ASX Corporate Governance Council Review Panel

Panel Report

1 September 2025

1 Overview

1.1 ASX Corporate Governance Council and Principles

The ASX Corporate Governance Council (**Council**) was convened by ASX in August 2002. The Council is an independent body comprising 19 business, shareholder and industry bodies, each represented by an individual who attends Council meetings. ASX also appoints an independent Chair of the Council and fulfils the Council secretariat role.

The primary purpose of the Council is to develop and issue Corporate Governance Principles and Recommendations (**Principles**). These are principles-based recommendations on the corporate governance practices to be adopted by ASX listed entities that, in the Council's view, are likely to achieve good governance outcomes and meet the reasonable expectations of most investors in most situations. Over time, the Principles have been widely accepted and broadly adhered to by Australian-listed entities.

The Principles do not seek to prescribe the corporate governance practices that a listed entity must adopt. Instead, the Principles apply an "if not, why not" approach. This approach recognises that the governance practices a listed entity chooses to adopt are fundamentally a matter for its board of directors. Accordingly, if the board of a listed entity considers that a Council recommendation is not appropriate to its particular circumstances, it is entitled to not adopt it. If it does so, however, it must explain why it has not adopted the recommendation – the "if not, why not" approach. Under the ASX Listing Rules, an entity is required to annually release a Corporate Governance Statement and Appendix 4G that discloses the extent to which it has followed the Principles during the relevant reporting period.

The Principles are currently in their 4th edition, released in February 2019. On 27 February 2024, the Council released a Consultation Draft for a proposed 5th edition of the Principles (**5th edition**). Following an extensive drafting and consultation process, which attracted significant media coverage and debate, the Council announced on 20 February 2025 that it had "become clear that a broad consensus on the Council had not been reached in support of the proposed changes". The proposed 5th edition was therefore rejected and the 4th edition of the Principles remain in effect without change.

1.2 Appointment of the Panel

With a view to ensuring that the Principles will continue to remain relevant and fit for purpose into the future, ASX convened an expert panel which was asked to consider the process by which the Principles are developed and updated and to advise ASX on any recommended changes to that process (**Panel**). The Panel comprised the Chair of the ASX Board, Mr David Clarke, and three other individuals with deep experience in capital markets, governance and investment: Mr Quentin Digby, a corporate governance lawyer at Herbert Smith Freehills Kramer (who acted as Chair of the Panel), Ms Catherine Livingstone, an experienced independent non-executive director and Chair of various ASX listed companies, and Mr Damian Graham, Chief Investment Officer of Aware Super.

The Panel was not asked to draft or recommend changes to the Principles themselves. Its remit was to recommend the approach going forward to maintain appropriate corporate governance principles and practices for ASX listed entities. However, to share key insights gained through its process, the Panel has made a number of observations regarding the approach to drafting new or revised Principles in the future which are set out in Section 4 of this Report.

1.3 Key themes arising from the Panel's review

The Panel's advice and recommendations were developed after consideration of international corporate governance codes or frameworks and feedback and input received from various stakeholders including the current Chair of the Council. The Panel also received feedback from representatives of a number of Council members where they expressed an interest in providing input.

The Panel considered reflections and learnings arising from the process involved in drafting and consulting on the proposed 5th edition of the Principles. Some key takeaways which influenced the Panel's recommendations included:

- the size of the current Council membership and the representative approach of participants throughout the drafting and consultation process appeared to contribute to inefficiencies and ultimately an inability to reach a broad consensus position;
- a perceived need for more regular and structured meetings of the Council to enable ongoing consideration of relevant governance updates and more considered judgement on whether amendments to the Principles are appropriate and if so, what they should be; and
- the importance of a well-resourced and experienced secretariat to facilitate effective meetings, drafting and consultation.

2 Proposal

2.1 Summary table of key proposed changes

Current position	Proposal
The ASX Corporate Governance Council, comprising 19 member organisations, develops and issues the Principles with ASX providing a supporting and resourcing role.	ASX assumes primary responsibility for the Principles supported by a small Advisory Group which will oversee drafting and a broad consultation process.
Representatives are appointed by each Council Member and are expected to represent each Member's perspective.	Advisory Group members would reflect a diverse spectrum of key stakeholders but will be appointed in their individual capacity and expected to apply their experience and expertise objectively in furthering the collective interests of listed entities, shareholders and the market generally.
Ad hoc meetings of the Council convened from time to time to consider whether changes to the Principles are appropriate and then to draft any changes.	Regular, scheduled meetings to consider emerging governance developments or issues. Ad hoc meetings as required if the Advisory Group considers it necessary to propose any changes to the Principles.
Extensive public consultation process undertaken in respect of any proposed changes to the Principles, followed by Council	Transparent public consultation process to enable finalisation of any recommendations by the Advisory Group ideally within 6 months

Current position	Proposal
members meeting and confirming approval of final changes to achieve "broad consensus".	of the consultation process starting and approval and implementation by ASX in a timely manner thereafter.
Updates to the Principles are considered on an ad hoc basis.	Adoption of a formal renewal cycle, such that every 4 years the Advisory Group would consider the utility and justification for material updates to the Principles and, if required, commence a public consultation process on proposed changes.

2.2 Stewardship

The Panel was of the view that ASX should assume ultimate responsibility for developing, approving and issuing the Principles. However, ASX should be supported by an advisory group of between 6 and 10 experts (**Advisory Group**) who between them have governance expertise relevant to listed issuers, shareholders and investors.

ASX should provide the Advisory Group with an experienced and capable secretariat which would:

- prepare papers for and in response to requests from the Advisory Group;
- assist with drafting potential amendments to the Principles for review by the Advisory Group; and
- support the efficient functioning of the Advisory Group, including with external communications and engagement during any public consultation process.

2.3 Composition of Advisory Group

The Advisory Group should be limited to a size that will facilitate effective and efficient deliberation. A group of between 6 and 10 members is suggested.

Members of the Advisory Group should be appointed by ASX after considering recommendations from peak bodies reflecting a cross-section of issuers and investors. Current Council members could, among others, be asked to make recommendations to ASX of one or more potential Advisory Group members with deep practical experience in listed entity governance or investment including for example: a significant superannuation fund Chair or CEO; an experienced listed company director (ideally coverage of both large and small listed entities would be considered); an experienced investment manager; an experienced listed company secretary; and a stockbroker (with expertise in new listings and smaller listed entities).

The skills and experience offered by the mix of candidates should facilitate robust discussion of corporate governance that is representative of a broad range of listed-market participants.

Appointments of each Advisory Group member should be for a fixed term (3 years) to enable scope for renewal, which the Panel considers would assist with intermittently bringing fresh perspectives and diverse skillsets to the Advisory Group. An individual should not be appointed for more than 3 terms of 3 years. ASX would also appoint an independent Chair to the Advisory Group who would be consulted in finalising ASX's selection and appointment of other members.

2.4 Operation of the Advisory Group

Role

The primary role of the Advisory Group would be to consider developments in corporate governance relevant to Australian listed entities and recommend to ASX any changes to the Principles.

The Advisory Group secretariat would be expected to ensure that Advisory Group members are kept informed of material governance developments and issues both in Australia and overseas. If it is determined that an update to the Principles is necessary, the Advisory Group members would provide input on drafting, oversee a broad consultation process and, ultimately, deliver a recommendation to ASX.

Broad consensus

Members of the Advisory Group should endeavour to work as an effective team rather than as representatives of any recommending body. Members should draw on their own experience and expertise to inform discussion and deliberations with a view to reaching a position that is in the best collective interests of ASX listed entities, their shareholders and investors trading in listed securities generally. For clarity, broad consensus is taken to mean a generally accepted opinion or decision. The Panel anticipates that having a smaller number of individuals on the Advisory Group will ultimately facilitate broad consensus, even where there is a divergence of views.

Meetings

Feedback received by the Panel suggested that a more regular cadence of meetings would ensure that governance developments are considered by the Advisory Group on an on-going basis without there being any presumption that amendments to the Principles are required. A strong justification should be a threshold requirement for any material amendments to the Principles.

The Panel recommends that the Advisory Group meets periodically on pre-scheduled dates. For example, three meetings each year with at least one meeting “in person” would enable the Advisory Group to remain across significant governance developments and consider their relevance to the Principles. It would be open to the Advisory Group to also meet on an ad hoc basis where appropriate to fulfil their role effectively, for example during a consultation process.

Renewal of Principles & Recommendations

The current Council does not operate on a formal renewal cycle. This approach tends to create uncertainty in the market about whether the Principles remain fit for purpose and what might be an appropriate “trigger” for any updates. The Panel recommends that the Advisory Group operates on a 4 year renewal cycle. The key features of this cycle would include that:

- the Advisory Group periodically considers whether the Principles remain fit for purpose;
- changes to the Principles would, ideally, be kept to a minimum (i.e. “must have” changes) during each 4 year period;
- every 4 years the Advisory Group would consider the utility and justification for a broader holistic review of the Principles; and
- where the Advisory Group determines that a more holistic update is necessary, it would commence a public consultation process in respect of the proposed changes.

The Panel considers that the current approach to public consultations on updates to the Principles is largely appropriate but that a more robust and efficient timeline and process should be adopted to keep the process on track and effective.

In particular, the Panel recommends that any renewal process and consultation should follow a clear and externally published timeline and should:

- ensure a final position on updates to the Principles can be approved and published by ASX ideally within 6 months from commencement of the consultation; and
- allow for a further 6 month lead time before listed companies are required to disclose against the revised Principles.

3 Continued engagement with current Council Members

The Panel recognises that implementation of its recommendations would mark a notable change from the current structure and operation of the Council.

It will be important to continue to benefit from the input and feedback which the peak bodies, comprising the current Council Members, can provide in relation to the Principles and any future amendments.

ASX, through its Advisory Group and secretariat function, should look to continue an effective engagement with former Council members, including for example, sharing and discussing governance updates prepared from time to time. ASX should also ensure that those organisations can participate effectively in any consultation process.

4 Observations on drafting future Principles

It is beyond the remit of the Panel to revise or recommend changes to the Principles. However, the Panel wishes to provide some observations that reflect themes raised during the Panel's review. The form and content of future Principles would of course be a matter for the Advisory Group and ultimately, ASX, to determine.

Observation	Comments
The "if not, why not" approach has strong support and should be retained as central to the Principles	Adherence to this concept is key to various stakeholders who look to understand a listed entity's alignment with the Principles. It should be emphasised that alignment with all of the Principles will not be possible for every listed entity and that this is not the expectation. Instead, the 'if not, why not' approach allows for flexibility so long as any divergence from the Principles is explained and justified to the market.
The Principles would ideally not be changed in the absence of a clear justification	The Panel recognises that the adoption of updated Principles places a compliance burden on listed entities. Accordingly, ASX should have a clear and reasonable justification for making any material updates.
The Principles should benefit, not disadvantage, Australian listed entities and their shareholders	The Principles play a role in the attractiveness of the Australian market as a destination for foreign investment and capital. Proposed changes to the Principles should not unduly deter entities from listing on the ASX.

Observation	Comments
There should be minimal overlap between the Principles and legal or other primary regulatory requirements (including the IFRS and ISSB standards)	The Principles should not address or regulate matters that are already enshrined in law or other regulatory sources. For example, executive remuneration is now comprehensively regulated under the *Corporations Act 2001* (Cth).
The Principles should provide guidance but not be overly prescriptive, particularly in relation to the disclosure required and the associated commentary	The Panel considers that there is scope to simplify the Principles so that the document is shorter and less prescriptive. For example, separating the commentary into a separate document might help to reinforce that the commentary should not be viewed as 'mandatory' but is instead guidance only.

1 September 2025

Quentin Digby, Chair

David Clarke

Damian Graham

Catherine Livingstone