

Q5.

A banner with a dark blue background featuring a glowing globe on the right side. The text is white and centered.

ASX Corporate Governance Council *Principles and Recommendations* 5th Edition Consultation 2024

The ASX Corporate Governance Council has released the following [consultation materials for a 5th Edition of the Council's *Corporate Governance Principles and Recommendations* \(*Principles and Recommendations*\)](#):

- a communique
- *Background Paper and consultation questions*
- *Consultation Draft* of a proposed 5th Edition of the *Principles and Recommendations*
- a mark-up of the *Consultation Draft*, against the 4th edition of the *Principles and Recommendations*.

The *Background Paper and consultation questions* includes commentary for the individual consultation questions appearing in this online questionnaire.

Council members have been actively engaged, bringing their perspectives on how the 5th Edition might respond to current governance developments and challenges. Members do not hold identical views on all matters; some of those matters are the subject of specific consultation questions. The Council encourages your participation in this consultation process.

How to participate

Submissions to the Council may be made by the end of **Monday 6 May 2024**, via this ASX portal.

This portal will permit you to make a submission as an online questionnaire, or by uploading your submission in PDF or Word.

The online questionnaire includes multiple choice responses. You may also include additional comments for each consultation question (up to approx. 250 words per comment) and at the conclusion of the survey (up to approx. 1,000 words).

Your work in progress will be saved if you return to the survey in the same browser and device. You can download a copy of your submission, when completed.

Please note that you will be asked to confirm that you have not made another submission in this process.

Please press Next to participate in this consultation.

Q4. About you

These introductory questions will help us manage submissions.

If you would like your submission to be treated as confidential, please indicate this clearly. The Council may choose to publish submissions (in whole or in part) on the [ASX website](#), but will not do so where a submission is clearly marked confidential.

Q5. A. Is your submission confidential?

(Confidential submissions will be handled as set out above)

- Yes
- No

Q6. B. [Redacted]
(Required fields are marked with *)

[Redacted]	[Redacted]
[Redacted]	[Redacted]
Organisation (if applicable)	B Lab Australia & Aotearoa New Zealand
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]

Q48. C. Please confirm on whose behalf you are making this submission.

- On behalf of my organisation
- On my own behalf

Q7. D. Please choose one category which best describes the capacity in which you are making this submission

- ASX market retail investor
- ASX market institutional investor
- S&P/ASX300 listed entity
- Other ASX listed entity
- Non-executive director: S&P/ASX300
- Non-executive director: other ASX listed entity
- Professional adviser (please specify)
- Industry association
- Academic
- ASX Corporate Governance Council member
- Other ASX market stakeholder (please specify)
- Other stakeholder (please specify)

Q49. E. Please confirm that you have not made another submission in this process.
(Only one submission will be accepted)

Yes, this is my only submission

No, I have made another submission (Note: This will conclude this questionnaire.)

Q9. Submission process

Q10. F. Would you like to complete this online questionnaire or upload your submission?

I would like to complete this online questionnaire

I would like to upload my submission

Q8. Please upload your submission here, in PDF or Word.

(Once you attach your submission and press *Next*, this will conclude and record your response.)

This question was not displayed to the respondent.

Q11. Reducing regulatory overlap

Q13. 1. Do you support deletion of the following 4th Edition Recommendations, on the basis that there is significant regulation under Australian law?

	Support deletion	Mostly support deletion	Do not support deletion	No comment
a. Recommendation 3.4 (disclosure of anti-bribery and corruption policy)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
b. Recommendation 4.2 (CEO and CFO declaration for financial statements)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
c. Recommendation 6.4 (substantive security holder resolutions on a poll)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
d. Recommendation 6.5 (offering electronic communications to security holders)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
e. Recommendation 8.2 (separate disclosure of remuneration policies for non-executive directors, other directors and senior executives)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
f. Recommendation 8.3 (policy on hedging of equity-based remuneration)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Q43. Your comments.

Q17. 2. In particular, the Council encourages feedback on the proposed deletion of Recommendation 3.3 (disclosure of whistleblower policy). Would you prefer to retain this Recommendation?

- Support retention
- Mostly support retention
- Do not support retention
- No comment

Q44. Your comments.

Q15. Board skills

Q51. 3. Recommendation 2.2: The Council already recommends disclosure of a board skills matrix or skills a board is looking for. Do you support disclosure of the following information about board skills?

	Yes	Yes in principle, but...	No	No comment
a. Recommendation 2.2(a): current board skills and skills that the board is looking for?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
b. Recommendation 2.2(b): the entity's process for assessing that the relevant skills and experience are held by its directors?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Q16. Your comments.

Q18. Diversity

Q19. 4. Recommendation 2.3: Women hold approximately 35% of all S&P/ASX300 directorships. This exceeds the existing measurable objective of at least 30% of each gender for those boards.

Do you support raising the S&P/ASX300 measurable objective to a gender balanced board?

- Yes
- Yes in principle, but...
- No
- No comment

Q55. Your comments.

Q20. 5. Recommendation 2.3(c): The Council already recommends disclosure of a board's approach and progress on gender diversity.

Do you support the proposed disclosure of any other relevant diversity characteristics (in addition to gender) which are being considered for the board's membership?

- Yes
- Yes in principle, but...
- No
- No comment

Q56. Your comments.

Q21. 6. Recommendation 3.4(c): The Council already recommends disclosure of an entity's diversity and inclusion policy and disclosure of certain gender metrics.

Do you support the proposal to also recommend disclosure of the effectiveness of an entity's diversity and inclusion practices?

- Yes
- Yes in principle, but...
- No
- No comment

Q57. Your comments.

Q22. **Independence of directors**

Q23. **7. Recommendation 2.4: Do you support increasing the security holding reference included in Box 2.4 (factors relevant to assessing the independence of a director) from a substantial holder (5% or more) to a 10% holder (10% or more)?**

- Yes
- Yes in principle, but...
- No
- No comment

Q58. Your comments.

Q24. **Corporate conduct and culture**

Q25. **8. Recommendation 3.2(c): The Council already recommends that a listed entity should have a code of conduct and report material breaches of that code to its board or a board committee.**

Do you support the proposed disclosure (on a de-identified basis) of the outcomes of actions taken by the entity in response to material breaches of its code?

- Yes
- Yes in principle, but...
- No
- No comment

Q70. Your comments.

Q26. **Stakeholder relationships**

Q27. 9. Principle 3: Do you support the proposed amendments to Principle 3 (acting lawfully, ethically and responsibly), to include references to an entity's stakeholders?

- Yes
- Yes in principle, but...
- No
- No comment

Q59. Your comments.

In the proposed amendments, the reference to an entity's stakeholders signifies a vital shift in focus from short-term returns to the longevity of a company's operations. While the Principle upholds shareholder value as the ultimate priority, it also recognises that stakeholders play a critical role in determining that value. In recent years, boards have increasingly recognised the importance of different stakeholder groups — with the majority seeing customers and clients as their most significant stakeholders, followed by employees (AICD-KPMG, 2019). Shareholder value as an end goal has become dependent on how an entity manages relationships, expectations, and communications with its key stakeholders. Without a meaningful statement of purpose — the reason a company exists — boards lack the clarity needed to define 'acting responsibly' within the organisation and in dealings with external stakeholders. This can translate to inconsistent application of principles, and a risk for the company's reputation with stakeholders. To deliver effective governance that protects its long-term value, an entity needs a clear definition of both its purpose and values to define its stakeholders and what it means to act responsibly. Certified B Corporations, or B Corps, demonstrate this in practice with an amendment to their constitution. They include a purpose statement, which articulates the purpose of the Company as 'to deliver returns to shareholders whilst having an overall positive impact on society and the environment.' This, combined with a stakeholder clause that allows directors to consider stakeholders when discharging their duties, gives directors the clarity needed to make complex decisions where the interests of shareholders in the short term may be in conflict with the long-term sustainable value of the company.

Q28. 10. Recommendation 3.3: Does this new Recommendation appropriately balance the interests of security holders, other key stakeholders, and the listed entity?

“A listed entity should have regard to the interests of the entity's key stakeholders, including having processes for the entity to engage with them and to report material issues to the board.”

- Yes
- Yes in principle, but...
- No
- No comment

Q60. Your comments.

The Recommendation leaves flexibility for entities to determine who their stakeholders are and how to engage with them, but places the onus on the entity to provide adequate information to the board to conduct proper governance. The active pursuit and consideration of stakeholder perspectives is not about balancing interests; this practice is a driver of good business outcomes, and thus in the interests of shareholders. At B Lab, we have seen this in practice with our community of Certified B Corporations, or B Corps. These companies have been at the forefront of considering stakeholder interests in their governance practices for nearly two decades. Over the years, they have demonstrated both greater resilience and growth during periods of economic downturn, as well as the creation of long-term value. This was most recently summarised in B Lab's Insights Series on Financial Performance and Resilience of B Corps (<https://lnkd.in/ewq4nDKK>). Our network of B Corps demonstrates both the possibility and efficacy of stakeholder governance across the globe. They can not only survive, but also thrive, in challenging economic periods while continuing to consider the interests of stakeholders in their decision-making. With this community of practice, we confidently support a shift towards more holistic governance practices that encourage entities and their boards to consider the interests of all stakeholders. We would welcome a broader position in the Recommendations regarding the stakeholders that should be considered, to include not just shareholders, employees, suppliers and customers, but also the community, society and the environment, with the board to determine the weighting of various stakeholder interests. We would suggest this position aligns with contemporary commentary regarding the content of directors' duties in Australia.

Q29. **Periodic corporate reports and assurance**

Q30. **11. Recommendation 4.2: Do you support the proposed disclosure of processes for verification of all periodic corporate reports (including the extent to which a report has been the subject of assurance by an external assurance practitioner)?**

- Yes
- Yes in principle, but...
- No
- No comment

Q61. Your comments.

Q31. **12. Recommendation 4.3: Do you support the proposed disclosure of an entity's auditor tenure, when the engagement was last comprehensively reviewed and the outcomes from that review?**

- Yes
- Yes in principle, but...
- No
- No comment

Q62. Your comments.

Q32. **Management of risk**

Q35. **13. Recommendation 7.4: The Council is seeking to enhance the quality of existing reporting of material risks to an entity's business model and strategy, such as in the operating and financial review in its directors' report.**

Do you support the proposal that the entity identify and disclose its material risks, rather than identifying specific risks for all entities to disclose against?

- Yes

- Yes in principle, but...
- No
- No comment

Q64. Your comments.

Q36. **Remuneration**

Q37. 14. Recommendation 8.2: This proposed Recommendation reflects and simplifies existing commentary in the 4th Edition.

Do you support this proposed Recommendation that non-executive directors not receive performance-based remuneration or retirement benefits?

- Yes
- Yes in principle, but...
- No
- No comment

Q65. Your comments.

Q40. 15. Recommendation 8.3: Do you support the following proposed clawback Recommendations?

	Yes	Yes in principle, but	No	No comment
a. Recommendation 8.3(a): remuneration structures which can clawback or otherwise limit remuneration outcomes for senior executive performance-based remuneration?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
b. Recommendation 8.3(b): disclosure of the use of those provisions (on a de-identified basis) during the reporting period?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Q66. Your comments.

Q41. Additional Recommendations that apply only in certain cases

Q42. 16. Do you support the inclusion of the following new Recommendations for entities established outside Australia, on the basis that these Recommendations generally reflect expectations under Australian law?

	Yes	Yes in principle, but...	No	No comment
a. Recommendation 9.3 (CEO and CFO declaration for financial statements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
b. Recommendation 9.4 (substantive security holder resolutions on a poll)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
c. Recommendation 9.5 (offering electronic communications to security holders)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
d. Recommendation 9.7 (policy on hedging of equity-based remuneration)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Q71. Your comments.

Q43. Externally managed entities

Q44. 17. Should any new or amended Recommendations in the *Consultation Draft* apply differently to externally managed entities, compared to the manner proposed in *The application of the Recommendations to externally managed listed entities*?

- Yes
- Yes in principle, but...
- No
- No comment

Q68. Your comments.

Q45. **Effective Date**

Q46. **18. Do you support an effective date for the Fifth Edition of the first reporting period commencing on or after 1 July 2025?**

- Yes
- Yes in principle, but...
- No
- No comment

Q69. Your comments.

Q46. **Other comments**

19. Do you wish to provide any other comments on the content of the Consultation Draft, including any other changes you would propose? (**Approx. 1,000 word limit**)

Location Data

Source: GeoIP Estimation

