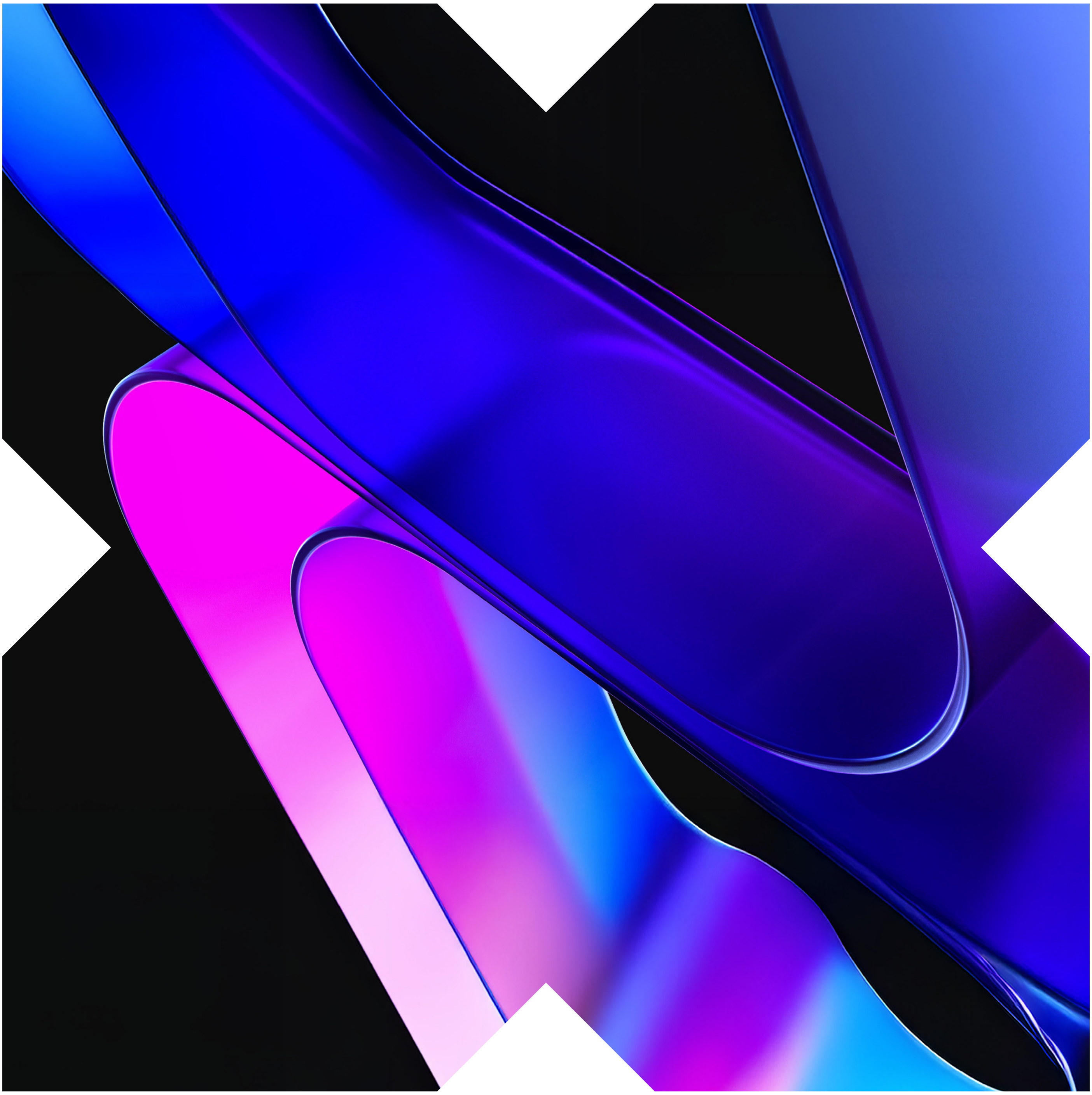
ASX Corporate Governance Principles and Recommendations

Draft 5th Edition Consultation Paper



July 2026

Foreword

The ASX Corporate Governance Principles and Recommendations **(Principles)** have served the market well for more than two decades, and they remain an important part of what makes ASX a market that investors trust.

The current, 4th edition has been in place since 2019. Since then, the legal and regulatory environment has evolved, governance practices have continued to develop, and market stakeholders have told us that parts of the Principles have become too prescriptive and, in some areas, duplicate legislative requirements.

Following the Independent Review Panel's recommendations in October 2025, ASX assumed responsibility for the Principles, supported by the Advisory Group on Corporate Governance, which I am pleased to chair. The Advisory Group brings together experienced people from across the market, appointed in their individual capacity to act in the interests of the market as a whole. Its role is to recommend changes to the Principles to the ASX board, which we aim to do so by the end of the year.

Against this background, this paper sets out a draft 5th edition for consultation. Our approach has been one of evolution, not redesign. We have kept the eight Principles and reinforced the 'if not, why not' approach, both of which are well understood and widely supported. At the same time, we have worked to make the framework easier to use, more clearly structured and more contemporary by removing material that duplicates the law, drawing a sharper distinction between the Principles, the Recommendations and the Explanatory Material, and explaining more clearly why each Principle matters.

Consultation is an important part of this process. We are seeking views from listed entities, investors and other stakeholders to help ensure the next edition is clear, practical and contemporary, and continues to support the long-term value of entities in which the public invests.

Philip Lowe
Chair, Advisory Group on Corporate Governance

"Good corporate governance is central to the strength and reputation of Australia's public markets. It underpins the confidence of investors who commit their capital, and it supports the ability of listed entities to raise that capital and create value over the long term."

Members of the Advisory Group on Corporate Governance


Dr Philip Lowe


Dominique d'Avrincourt


Helen Rowell


Mark Delaney


Tim Paine


Nicola Wakefield-Evans


Peter Torre


Pru Bennett

Contents

Introduction

The ASX Corporate Governance Principles and Recommendations **(Principles)** support trust and confidence in the ASX market. They set out eight high-level principles of good corporate governance and, through the 'if not, why not' approach to reporting against the Recommendations, provide flexibility for the broad range of ASX-listed entities to adopt governance arrangements that support long-term value creation. Well-governed entities are better placed to attract capital, invest with discipline, manage emerging risks and pursue opportunities that support sustainable growth.

As with earlier editions, the draft 5th edition responds to changes in the environment in which ASX-listed entities operate. Its focus is not to add prescription, but to ensure the framework is clear, practical and closely aligned with the purpose of good governance: supporting boards and management to make effective decisions, allocate capital well, manage risk, pursue sustainable growth and be accountable to investors. In this way, good corporate governance supports long-term value creation and can contribute to the broader conditions needed to lift productivity across the Australian economy.

The former ASX Corporate Governance Council **(Council)** first introduced the Principles to the ASX market in 2003. Under the Council's stewardship, the flexible design of the Principles allowed them to adapt as the operating environment evolved, with four substantive editions released through to 2019. Its principles-based framework, which underpins good corporate governance among ASX-listed entities, is widely accepted across the market.

This paper sets out a draft 5th edition of the Principles for consultation. It builds on the feedback received during the former Council's 2024 consultation on its exposure draft and has been developed under ASX's new model for maintaining and updating the Principles, adopted following the recommendations of the 2025 Independent Panel.

Under the new model, ASX is supported by an independent Advisory Group on Corporate Governance, which recommends proposed changes to the Principles to the ASX board. The inaugural Chair of the Advisory Group is Dr Philip Lowe. The Group's members bring experience from across listed entities, institutional investment, governance advisory and broking, and have met regularly since their appointment to guide the ASX's development of this draft.[1]

The development of the draft has been guided by the continuing importance of the Principles to the integrity and attractiveness of the ASX market. The next section explains how the Principles support investor confidence, assist capital formation and provide a flexible framework for long-term value creation.

[1] Further information about the Advisory Group on Corporate Governance, including its Charter and current members, is available on the Advisory Group's webpage.

How the Principles continue to support the integrity and attractiveness of the ASX market

The Principles support the integrity and attractiveness of the ASX market by providing a recognised framework for listed entities to explain their governance arrangements to investors. They give investors a consistent basis on which to assess governance quality, while giving boards a structured reference for good governance arrangements that can evolve with the entity's size, maturity and circumstances.

This combination of transparency, accountability and flexibility supports investor confidence, assists capital formation and helps listed entities pursue long-term value creation.

The framework includes eight high-level **Principles** that form the foundation of good corporate governance of ASX-listed entities, together with practical **Recommendations** to assist entities in designing governance practices suited to their circumstances. Boards and management are expected to apply their purpose and spirit when shaping governance structures and practices.

The 'if not, why not' approach is central to the balance between transparency, accountability and flexibility. It does not require every entity to adopt the same governance practices. Instead, it asks entities to explain their governance arrangements and, where they do not follow a recommendation, explain why and what they do instead to satisfy the high-level principle. This supports informed decision-making by investors, while allowing boards to adopt governance practices that are proportionate and effective for their entity.

This flexibility is important given the breadth of the ASX market, which includes entities across a wide range of sectors, sizes and stages of development. ASX is a recognised global market for raising capital and delivering returns to security holders. As at 30 June 2026, there were 1,835 entities listed on the ASX market with a quoted market capitalisation of $3.2 trillion.[2] In the financial year to 30 June 2026, the ASX market saw:

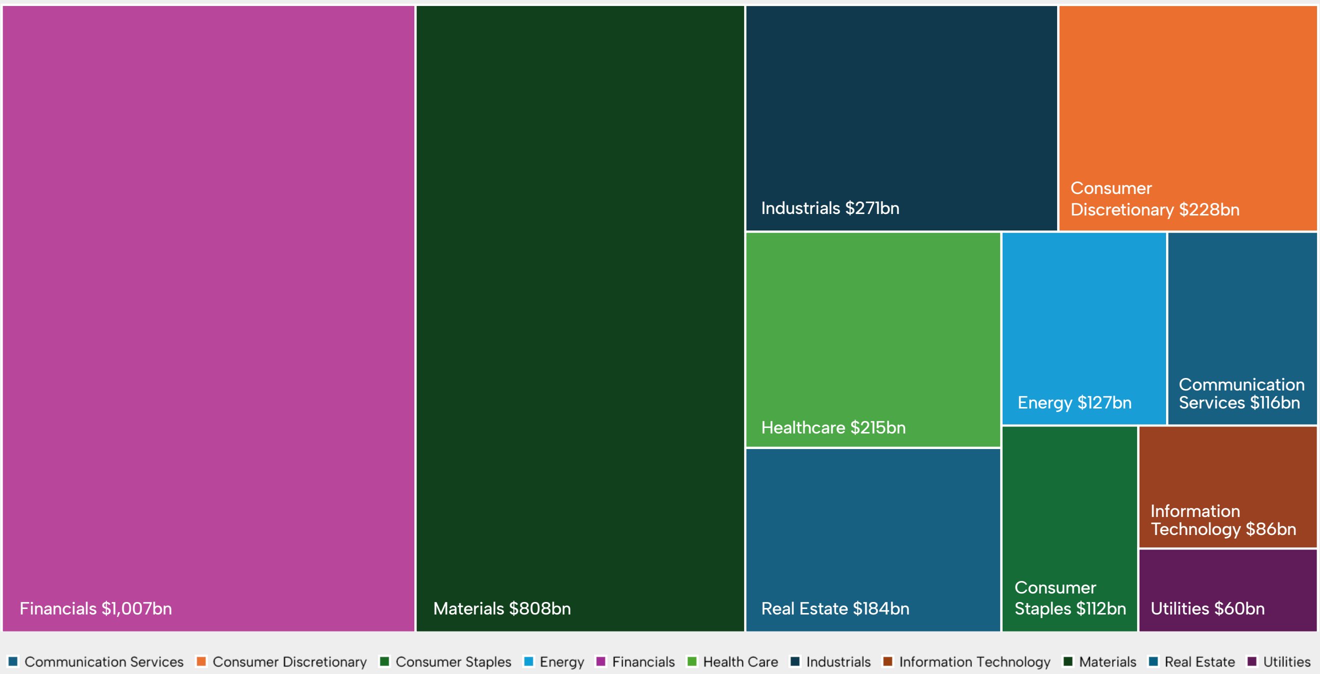
- 54 new listed entities, raising $3.970 billion; and
- secondary capital raisings of $38.389 billion.[3]

Figure 1 shows the range of sectors represented on ASX by quoted market capitalisation.

Preserving the balance between transparency, accountability and flexibility is central to the draft 5th edition. The revisions are intended to retain the features of the framework that have served the market well, while making the Principles clearer, more practical and more contemporary for listed entities and investors.

Figure 1. ASX quoted market capitalisation by GICS Sector as at 30 June 2026

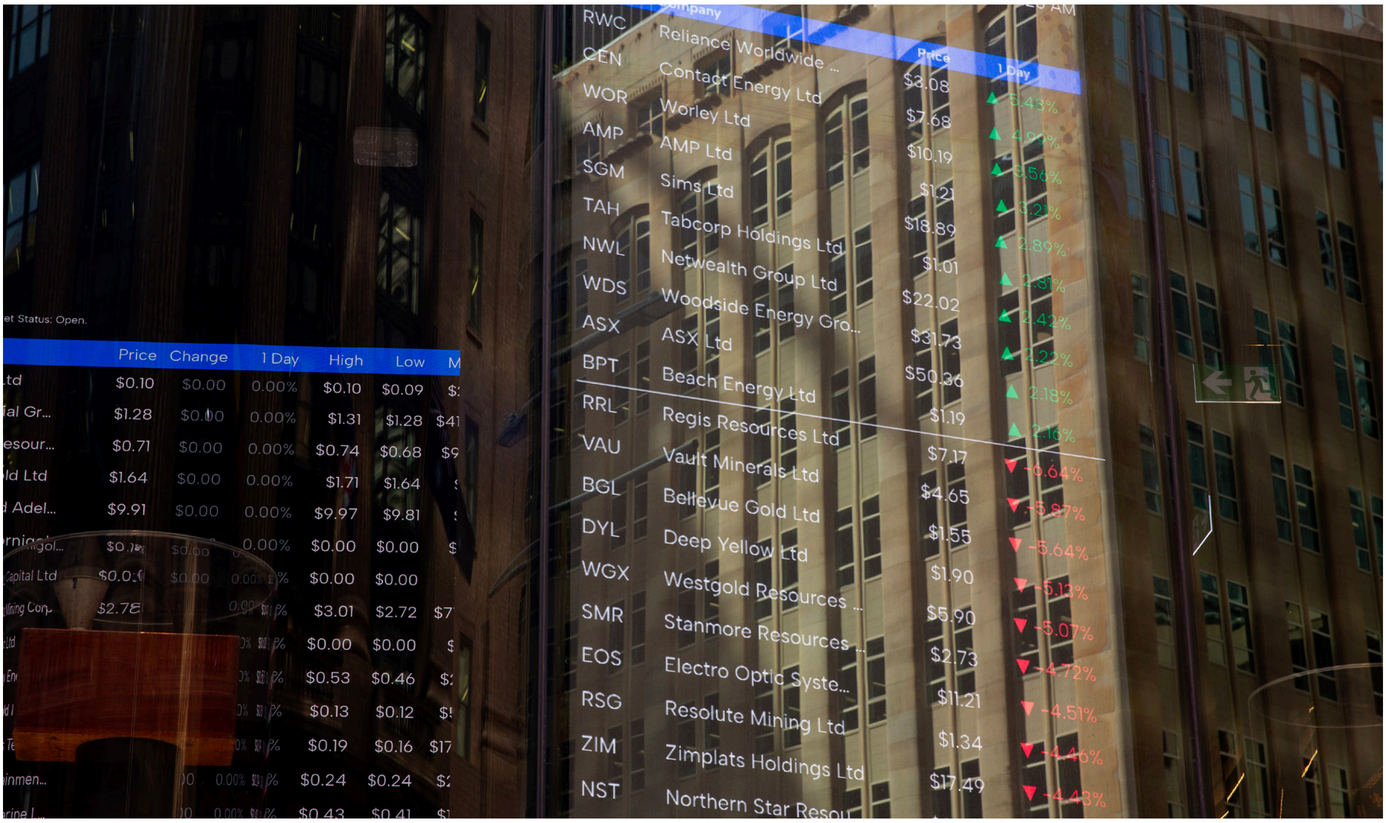
ASX sector breakdown by quoted market cap



Source: ASX and S&P Capital IQ

[2] Listed entities and total quoted market capitalisation as at 30 June 2026 sourced from ASX, excluding debt listings and stapled duplicates.

[3] New listed entities and capital raised for the financial year to 30 June 2026 sourced from ASX, excluding debt listings, stapled duplicates and restructures. Secondary capital raised sourced from Dealogic and includes placements, entitlement / rights offers, and share purchase plans, and excludes scrip-for-scrip acquisitions, debt and hybrid issuance. The Financials GICS Sector includes Listed Investment Vehicles (LIVs).



Our approach to the revised Principles

In revising the Principles, ASX and the Advisory Group on Corporate Governance have developed the draft 5th edition to refine the existing framework rather than redesign it. The draft retains elements that have worked well and continue to command broad support across issuers, investors and other stakeholders, simplifies the framework, and reflects developments in governance practice and the law since 2019. The aim is to deliver a set of Principles that is clear, practical and aligned with contemporary governance practice.

The former Council conducted extensive consultation in 2024-25. This process generated more than 100 written submissions from a broad cross-section of the market, supported by targeted consultations, a webinar and in-person engagement. It produced a substantial body of analysis and draft proposals that attracted broad support across many areas.

ASX has built directly on this work. Where a proposed change from the earlier process was well supported and remains appropriate, it has been carried forward into the draft 5th edition. The earlier process also identified areas for improvement. In particular, aspects of the commentary were seen as overly prescriptive, duplicative of legislative requirements, or at risk of being interpreted as mandatory. These insights have helped shape the revisions in this draft. We have not sought to reopen areas where there was general alignment.

Refining the existing framework, rather than redesigning it

There is broad and long-standing support for the core architecture of the Principles. In particular, the eight Principles and the ‘if not, why not’ approach have served the ASX market well.

The 2024–25 consultation, and the engagement that followed, confirmed that these two features remain well understood and widely accepted across issuers, investors and other stakeholders. The draft 5th edition therefore retains both:

- **The eight core principles.** These remain a widely accepted foundation for good corporate governance. They are familiar to boards, management and investors, and provide a stable reference point against which governance practices can be designed, explained and assessed.
- **The ‘if not, why not’ approach.** This approach recognises that there is no single model of good governance for every listed entity. Appropriate governance practices will vary with an entity’s size, ownership, stage of development and circumstances. Rather than prescribing a single model, the approach asks each entity to disclose its governance practices and, where it has not followed a recommendation, explain why and what it does instead. This preserves flexibility while supporting accountability to investors and other stakeholders.

Retaining these features gives the market continuity and certainty.

Simplify and modernise the Principles

The approach to keeping the existing framework has shaped the principal changes in the draft 5th edition. Rather than redesign the framework, the draft simplifies and modernises it in four main ways:

1. **Remove duplication with the law.** Since the release of the 4th edition in February 2019, there have been significant legislative developments. Where a topic is broadly addressed by Australian law, the draft adjusts or removes the corresponding recommendation.
2. **Draw a clearer line between the Principles, Recommendations and Explanatory Material.** The draft more clearly separates:
   - **the Principles**, as the high-level foundation of good governance;
   - **the Recommendations**, as the reportable 'if not, why not' suggestions for practices that may support a Principle; and
   - **the Explanatory Material**, as non-reportable material intended to provide context, interpretation and practical assistance.
3. **Explain more clearly why each Principle matters.** Each Principle is now accompanied by a short statement explaining its importance to good governance and how the related Recommendations support that outcome. This is intended to help entities explain how their governance practices support the underlying Principle, including where they have not followed a recommendation.
4. **Reflect contemporary governance practice.** The draft also responds to domestic and international developments in corporate governance. These changes are intended to ensure the Principles remain fit for purpose and continue to support long-term value creation and investor confidence.

To support implementation of the next edition, ASX also intends to establish a dedicated webpage for the new edition. It will link to additional resources developed by industry and other experts on topics covered by the Principles. These materials will not form part of the Principles and Recommendations but will provide a source of further guidance for entities.

Consultation package

The consultation package is made up of the following documents:

- **This consultation paper,** which explains the key areas of change in the draft 5th edition and sets out the questions on which we are seeking your views;
- **The draft 5th edition of the Principles,** being a clean draft of the proposed new edition including the Principles, Recommendations and Explanatory Material – **Annexure A;** and
- **The proposed consequential changes to the ASX Listing Rules and Guidance Notes,** these arise largely from the dissolution of the former Council, and from making the guidance associated with the Principles simpler and more current – **Annexure B.**

ASX's public consultation webpage also makes the following documents available to assist stakeholders in engaging with and considering this consultation package:

- **A mark-up of the draft Principles and Recommendations in the 5th edition against the 4th edition,** to show the proposed changes against the current 4th edition's Recommendations that entities are required to report against; and
- **Roadmap of Recommendation Changes:** to provide a recommendation-by-recommendation view of the proposed changes to the recommendations in the draft 5th edition of the Principles.

Draft 5th edition of the Principles: key areas of change

This section explains the key areas of change in the draft 5th edition. Consistent with the approach outlined above, the draft refines the existing framework rather than redesigning it. In doing so, the draft seeks to be clear, practical and contemporary, while reinforcing the central role of the 'if not, why not' approach.

Reinforcing the 'if not, why not' approach

Consistent with the broader approach of the draft 5th edition, the following changes are intended to reinforce the 'if not, why not' approach in a way that is clearer, more practical and easier to use:

1. **Remove embedded 'if not' formulations from certain Recommendations:** The draft removes the current 'if not' formulations in Recommendations 2.1 (Nomination Committee), 4.1 (Audit Committee), 7.1 (Risk Committee), 7.3 (internal audit function) and 8.1 (Remuneration Committee), so that the operation of the 'if not, why not' framework is clearer and more consistent across the document.
2. **Draw a clearer distinction between the 'Principles', 'Recommendations' and 'Explanatory Materials'. The draft:**
   - includes a short explanation of why each Principle matters, to assist entities in explaining how their governance practices support the underlying Principle, including where a recommendation has not been followed; and
   - relies more clearly on explanatory material to support understanding and application, rather than prescribe governance practice.
3. **Reduce prescriptive policy detail in the explanatory material:** The draft removes suggested policy and guideline content from a number of 4th edition Commentary boxes to avoid a box-ticking approach and to make the Principles easier to use. To support implementation, ASX intends to provide a dedicated webpage linking to additional resources on topics covered by each Principle. These materials will not form part of the Principles but will offer further practical guidance for entities. This impacts 4th edition **boxes 1.5, 3.2, 3.3, 3.4 and 5.1** (suggested content for a diversity policy, code of conduct, whistleblower policy, anti-bribery and corruption policy and continuous disclosure policy) and **box 8.2** (suggested guidelines for executive and non-executive director remuneration.

Consultation question:

1. Do you support the proposed ways to reinforce the 'if not, why not' approach? Are there ways ASX could make this approach work better for listened entities and investors? Are there any third-party resources or materials that are helpful to entities when considering how to implement a recommendation that ASX could make available on its dedicated webpage?

Simplifying and modernising the Principles

Consistent with the approach of refining the existing framework rather than redesigning it, the draft 5th edition simplifies and modernises the Principles in two main ways. First, it removes duplication with the law where a topic is adequately addressed by legislation or regulation. Secondly, it updates the Principles to reflect contemporary governance practice.

This section sets out the ways in which we have sought to update the Principles to remove duplication with existing laws, and to introduce changes to reflect contemporary good governance across certain Principles where governance has evolved since the 4th edition. The changes summarised in Table 1 below are intended to ensure the Principles remain fit for purpose and make the new edition clearer, more practical and easier to use.

Table 1: Principle-by-principle changes

Key proposed changes to the draft 5th edition to modernise the Principles

Principle 1: Lay solid foundations for management and oversight

Recast this Principle to be focused on delineation in responsibilities between board and management, with no substantive change to recommendations remaining in the Principle, by way of:

1. Recasting the role of the board charter in delineating the roles and responsibilities of board and management – see Recommendation 1.1.
2. Moving matters of board appointment to Principle 2 and senior executive appointments into explanatory material supporting the delineation of responsibilities between the board and management – see Recommendation 2.3, and explanatory material to 1.1 (from 4th edition Recs 1.2 and 1.3).
3. Moving matters about board composition (diversity) to Principle 2 - see Recommendation 2.2 (from 4th edition Recs 1.5).
4. Moving matters about workforce diversity to explanatory material in Principle 3 - see Recommendation 3.3 (from 4th edition Rec 1.5).

Principle 2: Structure the board to be effective

Recast and re-sequenced the recommendations in this Principle to focus on elements of board composition that support good governance (the board's collective skills, knowledge and experience, diversity and independence) by:

1. ***Skills, knowledge and experience:*** Combining recommendations about the board's skills and knowledge assessment, including the role of on-boarding and continued professional development, into one recommendation. Removed the disclosure of a board skills matrix and moved the role of a matrix to explanatory material as one tool to support a board skills assessment – see Recommendation 2.2 (from 4th edition Recs 2.2 and 2.6).
2. ***Diversity:*** Moving the recommendation about board diversity from Principle 1 and introducing a disclosure about how diversity is incorporated into board succession planning – see Recommendation Rec 2.3 (from 4th edition Rec 1.5).
3. ***Independence:*** Combining into one recommendation two separate recommendations about boards being comprised of a majority independent directors and disclosures about independence. Removing the reporting obligation against prescribed independence factors in Box 2.3 and aligning potential substantial shareholder influence on independence with thresholds of position of influence in Chapter 10 of the Listing Rules – being a 'substantial (10%) shareholder' – see Recommendation 2.4 (from 4th edition Recs 2.3 and 2.4, and Box 2.3).
4. ***Board appointments:*** Moving recommendations about board appointments (appropriate checks, materials to support elections and re-elections, written agreements) into one recommendation – see Recommendation 2.6 (from 4th edition Recs 1.2 and 1.3).

Principle 3: Instil and reinforce a culture of acting lawfully, ethically and responsibly

Recast the recommendations in this Principle away from specific policies to recommendations about instilling and reinforcing a culture that is aligned with an entity's values, strategy and risk appetite.

1. ***Security holders and other stakeholders:*** new recommendation to reflect the role of engaging with security holders and other stakeholders to instilling and reinforcing an entity's culture – see Recommendation 3.1.
2. ***Instilling culture:*** Combined the recommendations about articulating and disclosing the entity's values and code of conduct and elevated the role of the board in approving these to establish the 'tone from the top' – see Recommendation 3.2 (from 4th edition Recs 3.1 and 3.2).
3. ***Reinforcing culture:*** Combined former recommendations about reporting material breaches of specific policies (code of conduct, diversity policy, anti-bribery and corruption policy, whistleblower policy) into a recommendation about reporting material breaches of key policies and disclosing the board's culture monitoring mechanisms. This provides flexibility for an entity to determine key policies that underpin its culture and operating environment and informs investors about how the entity monitors culture – see Recommendation 3.3 (from 4th edition Recs 3.2 and 3.4(b)).

Principle 4: Safeguard the integrity of corporate reports

Refined the recommendations in this Principle to reflect contemporary investor expectations for disclosures about auditor tenure and oversight, and processes to verify periodic corporate reports.

1. ***Verification of periodic corporate reports:*** Refined Recommendation 4.2 to support the disclosure of verification processes for each periodic corporate report and provide certainty to entities about what constitutes a periodic corporate report through a definition in the glossary – see Recommendation 4.2 (from 4th edition Rec 4.3).
2. ***Auditor tenure and reviews:*** a new recommendation to reflect contemporary governance practice to oversee audit quality (comprehensive reviews) and disclosing auditor tenure – see Recommendation 4.3.

Principle 5: Make timely, balanced and accurate disclosure

Refined the Principle to reflect that disclosures should be accurate, as well as timely and balanced.

Change to Recommendation 5.1 is otherwise designed to refine the recommendation by removing a duplicative reference to listing rule 3.1 – see Recommendations 5.1.

Principle 6: Support the rights of security holders

Recasting this Principle to supporting the rights of security holders, rather than respect. This reflect the recommendations that support this Principle, particularly as security holder rights are primarily dealt within the Corporations Act 2001 and the ASX Listing Rules.

This aligns with the move to simplify the recommendations by removing those that reflects changes introduced to the Corporations Act 2001 that overlap with those in the 4th edition (4th edition Rec 6.4 and 6.5 - see further Table 3 in Attachment A).

Principle 7: Understand and manage risk

Recast this Principle to reflect contemporary good risk governance and legislative changes introduced since the 4th edition about climate-related financial disclosures in Chapter 2M of the Corporations Act 2001 (see further Table 3 in Attachment A) – See Recommendation 7.3 (from 4th edition Rec 7.3).

Principle 8: Remunerate fairly and responsibly

Recast this Principle to reflect contemporary governance practices with respect to senior executive and non-executive director remuneration and security holding arrangements, whilst removing areas of significant regulatory duplication with the Corporations Act 2001 (see further Table 3 in Attachment A). This includes:

1. ***Adjustment mechanisms in executive performance pay:*** If an entity has performance-based remuneration structures for senior executives, these should be supported by mechanisms to adjust outcomes downwards when appropriate – see Recommendation 8.2.
2. ***Non-executive director remuneration and security holdings:*** Non-executive director remuneration should be by way of fixed fees (cash and/or shares or units) and superannuation contributions only, and disclosing an entity's approach to non-executive ownership of securities – see Recommendation 8.3.

Remove duplication with the law

Adopting the approach taken by the former Council's 2024 consultation draft, several 4th edition recommendations listed in Table 3 in Attachment A are proposed to be removed or moved where the draft 5th edition treats the subject as sufficiently addressed by Australian law or regulatory requirements. Since the Council's 2024 consultation, new instruments under the Workplace Gender Equality Act 2012 have introduced additional disclosure and reporting requirements on gender equality targets for companies with more than 500 employees. Accordingly, Recommendation 1.5 as it applies to workforce and senior executive diversity, also engages areas that are now subject to significant regulation under Australian law.

Consultation question:

2. Are there other recommendations that have a substantial overlap with other regulatory disclosure and reporting obligations that could be removed or moved? If so, please identify the recommendation and the overlapping obligation.

Reflect contemporary corporate governance practice

Since the 4th edition came into effect in 2019, governance expectations and market practice have continued to evolve. These particularly impact board composition in Principle 2, governing culture in Principle 3 and remunerating fairly and responsibly in Principle 8. The way we have sought to adjust these Principles in this new edition builds upon to the former Council's 2024 consultation.

Principle 2: Structure the board to be effective

Board skills matrix and draft Recommendation 2.2

We are proposing to remove the recommendation for a board skills matrix and replace it with a new recommendation to reflect that the board needs to determine the balance of skills, knowledge and experience it needs, and should disclose the outcome of this assessment.

A board skills matrix is simply one tool that supports an assessment and disclosure. This tool can be completed in a number of ways, such as self-assessment or third-party assessment. This gives rise to a broad variability in the board skills assessed and disclosed in accordance with these matrices. Accordingly, in the draft 5th edition the board skills matrix is now referenced as a tool that could be used in the explanatory material to Recommendation 2.2, with the primary focus on good governance being about assessment and disclosure.

Board diversity and draft Recommendation 2.3

A board that comprises diversity of thought, experience and perspective can meaningfully help strengthen the quality of board deliberation and decision making. The inclusion of a numerical gender diversity target for boards of ASX300 entities has been effective in promoting diversity. It has led to a step change in the gender composition of ASX300 boards, with the share of boards with more than 30 per cent female directors rising from 38% to 69% between 2019 and 2021 and increasing slightly further over the past few years to 73% in 2025.[4]

While the introduction of measurable objectives has delivered a material improvement in gender diversity on ASX300 boards, a broad range of stakeholders increasingly recognise that effective board composition also benefits from diversity of skills, experience and background. In this context, a broader mix of experience and cognitive perspectives can support more robust board deliberations and reduce the risk of groupthink. It may also strengthen board capability in areas such as technology, science and business transformation (in addition to more established disciplines such as accounting and law), which is relevant to emerging governance challenges including the energy transition and data and digital transformation.

The draft 5th edition therefore proposes to maintain this numerical gender target for boards of ASX300 entities in the updated Principles because it has been effective in driving a step change in gender diversity. Additional numerical targets for other diversity characteristics or disclosure of these characteristics for individual directors are not proposed. This provides entities with flexibility to determine how best to achieve diversity of thought, experience and perspectives in their boards.

Independent directors: draft Recommendation 2.4

Whether or not a director is 'independent' is subject to an entity's assessment, and disclosure of the outcome of this assessment has been recommended since the 1st edition of the Principles came into effect in 2003. In the draft 5th edition, we have proposed to:

1. Remove the limitation on assessing an interest, position or relationship of the type to those set out in the former Box 2.3. This is to focus an assessment of independence and disclosure to those factors an entity considers could affect director's independence. These could be factors in former Box 2.3, but these should not be determinative or limiting. Accordingly, the factors in the former Box 2.3 are now referenced in the explanatory materials.
2. Remove the prescriptive three-year time period from the factors that a board may consider raise questions about independence. This is to instead focus an assessment on the interest, position or relationship's impact on independence, rather than the time at which a person held an interest, position or relationship.
3. Align the threshold for considering whether a directors' interest as a shareholder and/or position in an office of a shareholder could influence their independence, to align with Chapter 10 of the ASX Listing Rules 'person in a position of influence', being substantial (10%) shareholder. This moves away from the Corporations Act definition of a substantial shareholder, being a lower 5% holding.

[4] AICD's suite of Gender Diversity Progress Reports from 2019 – January 2026, available at: https://www.aicd.com.au/news-media/research-and-reports/gender-diversity-report.html.

Consultation questions:

3. Recommendation 2.2 (board skills, knowledge and experience): Do you support the replacement of the recommendation of a board skills matrix with a recommendation that the board determines and discloses the mix of skills, knowledge and experience it needs?
4. Recommendation 2.3 (diversity): Do you support maintaining the existing target for gender diversity on boards of S&P/ASX300 entities?
5. Recommendation 2.4 (independence): Do you support the revised approach to Recommendation 2.4?

Principle 3: Instil and reinforce a culture of acting lawfully, ethically and responsibly

Since the release of the 4th edition of the Principles in 2019, the governance of culture has continued to evolve to an active boardroom mandate. These developments have occurred in response to findings from various inquiries that have demonstrated the various ways culture can drive poor consumer, workforce, shareholder and other stakeholder outcomes, which in turn diminish the long-term sustainable value of an entity.

Accordingly, the draft 5th edition has re-visited Principle 3 to elevate:

1. Regard to security holders and other stakeholders to support long-term sustainable value of an entity (Recommendation 3.1). The explanatory material to Recommendation 3.1 sets out the need for an entity to identify its stakeholders, as these will vary based upon an entity and its operations.
2. The board's role in instilling and reinforcing a culture of acting lawfully, ethically and responsibly through approving the entity's values and code of conduct being informed of material breaches of key policies (Recommendation 3.2 and 3.3).
3. The importance of reinforcing an entity's culture that is consistent with its values, strategy and risk appetite (Recommendation 3.3).
4. The importance of disclosing the monitoring mechanisms the board has in place to oversee the entity's culture, to support trust and confidence in the entity's governance arrangements to oversee culture (Recommendation 3.3).

Consultation question:

6. Do you support the proposed shifting of emphasis to Principle 3? In what other ways should this principle be updated?

Principle 8: Remunerate fairly and responsibly

The draft 5th edition draws upon the former Council's 2024 consultation to remove recommendations that were largely duplicative of Corporations Act 2001 requirements (see Table 3 in Attachment A), and to introduce two new recommendations about adjustment mechanisms in executive performance pay and non-executive director remuneration.

The draft 5th edition includes the following shift to the approach to the two new recommendations:

1. *Adjustment mechanisms in senior executive performance pay:* This recommendation is simplified to provide that an entity have a mechanism to make adjustments downwards 'when appropriate', as further discussed in the explanatory material, rather than recommending a downwards adjustment mechanism 'after award, payment or vesting'. A performance adjustment mechanism is an important accountability tool for a board to utilise if new information materialises after performance-based pay has been awarded and a different outcome would have been reached in the event the issue was known at the time of award.
2. *Non-executive director remuneration and security holdings:*
   a. *Non-executive director remuneration:* Draft Recommendation 8.3(a) recommends that non-executive directors be remunerated solely by way of only fixed fees (cash and/or shares or units) and superannuation contributions to reflect the time commitment and responsibilities associated with their role. Remuneration structured this way supports remunerating directors fairly and responsibly for the risks associated with their role, whilst supporting independent judgment, objective decision-making and appropriate board oversight. The explanatory material sets out considerations for entities that decide to remunerate other than by way of fixed fees.
   b. *Security holdings:* Investors and their advisers are increasingly seeking entities to disclose the minimum shareholding requirements of non-executive directors, as equity ownership is a mechanism to align a director's personal financial interests with the entity and security holders. Draft Recommendation 8.3(b) recommends that entities disclose their approach to non-executive director ownership of securities. It does not mandate a minimum holding amount.

Consultation questions:

7. Do you support the proposed changes to Principle 8, including the two new Recommendations? Are there any practical issues with implementation and/or unintended consequences?
8. Are there additional areas of corporate governance that have evolved since the 2019 edition that could be addressed in the next edition, or that the Advisory Group on Corporate Governance could further focus on following the release of the next edition?

Proposed implementation period for the new Principles

The draft 5th edition introduces changes that will affect both the content and focus of corporate governance statements. Many of these changes have been the subject of the former Council's extensive public consultation in 2024/25.

To allow sufficient time for entities to implement the Principles in their annual corporate governance statement, the proposed implementation timeframe takes into account that a large proportion of entities are commencing or continuing to implement the new sustainability reporting requirements introduced into Chapter 2M of the Corporations Act.[5] It is therefore proposed that entities commence reporting against the new Principles as follows:

- Entities with a 30 June financial year end, the initial reporting period will be the financial year commencing 1 July 2027 (ending 30 June 2028).
- Entities with a 31 December financial year end, the initial reporting period will be the financial year commencing 1 January 2028 (ending 31 December 2028).

Consultation questions:

9. Are there any additional new reporting or compliance obligations that ASX should take into account when setting an implementation timeframe?
10. Do any of the proposed changes to the recommendations create a significant cost or resource burden? If so, please identify the recommendation, explain the new governance practice it would require that the entity does not already have in place, and provide an estimate of the cost or resource impost.

[5] Group 1 (largest entities) commenced reporting from financial year ending 31 December 2025, Group 2 entities commence reporting from financial year ending 30 June 2027, and Group 3 entities commence reporting from financial year ending 30 June 2028.

Consequential changes to the ASX Listing Rules and Guidance Notes

The ASX's new model to revise and update the Principles, alongside changes to the recommendations in the draft 5th edition, gives rise to consequential changes to the Listing Rules and Guidance Notes. This includes references to the former Council and re-numbered recommendations. The most substantive change will be to Appendix 4G.

In addition to implementing the new model, ASX is also consulting on changes to simplify the operation and annual reporting regime supporting an entity's corporate governance statement, being:

- simplify reporting requirements – ASX is presenting a streamlined Appendix 4G for consultation which would continue to serve the same purposes as the current Appendix 4G, but is also seeking comment on whether the form could be further simplified or removed;
- simplify and remove duplicative guidance with Principles – by withdrawing Guidance Note 9: *Disclosure of corporate governance practices*; and
- reflect contemporary risk governance practices – by withdrawing Guidance Note 10: *Review of operations and activities: Listing Rule 4.10.17.*

These changes are designed to help simplify guidance about an entity's listing rule requirements and distinguish it from explanatory material that supports the Principles.

Table 4 in Attachment B sets out at a high-level summary of the draft changes to each of the ASX Listing Rules and Guidance Notes, with **Annexure B** containing the marked-up changes and the more substantive changes explained below.

Appendix 4G: *Key to Disclosures*

ASX is seeking feedback on ways to simplify an entity's obligation to make available an annual corporate governance statement (LR 4.7.4 and LR 4.10.3). Currently, in addition to meeting the requirement to make available an annual corporate governance statement, an entity also has to prepare and lodge an additional report with the ASX at the same time - an Appendix 4G (LR 4.7.3). The purpose of the Appendix 4G is to:

- provide a key to assist readers to locate the disclosures made by an entity under Listing Rule 4.10.3 and under the Principles.
- act as a verification tool for entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

ASX's proposal is to simplify this form while retaining its current purpose.

ASX's approach to entities preparing and lodging an Appendix 4G is a unique additional lodgement compared to peer jurisdictions. This includes Canada, United Kingdom, Hong Kong and Singapore, where exchanges in these jurisdictions do not similarly require listed entities to lodge two reports when annually reporting corporate governance statements against their respective corporate governance codes. We have also received feedback from some stakeholders that the completion of an Appendix 4G can encourage a box-ticking approach to corporate governance. Accordingly, we are also seeking feedback on how this form is being used in practice.

Guidance Note 9: *Disclosure of corporate governance practices*

Guidance Note 9 will be retired now ASX has assumed ultimate responsibility for developing, approving and issuing the Principles. This will remove duplication and also ensure all relevant explanatory material can be found in one place. Table 2 sets out a high-level summary of the existing substantive sections of Guidance Note 9, and the rationale for why the guidance is duplicative or superseded.

Guidance Note 10 and LR 4.10.17

ASX will retire Guidance Note 10: *Review of operations and activities: Listing Rule 4.10.17*. Guidance Note 10 has been superseded by more comprehensive guidance in ASIC's Regulatory Guide 247: *Effective disclosure in an operating and financial review.* The note to Listing Rule 4.10.17 will be updated accordingly.

Table 2: Summary of rationale to retire Guidance Note 9

Section of Guidance Note 9	Why it is no longer necessary
The requirement for a corporate governance statement	Duplicative (restates the rules)
The Corporate Governance Principles and Recommendations	Duplicative (restates the Principles)
The policy objectives of Listing Rule 4.10.3	The key policy objective is already set out in the Introduction to the Listing Rules. Relevant text about ASX's role will be moved to the ASX website. Otherwise, the section is duplicative (restates the Principles).
Where to make your corporate governance disclosures	Duplicative (restates the rules)
What to disclose if you follow a Council recommendation	Superseded by the Principles
What to disclose if you do not follow a Council recommendation	Superseded by the Principles
The requirement for an Appendix 4G	Relevant text will be moved to the ASX website
Instructions on completing and Appendix 4G	Relevant text will be moved to the ASX website
Guidance on disclosure of governance policies	Superseded by the Principles
Sections 11 – 17: Guidance on specific recommendations	Superseded by the Principles
Audit committees	Duplicative (restates rules and Principles)
Remuneration committees	Duplicative (restates rules and Principles)
ASX's enforcement practices	ASX Supervision periodically communicates its current focus areas and enforcement approach
Listed entity compliance practices	Duplicative (restates law)
Applicants seeking admission to the official list	Duplicative (restates Principles). Content on admissions is more appropriate for Guidance Note 1
Annexures	Duplicative (restates Principles)

Consultation questions:

11. Do you support the revised Appendix 4G?
12. What do you see as the arguments for and against continuing with Appendix 4G and what alternative reporting arrangements would be useful?
13. What is the best way for stakeholders to obtain easy access to the disclosures underlying the Recommendations (such as policies and explanations of processes that can be disclosed on the website rather than in the corporate governance statement itself)?
14. Are there any unintended consequences arising from the other changes to the Listing Rules and Guidance Notes covered in this consultation?

Consultation timeframe and making a submission

The consultation is open for eight weeks from 21 July to 14 September 2026. We have provided an eight-week period to give boards, management and other stakeholders sufficient time to consider the draft 5th edition and its implementation, while supporting the Advisory Group on Corporate Governance's goal of recommending a new edition of the Principles to the ASX Limited Board within a reasonable timeframe.

Engagement during the consultation

In addition to written submissions, ASX and the Advisory Group intend to engage directly with stakeholders during the consultation. This includes a public roadshow in the major capital cities, and round tables with industry bodies.

Response to consultation

After the consultation closes, the Advisory Group will consider feedback from the consultation and provide its recommendations to the ASX Limited Board by the end of 2026 about changes to the Principles.

Following consideration of the submissions and the decision of the ASX Limited Board, ASX will prepare and release a response to this Consultation Paper summarising feedback received and ASX's determinations as a result of this consultation process. The ASX Response to Consultation Paper is likely to be issued in the first quarter of 2027.

Consultation and implementation timeframe

The indicative timing for the remainder of the consultation and implementation of a new 5th edition of the Principles is set out below. This timing may be subject to change at any time without notice.

Stage	Indicative Timing
Consultation Opens	21 July 2026
Stakeholder roundtables and public roadshow forums	July – September 2026
Consultation closes	14 September 2026
Advisory Group recommends the changes to the Principles to the ASX Limited Board	December 2026
Release of ASX Response to Consultation Paper	First quarter 2027
First reporting against the 5th edition	Financial year ending 30 June 2028

Making a submission

We welcome written submissions on the consultation questions in this paper, and on any other aspect of the draft 5th edition or its implementation. Written submissions are requested by the close of business on Monday, 14 September by:

Email to: ListingsPolicy@asx.com.au

Mail to:
ASX Limited
39 Martin Place Sydney NSW 2000
PO Box H224
Australia Square NSW 1215

Attention: Dior Loveridge

ASX prefers to receive submissions in electronic form.

Confidentiality of submissions: Submissions not marked as 'confidential' will be made publicly available on the ASX website. If you would like your submission, or any part of it, to be treated as confidential, please indicate this clearly in your submission. All submissions will be provided to regulators on request.

Personal Information Collection Notice: Any personal information you provide as part of your submissions (including your name, email address and the organisation you represent, if any) will be collected by ASX to enable us to contact you in relation to your submissions or to invite you to participate in future related consultations. Provision of your personal information is voluntary, however if you do not provide this information, ASX may not be able to contact you in relation to your submission. ASX will disclose your personal information to the members of the Advisory Group on Corporate Governance and may disclose your personal information to external service providers that assist ASX in delivering its services, but otherwise will not disclose the personal data you provide to any other organisations or individuals outside the ASX Group, unless it is required or authorised by law to do so or you consent to the disclosure. ASX does not generally provide personal data to overseas parties but does use international service providers for technological solutions. Please see ASX's Privacy Statement for further details on how ASX processes personal data and your rights in relation to your personal data held by ASX. Individuals can contact ASX for further information or to make a complaint by telephone on 131 279 or email at privacy@asx.com.au.

Attachment A: Regulatory Duplication

Table 3: Regulatory duplication – proposed Recommendations to be removed or moved to reduce regulatory overlap

4th edition Recommendation	Regulatory overlap	Approach in draft 5th Edition
Rec 1.5 (disclosure of diversity policy and reporting period disclosures relating to senior executives and the workforce)	Reporting requirements under the Workplace Gender Equality Act 2012, and associated instruments: • the Workplace Gender Equality (Gender Equality Standards) Instrument 2023 • Workplace Gender Equality (Matters in relation to Gender Equality Indicators) Instrument 2023 • Workplace Gender Equality (Gender Equality Targets) Instrument 2025.	Removed as a recommendation in Principle 1. Moved the workplace diversity policy and reporting to the board about material breaches of such a policy to the explanatory material to Recommendation 3.3 about reinforcing an entity's culture. Moved diversity at the board level to Principle 2, as gender diversity is an effective anchor to diversity in board composition.
Rec 3.3 (disclosure of whistleblower policy)	The whistleblowing scheme in Part 9.4AAA of the Corporations Act.	Removed as a recommendation in Principle 3 and moved to explanatory material to Recommendation 3.3, as a useful reporting indicator of an entity's culture.
Rec 3.4 (disclosure of anti-bribery and corruption policy)	Division 70 (foreign bribery) and Divisions 141 and 142 (domestic bribery) in the Criminal Code Act (Commonwealth) 1995.	Removed as a recommendation in Principle 3.
Rec 4.2 (CEO and CFO declaration for financial statements)	The declarations required in s295A of the Corporations Act.	Removed as a recommendation in Principle 4. Moved to a recommendation for entities established outside of Australia (new Recommendation 9.3).
Rec 6.4 (substantive security holder resolutions on a poll)	Security holder meeting requirements in section 250JA of the Corporations Act.	Removed as a recommendation in Principle 6. Moved to a recommendation for entities established outside of Australia (new Recommendation 9.4).
Rec 6.5 (electronic communications with security holders)	Electronic communication requirements in sections 110C,110D, 110K(4) of the Corporations Act.	Removed as a recommendation in Principle 6. Moved to a recommendation for entities established outside of Australia (new Recommendation 9.5).
Rec 7.4 (disclosure of material exposure to environmental or social risks)	Sustainability and operating and financial review reporting requirements in Chapter 2M in s299A of the Corporations Act, and ASIC's regulatory guidance: • Regulatory Guide 247 Effective disclosure in an operating and financial review (2019) • Regulatory Guide 280 Sustainability Reporting (2025).	Removed as a recommendation in Principle 7. Replaced with new Recommendation 7.4 about material risks. The explanatory material does not specifically reference environmental and social risks, as what is material will vary across listed entities and there is existing legislative and ASIC regulatory guidance that covers these disclosures.
Rec 8.2 (separate remuneration policy disclosures)	Remuneration disclosure requirements in section 300A of the Corporations Act.	Removed as a recommendation in Principle 8. Replaced with a new recommendation about non-executive director remuneration and security holdings in entities in which they are appointed (new Recommendation 9.3).
Rec 8.3 (hedging policy for equity-based remuneration)	The prohibition in section 206J of the Corporations Act.	Removed as a recommendation in Principle 8. Replaced with a new recommendation about remuneration structures that enable a downward adjustment to senior executive performance-based remuneration (new Recommendation 9.2).

Attachment B: Summary of the consequential changes to ASX Listing Rules and Guidance Notes

Table 4: Consequential changes to the ASX Listing Rules and Guidance Notes

Listing Rule or Guidance Note	Reference to former ASX Corporate Governance Council or other matter	High level description of draft amendments to the Listing Rule or Guidance Note
Listing Rules		
LR 1.1 conditions 16, 17	Conditions of admission requiring entities to disclose the extent to which the entity will follow the recommendations of the *ASX Corporate Governance Council*, or to comply with those recommendations.	Terminology update to remove reference to the Council
LR 4.7	Notation to the Listing Rule references *ASX Corporate Governance Council*	Transitional arrangements, including ASX Corporate Governance Council terminology, deleted
LR 4.10.3	Notation to the Listing Rule references *ASX Corporate Governance Council*	Terminology update to remove reference to the Council
LR 4.10.17	Reference to ASX Guidance Note 10	Reference updated to reflect relevant contemporary guidance about effective disclosure in a listed entity's operating and financial review
LR 12.7	Audit committee requirements which refer to *ASX Corporate Governance Council* recommendations	Terminology update to remove reference to the Council
LR 19.12	Definition of: *ASX Corporate Governance Council*; definition of corporate governance statement	Terminology update to remove reference to the Council and introduce new definition
Appendix 4G	See LR 4.7.3	Amend as a consequence of revised Recommendations

Listing Rule or Guidance Note	Reference to former ASX Corporate Governance Council or other matter	High level description of draft amendments to the Listing Rule or Guidance Note
Guidance Notes		
GN 1: *Applying for admission – ASX listings*	References the governance expectations for new applicants and *ASX Corporate Governance Council* referenced throughout	Terminology update to remove reference to the Council
GN 4: *Foreign entities listing on ASX*	Cross references GN 9	Update to remove references to GN 9, which is proposed to be retired
GN 6: *Trusts*	Has a section dedicated to GN 9	GN 9 is proposed to be retired but reference will be removed together with broader updates to GN 6 in due course
GN 8: *Continuous disclosure: Listing Rules 3.1 – 3.1B*	*ASX Corporate Governance Council* and specific recommendations cross referenced throughout	Terminology update to remove references to the Council and update references to revised Recommendation (see amendments to footnotes 78, 79, 274 and Annexure C). Annexure B will be further updated in due course to reflect the change in law after the Annexure was drafted which changes the civil liability standard to a negligence standard.
GN 9: *Disclosure of corporate governance practices*	Contains guidance in relation to disclosure of corporate governance practices and the Appendix 4G	Retired
GN 10: *Review of operations and activities: Listing Rule 4.10.17*	Contains guidance in relation to review of operations and activities: Listing Rule 4.10.17	Retired
GN 23: *Quarterly cash flows*	Contains references to *ASX Corporate Governance Council* and extracts specific recommendation	Amended to remove reference to removed recommendation
GN 27: *Trading policies*	Contains references to *ASX Corporate Governance Council*	Terminology update to remove references to the Council and reflect changes to the Principles.
GN 35: *Security holder resolutions*	Contains reference to *ASX Corporate Governance Council*	Terminology update to remove reference to the Council and reflect provisions of the Corporations Act that have been introduced since this Guidance Note was last amended

Get in touch

Contact the **ListingsPolicy@asx.com.au** or call 131 279 if you would like more information.

asx.com.au

ASX
OfficalASX
ASX__official
@ASX
ASXLtd

July 2026. BEM-4418