Norges Bank
Investment
Management

ASX Limited
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Date: 11.09.26

Attention: Gavin R. Skene, Acting Group Executive, Listings

Re: Consultation on the Draft 5th Edition of the ASX Corporate Governance Principles and Recommendations

We appreciate the opportunity to comment on the draft 5th edition of the ASX Corporate Governance Principles and Recommendations (the Principles).

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank and manages the Norwegian Government Pension Fund Global, a globally diversified fund of USD 2.29 trillion (AUD 3.33 trillion) invested across 67 countries at 30 June 2026. Our total exposure to Australia was USD 42.88 billion (AUD 62.43 billion), of which approximately USD 25.80 billion (AUD 37.56 billion) was invested in the shares of 292 Australian listed companies.

With around 70 percent of our holdings in listed equity, we depend on public markets that foster long-term value creation. The Principles have underpinned investor confidence in the Australian market for two decades and we support refining that framework rather than redesigning it.

We support the retention of the eight Principles and the ‘if not, why not’ approach, which allows boards to adopt arrangements suited to their circumstances while requiring them to account to investors for the choices they make; we have encouraged other markets to adopt this model. We also support drawing a clearer line between the Principles, the Recommendations and the Explanatory Material, which is of particular value because it conveys why a practice supports long-term value creation.

We support the removal of recommendations that duplicate Australian law. Companies are not asked to itemise their compliance with every law that applies to them, and other mechanisms exist to enforce the law where it is not observed. Our comments therefore concentrate on three proposals where investor-facing disclosure would be reduced without a corresponding reduction in duplication - the assessment of the board’s skills, knowledge and experience, the assessment of director independence, and the composition of the remuneration committee - and on the case for retaining Appendix 4G as a locator for investors.

Our comments, set out in the annex, are grounded in our Global Voting Guidelines and our published position papers, which state our expectations of boards and guide our voting decisions. We thank you for considering our perspective and are available to discuss these matters further.

Yours sincerely

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Annex – NBIM comments on the draft 5th edition of the Principles

Our comments are grouped by the Principles. We do not comment on Questions 6, 8, 9, 10 and 14.

1. The framework and other proposed changes

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 listed 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?

We support the proposed changes to reinforce the 'if not, why not' approach.

Removing the embedded 'if not' formulations

The removal of the embedded 'if not' formulations makes it easier for investors to identify which recommended practices an entity does not follow. Under the 4th edition, an entity that adopted alternative processes and disclosed them could be read as having complied with the recommendation. The draft removes that ambiguity. A recommended practice is either followed, or it is a departure that calls for an explanation. We support applying this consistently across Recommendations 2.1, 4.1, 7.1, 7.3 and 8.1.

Separating the Principles, Recommendations and Explanatory Material

We agree with the clearer separation of the three elements and the short statement explaining why each Principle is important.

One consequence to note

Material moved from a Recommendation into Explanatory Material is no longer reported against. Where that material supported a disclosure investors rely on, the effect is to reduce what is reported. We comment on this under Principle 2 below.

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.

We support the removal of recommendations that duplicate Australian law. Companies are not asked to itemise their compliance with every law that applies to them. Surveillance and enforcement where the law is not observed are matters for the relevant agency. We do not identify further recommendations for removal on this basis.

Streamlining by broadening

We concur with the proposal to broaden Recommendation 7.4 from material environmental or social risks to the entity's material risks generally. This is a form of streamlining. It requires an entity to apply its own assessment of what is material to it, rather than report against a fixed category of risk, and it allows the entity to satisfy the recommendation by reference to disclosures it has already made.

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2. Principle 2 – Structure the board to be effective

Question 3: Do you support the proposed changes to Recommendation 2.2 in relation to the board's collective skills, knowledge and experience? Is the board skills matrix a useful tool for entities and investors?

We consider the board skills matrix a useful tool, for entities and for investors. We do not support its removal from Recommendation 2.2.

Information investors need to assess the board

Information on board composition informs our assessment of how effectively a company's leadership is positioned to oversee strategy, manage risk and allocate capital. We use it in both our investment analysis and our voting. In our comment to the US Securities and Exchange Commission on reforming Regulation S-K, we said that this information is not costly to report and carries direct relevance to investors seeking to understand how their interests are represented at board level.[1] We consider the same reasoning applies to disclosure of the board's collective skills and experience.

A skills assessment underpins board renewal and the nomination process

We share the premise of Recommendation 2.2(a). The board should regularly assess whether it collectively has the right mix of competences and backgrounds.[2] Boards should also run a formal nomination process, including a rigorous and structured search, and explain to shareholders the relevance of a candidate's qualifications.[3] A board cannot identify gaps in its composition, or search against them, without assessing the skills its members hold. The skills matrix is the established means of making that assessment legible to shareholders, and of allowing them to determine whether the nomination process has been effective.

What the reportable disclosure no longer covers

Our concern is not with the assessment, which the draft retains, but with two elements the reportable disclosure no longer covers.

The first is attribution to individual directors. A majority of independent board members should have fundamental industry insight, and at least two independent members should have worked in the industry.[4] A collective assessment does not identify which directors contribute which expertise, and cannot be tested against an expectation framed as a proportion or a number of directors. At a company in a developed market, we will not support the re-election of the chair of the nomination committee if there is not at least one non-executive director who has worked in the industry.[5]

The second is what the board is seeking to achieve. Recommendation 2.2 in the 4th edition covered the mix of skills the board currently has or is looking to achieve. Under the draft, how the mix of skills is expected to evolve and how identified gaps will be addressed appears only in the Explanatory Material. Board renewal is where a nomination process is tested, and disclosure of identified gaps and

[1] NBIM comment to the US Securities and Exchange Commission on reforming Regulation S-K (13 April 2026)
[2] NBIM Position Paper on Board diversity
[3] NBIM Position Paper on Industry expertise on the board
[4] NBIM Position Paper on Industry expertise on the board
[5] NBIM Global Voting Guidelines, guideline 2 (Board composition), sub-section 2 (Industry expertise)

how the board intends to close them is what allows shareholders to assess whether renewal is being managed deliberately.

Our recommendation

The disclosure of board skills is not addressed by Australian law, so its removal does not reduce duplication. We recommend that Recommendation 2.2 retain a reportable disclosure of the skills and experience of individual directors and of the skills the board is seeking to achieve, whether through a skills matrix or another means the board considers appropriate.

Question 4: Do you support maintaining the existing target for gender diversity on boards of S&P/ASX300 entities?

We support maintaining the existing target for gender diversity on boards of S&P/ASX 300 entities.

The target corresponds to our own threshold

Boards should have an appropriate gender balance. Where either gender has less than 30 percent representation, the board should consider setting targets for gender diversity and report on progress.[6] Recommendation 2.3 gives effect to this through a measurable objective, a timeframe and disclosure of progress against it. The 30 percent reference point for each gender in Recommendation 2.3(c) corresponds to the threshold we apply. At a company in a developed market, we will not support the re-election of the chair of the nomination committee if the board does not include at least two members of each gender.[7]

Diversity in board succession planning

We support the disclosure in Recommendation 2.3(a) of how diversity in board composition is incorporated into board succession planning. Diversity contributes to the overall effectiveness of the board and is an indication of an effective nomination process.[8] Disclosure of how diversity informs succession allows shareholders to assess that process rather than only its outcome.

Diversity of competences and perspectives

We agree with the emphasis in the draft on diversity of skills, experience and background as an element of effective board composition. The board should be able to bring a broad range of perspectives and approaches to its decision-making, and should have an appropriate balance of competences and backgrounds. The objective is to avoid group thinking and to bring diversity of thought to board deliberations.[9]

This is also why we place weight on the disclosure of board skills addressed under Question 3. Where diversity of competences and perspectives is treated as central to board effectiveness, disclosure of the competences the board holds, and of those it is seeking, is what allows shareholders to assess whether that diversity has been achieved.

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[6] NBIM Position Paper on Board diversity
[7] NBIM Global Voting Guidelines, guideline 2 (Board composition), sub-section 3 (Diversity)
[8] NBIM Position Paper on Board diversity
[9] NBIM Position Paper on Board diversity

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

We support retaining the recommendation that a listed entity have a board with a majority of independent directors. A majority of shareholder-elected board members should be independent of management, dominant shareholders and business relationships, and at least a third of board members should be independent in majority-controlled companies.[10] We do not support two aspects of the revised approach.

The independence factors should remain in the recommendation

We recommend that the factors relevant to assessing independence be retained within Recommendation 2.4 as a non-exhaustive list, rather than moved into Explanatory Material.

We agree with ASX that the factors should not be determinative or limiting, and that an entity's assessment should extend to any interest, position or relationship that could affect a director's independence. Retaining them as a non-exhaustive list within the recommendation would meet that objective. Moving them out has a further consequence: they cease to be reported against.

Shareholders should be able to assess how the board avoids conflicts of interest. Companies should disclose which board members or candidates they consider to be independent, and how each of them was assessed against applicable criteria for independence.[11] Defining independence is a frequent source of contention between listed companies and shareholders, which is why the criteria matter as much as the conclusion.

The substantial holder threshold should not be raised

We recommend that the shareholding threshold in the independence factors remain at 5 percent.

ASX notes that the proposed change moves away from the Corporations Act definition of a substantial shareholder, being a lower 5 percent holding. The substantial (10%+) holder threshold is used in Chapter 10 to identify a person in a position of influence for the purposes of transactions requiring shareholder approval. That threshold governs whether a transaction must be put to a vote, and a higher bar is appropriate where the consequence is the cost and delay of convening a meeting. Assessing a director's independence serves a different purpose. It results in disclosure, leaving the judgement to shareholders at the election. The 5 percent threshold in the Corporations Act is the level at which a shareholding must be disclosed publicly, which is the closer analogue.

Board members should be independent of dominant shareholders.[12] Influence over a board can arise well below 10 percent.

3. Principle 8 – Remunerate fairly and responsibly

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?

[10] NBIM Position Paper on Board independence; Global Voting Guidelines, guideline 1 (Board independence), sub-section 1 (Independence of the board).
[11] NBIM Position Paper on Board independence
[12] NBIM Position Paper on Board independence

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We support the proposed changes to Principle 8, including the two new recommendations. We identify one unintended consequence in the composition of the remuneration committee.

Recommendation 8.1: remuneration committee composition should align with the audit committee

We recommend that Recommendation 8.1(b) require all members of the remuneration committee to be non-executive directors, in line with Recommendation 4.1(b) for the audit committee.

Board decisions particularly vulnerable to conflicts of interest should have additional safeguards, and management should not serve on the audit or remuneration committees.[13] Recommendation 4.1(b) requires all audit committee members to be non-executive directors. Recommendation 8.1(b) requires only that a majority of the remuneration committee and its chair be independent, and does not exclude executive directors from membership. We will not support the election of an executive director who is a member of the remuneration committee.[14] Listing Rule 12.8 already requires an entity in the S&P/ASX 300 Index to have a remuneration committee comprised solely of non-executive directors. Extending that composition to Recommendation 8.1 would remove an inconsistency between two committees where the case for independence is comparable.

Disclosure of attendance

We support the disclosure in Recommendation 8.1(c) of the number of meetings each committee member attended. The board should disclose individual attendance rates, and the board is accountable to shareholders for the time commitment of its members.[15]

Recommendation 8.2: downward adjustment of performance-based remuneration

We support the recommendation that a listed entity have the ability to adjust performance-based remuneration outcomes for senior executives downwards when appropriate.

Our preferred remuneration structure achieves this by design rather than by discretion. A substantial proportion of remuneration should be provided as shares that vest over five to ten years, without performance conditions.[16] Vesting over an extended period, rather than a shorter period subject to retrospective adjustment, aligns pay with outcomes as they emerge and reduces reliance on a downward adjustment mechanism being exercised after the fact.

Recommendation 8.3: alternative arrangements and equity structure

We support Recommendation 8.3(a), which provides that non-executive directors should be remunerated by way of only fixed fees, comprising cash and/or shares or units, together with superannuation contributions.

We support requiring an 'if not, why not' explanation where an entity remunerates its non-executive directors otherwise than by fixed fees, and the requirement in Recommendation 8.3(b) that entities

[13] NBIM Position Paper on Board independence.
[14] NBIM Global Voting Guidelines, guideline 1 (Board independence), sub-section 2 (Independence of main committees).
[15] NBIM Position Paper on Time commitment of board members; NBIM Global Voting Guidelines, guideline 2 (Board composition), sub-section 1 (Time commitment).
[16] NBIM Position Paper on CEO remuneration; comment to the US Securities and Exchange Commission on executive compensation disclosure requirements (25 July 2025) and on reforming Regulation S-K (13 April 2026).

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distinguish clearly between equity instruments that carry performance conditions and those that do not.

Where an entity remunerates its non-executive directors in equity, we would encourage the same structure we favour for CEO pay: shares that vest over an extended period, without performance conditions.[17] A simple, long-vesting grant is transparent, aligns a director's interests with those of shareholders over time, and avoids the complexity of tracking performance criteria through to vesting. We see no reason this reasoning would not extend equally well to non-executive directors.

Ownership of securities

We support the disclosure of an entity's approach to non-executive director ownership of securities. Whether to set a shareholding level is a matter for the board.

4. Corporate governance reporting

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

We support the revised Appendix 4G. It is materially shorter than the current version while retaining a field identifying where each recommendation's disclosure is located, and it allows an externally managed entity to indicate where a recommendation does not apply, as under the current form. The simplification does not come at the cost of the locator function.

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

Arguments for retaining the form

We recommend that ASX retain Appendix 4G. It serves two purposes: a key to help readers locate an entity's disclosures, and as noted by ASX, a verification tool for the entity to confirm its disclosures meet the requirements of Listing Rule 4.10.3. The concern that completing the form encourages a box-ticking approach attaches to the second purpose. The first is of direct value to investors, who rely on a standardised, consistently located reference point across the market. Removing the form would not remove that need; it would simply leave each entity to satisfy it differently, or not at all.

Question 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)?

We agree that policies and descriptions of processes can be disclosed on an entity's website rather than in the corporate governance statement itself, provided a key such as Appendix 4G continues to point investors to where they are found. We would also encourage ASX to consider making that key available in a structured, machine-readable form.

[17] NBIM Position Paper on CEO remuneration

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