29 July 2026

Gavin Skene
Acting Group Executive, Listings
ASX Limited
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Sydney NSW 2000

Submitted online
ListingsPolicy@asx.com.au

Dear Gavin,

Shareholder approval of dilutive acquisitions and changes in admission status

About ACSI

ACSI was established in 2001 to provide a strong voice on financially material environmental, social and governance (ESG) issues. Our members include Australian and international asset owners and institutional investors with more than $1 trillion in funds under management.

Through our research, engagement, advocacy and voting recommendations, ACSI supports members in exercising active ownership, which enhances the long-term value of the retirement savings entrusted to them to manage. ACSI members can achieve value for their beneficiaries through genuine and permanent improvements to the ESG practices of the companies in which they invest.

ACSI's engagement program focuses on ASX300 companies, and our submission is informed by our experience monitoring and engaging with this cohort.

Summary of ACSI's position

ACSI welcomes ASX's response to its public consultation on shareholder approval of dilutive acquisitions and changes in admission status, and the release of its exposure draft of ASX Listing Rule amendments.

ASX's proposals appropriately recognise investor concerns. Implementing the proposed amendments would meaningfully address the shareholder rights issues highlighted throughout 2025 by James Hardie's acquisition of Azek.

In our submission to the public consultation, ACSI supported the introduction of shareholder approval requirements for a change of admission category to ASX Foreign Exempt Listing and for the voluntary delisting of a dual listed entity (section 4). We also supported the provision of enhanced rights for shareholders to approve of share issues supporting takeovers and mergers.

ACSI therefore supports the proposed changes to the Listing Rules, on the basis that they will act to prevent situations that can lead to a material erosion of shareholder value. ASX should implement the proposed rules as soon as practicable, and ACSI supports the proposed implementation date of 21 October 2026.

Our further comments are set out below.

The importance of strong corporate governance and shareholder rights

Evidence has made it plain that better and shareholder-focused governance practices can positively affect financial performance.[1]

This, in turn, supports long-term financial outcomes for superannuation fund members, which is why ACSI engages with ASX-listed companies to promote sound governance and risk management practices.

Good governance can also facilitate company access to capital markets, supporting innovation and corporate investment. The OECD notes that good corporate governance can '*help companies improve access to finance, particularly from capital markets. By doing so, they promote investment, innovation, and productivity growth and foster economic dynamism more broadly*".[2]

We welcome the proposed amendments to the ASX Listing Rules and note that companies and their directors also have a clear role in promoting good governance and appropriate shareholder protections.

Shareholder approval for change of admission category to ASX Foreign Exempt Listing

Good arguments can be made for requiring a special resolution to change to a Foreign Exempt Listing, as there can be significant impacts on corporate governance expectations and shareholder rights. Nonetheless, ACSI supports the proposed change to require shareholder approval by ordinary resolution, as it is an improvement on the existing Listing Rules.

We note the ASX says it will retain a "narrow exemption for qualifying NZ listed entities that reflects long-standing regulatory alignment and supervisory cooperation between Australia and New Zealand, and recognises that the NZX Listing Rules are materially equivalent to the ASX Listing Rules."

While we recognise the supervisory cooperation between Australia and New Zealand, significant differences between the regulatory regimes can result in different experiences for an investor, and arguably the regulatory environment is not materially equivalent. There are no 'two strikes' or 'say on pay' rules in New Zealand. Under the NZX Listing Rules, a listed company is not required to propose directors for election in a given year, which significantly reduces accountability. Further, the NZX is consulting on allowing dual class share structures, which are not permitted by the ASX Listing Rules.

We recommend the ASX reconsider whether the NZX Listing Rules are in fact 'materially equivalent' to that of the ASX.

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[1] For an overview of international evidence supporting the link between corporate governance and company performance, see Railpen (2025), [Governance for Growth Investor Campaign]

[2] See: [OECD Corporate Governance]

Bidder shareholder approval of share issues for takeovers and mergers – exceptions from Listing Rule 7.1

We support the proposed 25 % threshold. While there are good arguments for eliminating exceptions 6 and 7 entirely, we support the 25% limit as a significant improvement on the current position. We also recognise and welcome the action by some companies that have already moved to enshrine the 25 % limit in their constitution.

Where a company wishes to set out a limit higher than 25%, there should be specific shareholder consideration and vote. Therefore, companies seeking initial public offering should not have a higher limit of 25% set out in their Constitution. If they wish to set out a higher limit, this should be the subject of a resolution at a subsequent general meeting.

Consistent with our usual approach, we will consider each proposal for a standing shareholder mandate on its merits. Given the potential for significant shareholder value erosion, it is likely that ACSI would approach a company proposal to increase the 25% cap with caution, particularly where authority is sought by way of company constitution.

I trust our comments are of assistance. Please contact me or Kate Griffiths, Executive Manager – Policy and Research (kgriffiths@acsi.org.au), should you require any further information.

Louise Davidson AM
Chief Executive Officer
Australian Council of Superannuation Investors