



**Stockbrokers and Investment
Advisers Association**

Building prosperity for Australian investors

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Email: ListingsPolicy@asx.com.au

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Dear Dr Lowe

ASX Corporate Governance Principles and Recommendations: Draft Fifth Edition Consultation Paper

The Stockbrokers and Investment Advisers Association (SIAA) is the professional body for the stockbroking and investment advice industry. Our members are Market Participants and wealth management firms that provide securities and investment advice, execution services and equity capital-raising for Australian investors, both retail and wholesale, and for businesses. Practitioner Members are suitably qualified professionals who are employed in the securities and derivatives industry.

SIAA members represent the full range of advice providers from full-service and online brokers to execution-only participants and provide wealth advice and portfolio management services.

The history of the stockbroking profession in Australia can be found [here](#).

SIAA was a member of the ASX Corporate Governance Council since its inception. Thank you for the opportunity to provide feedback to the consultation on the draft Fifth edition of the ASX Corporate Governance Principles and Recommendations.

Executive summary

- The 'if not, why not' approach should operate as a disclosure and accountability mechanism, not as de facto regulation or a binary compliance test. We recommend that ASX continues to periodically review the Principles as legislation develops so that duplication with other regulatory disclosure and reporting obligations does not re-emerge.
- Replacing the prescribed board skills matrix with a requirement to determine and disclose the board's required mix of skills, knowledge and experience is strongly supported.

- The broader treatment of board diversity is supported. For S&P/ASX 300 boards, the measurable gender objective should be 40 per cent of women and of men, while appointments remain merit-based.
- The revised independence approach is a step in the right direction. Share ownership, including a substantial or founder interest, should not be treated as inherently inconsistent with independent judgement.
- The modernised approaches to culture, risk, reporting and remuneration are supported, including removal of regulatory duplication and appropriately flexible remuneration adjustment mechanisms.
- Implementation should be staggered. Larger entities should commence first, with smaller entities commencing six months later, so they can learn from early practice and obtain access to advisers at lower cost.
- Detailed governance material should ordinarily sit on an entity's website, with the annual report providing a concise summary and focusing on the business, financial performance, operating environment and outlook.

We provide our feedback to the specific consultation questions below.

Reinforcing the 'if not, why not' approach

Question 1: Do you support the proposed ways to reinforce the 'if not, why not' approach?

SIAA strongly supports the proposed measures to reinforce the 'if not, why not' approach to the Recommendations. We consider this to be the most important issue in the consultation.

In practice, the framework has too often been treated as if it were a mandatory compliance regime. References to whether an entity 'complies' with a recommendation can obscure the central feature of the model - that it is a recommendation and not law, and an entity may legitimately adopt another practice. This problem is particularly acute for emerging and smaller companies, which may face pressure from investors, proxy advisers and other market participants to conform even where a recommendation is not relevant, proportionate or beneficial.

An entity that has genuinely considered a recommendation should be free to explain that it cannot or will not adopt it because the practice would not benefit the entity or its stakeholders. The quality of that explanation—not formal conformity—should be the focus. Boards should explain the alternative practice adopted, how it addresses the underlying Principle and why it is appropriate having regard to the entity's size, stage, ownership structure, industry and circumstances.

ASX could strengthen this approach by avoiding the language of 'compliance' in its guidance and communications.

Overlap with regulatory disclosure and reporting obligations

Question 2: Are there other recommendations that have a substantial overlap with other regulatory and reporting obligations that could be removed or moved?

We support the proposed removal or relocation of recommendations that substantially duplicate Australian law or regulatory requirements. We have not identified any additional recommendations

that should be removed or moved on this basis. We **recommend** that ASX continues to periodically review the Principles as legislation develops so that duplication does not re-emerge.

Recommendation 2.2—board skills, knowledge and experience

Question 3: 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?

SIAA strongly supports replacing the recommendation to disclose a board skills matrix with a recommendation that the board determine and disclose the mix of skills, knowledge and experience it needs.

A prescribed matrix can become a box-ticking exercise and may produce disclosures that appear precise but provide limited insight. It can also undervalue directors who are developing their experience, bring transferable capabilities or do not fit conventional categories. The proposed approach appropriately focuses on the substantive governance task: identifying the capabilities the board needs for the entity's strategy and circumstances, assessing the board collectively and explaining the outcome to investors. A matrix may remain a useful tool, but it should not be treated as the only valid method.

Recommendation 2.3—diversity

Question 4: Do you support maintaining the existing target for gender diversity on boards of S&P/ASX 300 entities?

We support a measurable objective expressed as not less than a specified proportion of women and of men on S&P/ASX 300 boards.

ASX has noted that women already comprise approximately 38 percent of directors on those boards. A 30 percent objective therefore sits below current aggregate representation and is unlikely to drive further progress. It would be disappointing if the percentage of female directors went backwards. This is why a 40 percent objective would be ambitious but achievable and better reflect the progress already made.

SIAA's 2026 Insight report, *[Invested in what comes next](#)*, reinforces the case for a more ambitious objective. It notes that approximately 65 per cent of Australia's projected \$5 trillion wealth transfer is expected to pass into women's hands by 2034, while women comprise only around one in four investment advisers and representation falls sharply at senior levels. The report also cites research finding that companies in the top quartile for gender diversity are 25 percent more likely to outperform financially. Diversity is therefore not simply about representation: it supports talent pipelines, alignment with the people and markets an organisation serves, and long-term commercial advantage.

Effective boards benefit from diversity of thought, experience, background and perspective. While we support increasing the proposed proportion from 30 percent to 40 percent for boards of S&P/ASX 300 entities, it must remain subject to the 'if not, why not' framework, and appointments must remain directed to the person best suited to the company's needs. Addressing diversity through succession planning can support progress without displacing merit, skills or the entity's

circumstances. We consider that it is important to get the right person for the board – irrespective of their gender.

Recommendation 2.4—independence

Question 5: Do you support the revised approach to Recommendation 2.4 regarding independence?

We support the revised approach to independence and consider it a step in the right direction. In particular, the former five percent shareholding indicator was too low and risked treating economic alignment as a proxy for lack of independence.

A substantial shareholder may have a deeper and more enduring interest in the company's long-term success than a director formally classified as independent. A minority holding may also represent a significant proportion of an individual director's wealth and reinforce careful stewardship. Founder-led businesses demonstrate that substantial ownership can coexist with long-term thinking, robust judgement and conduct directed to the best interests of the company.

Share ownership should therefore be considered contextually, alongside relationships, tenure, incentives and the director's demonstrated capacity to exercise objective judgement. It should not, by itself, be determinative. Aligning the relevant indicator with the 10 per cent position-of-influence threshold is preferable to the former approach, provided the assessment remains qualitative and entity-specific.

Principle 3—culture

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

We support the proposed shift in emphasis to instilling and reinforcing a culture of acting lawfully, ethically and responsibly. A strong ethical framework and sound governance settings support durable performance, effective risk management and stakeholder confidence. Over the long term, the market is likely to reward those qualities.

The focus should remain on outcomes and board oversight rather than the existence of prescribed policies. Entities should have flexibility to identify the policies, behaviours and indicators most relevant to their operating environment, while explaining how the board monitors culture and responds to material concerns.

Principle 8—remuneration

Question 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?

We support the proposed changes to Principle 8, including the two new recommendations, and support the removal of duplication with the Corporations Act.

The principles are fair and align with market expectations. Mechanisms that permit performance-based remuneration outcomes to be adjusted downwards are appropriate, but the recommendation

should not be applied as a blanket rule producing automatic outcomes. Boards must retain discretion to respond proportionately to the circumstances.

Where possible, carefully designed vesting and malus provisions are generally preferable to reliance on clawback after payment or vesting. Ex ante adjustment is typically more practical to administer and can avoid recovery difficulties. Clawback may remain appropriate in serious cases, but the framework should allow entities to design mechanisms suited to their remuneration structures and risks. We also support disclosure of the entity's approach to non-executive director share ownership without mandating a minimum holding.

Additional areas of corporate governance

Question 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?

We do not propose any additional area for inclusion in the Fifth Edition. The priority should be to implement the revised framework, observe its operation and avoid adding prescription unless experience demonstrates a clear governance need.

Implementation timeframe and other obligations

Question 9: Are there any additional new reporting or compliance obligations that ASX should take into account when setting an implementation timeframe?

We consider that ASX should take account of the cumulative cost and time burden of new reporting and compliance obligations, particularly for smaller and emerging listed entities. A proportionate, staggered implementation would allow those entities additional time to understand the final Principles, adapt governance processes and learn from the disclosures of larger entities.

Cost and resource burden

Question 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.

We have not identified a single proposed recommendation that necessarily creates a significant burden if the framework is applied proportionately. However, implementation effort is material in aggregate and falls more heavily on smaller entities with lean management and governance teams.

We recommend that larger listed entities commence reporting against the Fifth Edition for financial years ending on or after 30 June in the first implementation year, with smaller listed entities commencing six months later. ASX could define the cohorts by reference to an established index or market-capitalisation threshold. This sequencing would allow smaller entities to benefit from the disclosures and implementation experience of larger entities and would help smooth demand for legal, governance and other advisers, improving access and reducing cost pressure. Early voluntary adoption should remain available.

Revised Appendix 4G

Question 11: Do you support the revised Appendix 4G?

We support a simplified Appendix 4G that is consistent with the revised Recommendations and operates as a clear navigation tool rather than a further layer of substantive reporting. It should help investors locate relevant disclosures without requiring entities to reproduce material already available in the corporate governance statement or on the entity's website.

Continuing with Appendix 4G and alternative reporting arrangements

Question 12: What do you see as the arguments for and against continuing with Appendix 4G and what alternative reporting arrangements would be useful?

There is value in retaining Appendix 4G as a consistent, searchable index across listed entities. Its principal benefit is comparability and ease of navigation. The risk is duplication and a further box-ticking exercise if the form requires detailed restatement of governance practices.

The preferable model is a concise Appendix 4G containing links to the entity's current corporate governance statement and relevant webpage disclosures. Detailed governance material should generally be maintained online, while the annual report should contain a proportionate summary. This would preserve accessibility while allowing the annual report to focus on management's discussion of the business, financial performance, operating environment, material risks and future prospects.

Access to disclosures underlying the Recommendations

Question 13: What is the best way for stakeholders to obtain easy access to the disclosures underlying the Recommendations?

Good governance is not demonstrated by the volume of governance disclosure. It is demonstrated by effective oversight, ethical conduct, informed decision-making and candid communication with investors about the business. Corporate governance statements have increasingly occupied a disproportionate place in annual reporting. Much of that detailed material can be published more effectively on an entity's website and summarised in the annual report.

The annual report should remain centred on what the business does, how it is operating, its financial position and performance, the environment in which it operates, its material risks and management's discussion of its future direction. This is core information for investors. Governance disclosure should support—not overtake—that account.

Each listed entity should maintain a clearly labelled corporate governance section on its website, accessible from the investor centre, containing its current corporate governance statement and the policies and process descriptions that it elects to disclose. Appendix 4G and the annual report should link directly to that central location.

The webpage should identify the reporting period, publication or review date and whether a document has been superseded. Entities should be able to update governance documents when appropriate without republishing the annual report. ASX could support consistency by publishing non-mandatory guidance on naming, dating, archiving and maintaining durable links.

Unintended consequences of changes to Listing Rules and Guidance Notes

Question 14: Are there any unintended consequences arising from the other changes to the Listing Rules and Guidance Notes covered in this consultation?

We have not identified any material unintended consequence. We support retiring guidance that is duplicative or superseded, provided the dedicated ASX webpage makes the current framework and practical explanatory resources easy to locate. Any replacement web guidance should remain clearly non-mandatory and should not recreate prescription outside the Principles and Recommendations.

General observations

Corporate governance will continue to evolve. A well-governed company is better placed to perform over the long term, but governance arrangements must be tailored to the company. Boards should have flexibility to determine what works, and investors should receive a meaningful explanation of those choices. The Fifth Edition will best serve the market if the 'if not, why not' approach is restored to its intended role and is not used as a 'baseball bat' to impose uniform practices.

Conclusion

We commend ASX and the Advisory Group on Corporate Governance for a practical and measured draft. We support the proposed Fifth Edition, subject to the implementation and guidance suggestions in this submission. In particular, ASX should continue to reinforce that recommendations are not law, explanations of alternative governance arrangements must be evaluated on their merits and the framework should operate proportionately across the diverse population of ASX-listed entities.

If you require additional information or wish to discuss this submission in greater detail, please do not hesitate to contact SIAA's policy manager, Michelle Huckel, using the contact details in the covering email.

Yours sincerely

A handwritten signature in dark ink, reading "Maria Lykouras". The signature is fluid and cursive, with the first name "Maria" and last name "Lykouras" clearly distinguishable.

Maria Lykouras
Chief Executive Officer