporting practices involve:

- Identifying the Recommendation that company/intermediary has not followed;
- Explaining why the Recommendation has not been followed; and
- Explaining how the alternative practice accords with the "spirit" of the relevant Principle, that the company understands the relevant issues and has considered the impact of its alternative approach.

What is the Reporting period?

The reporting requirement under the Code applies to the company's first financial year commencing on or after 1 January, 2009. Accordingly, where the financial year begins 1 January 2009, reporting will be required for the financial year 1 January 2009 - 31 December 2009 and will be made in the annual report published in 2010. For companies/intermediaries whose 2008 financial year's end in March or June they are not required to report until the 2009 financial year ends in March or June 2010.

All listed companies and licensed intermediaries affected by the reporting requirements of the Principles are encouraged to begin an early transition and are not precluded from reporting their compliance to the Code in the 2008 annual report which are yet to be published in 2009.

The table below gives an indication of companies and intermediaries who are required to report and the reporting schedule for 2009 onwards:

Listed Company	Full Name	FY Ending
APP	Atlantic & Pacific Packaging Company Limited	30-Jun
ATH	Amalgamated Telecom Holdings Limited	31-Mar

CFM	Communications Fiji Limited	31-Dec
FGP	Foster's Group Pacific Limited	30-Jun
FIL	Fiji Care Insurance Limited	31-Dec
FMF	Flour Mills of Fiji Limited	30-Jun
FSC	Fiji Sugar Corporation Limited	31-May
FTV	Fiji Television Limited	30-Jun
KGF	Kontiki Growth Fund Limited	31-Dec
PGI	Pacific Green Industries (Fiji) Limited	31-Dec
RBG	RB Patel Group Limited	30-Jun
RCF	The Rice Company of Fiji Limited	30-Jun
TTS	Toyota Tsusho (South Sea) Limited	31-Mar
VBL	VB Holdings Limited	31-Dec
YGL	Yaqara Group Limited	31-Mar
FHL	Fijian Holdings Limited	30-Jun
	LICENSED INTERMEDIARY	
UTOF	Unit Trust of Fiji	30-Sept
FHUT	Fijian Holdings Unit Trust	30-Jun
CFSI	Colonial First State Investments	
SPSE	South Pacific Stock Exchange Ltd	31-Dec

Review of the CMDA Corporate Governance code

The Code will be reviewed on an annual basis and consultations with all affected companies and intermediaries will be undertaken before changes are made to the Principles and the Recommendations.

These Guidelines must be read together with the CMDA Capital Markets Corporate Governance Principles. References to company refers to both listed companies and licensed intermediaries.

Enquiries

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