AUSTRALIAN SHAREHOLDERS' ASSOCIATION

ASA VOTING AND ENGAGEMENT GUIDELINES FOR ASX 200 COMPANIES

Updated 10 May 2023 (Part B: Executive Remuneration revised July 2026)

Introduction

The voting and engagement guidelines of the Australian Shareholders' Association (ASA) have been developed as a basis for representing the interests and objectives of Australia's more than six million retail investors in the share market.

ASA is a member of the ASX Corporate Governance Council and generally agrees with its Principles and Recommendations. We expect listed companies to abide by the letter and spirit of the ASX Listing Rules, common law and statute, and in particular, the Corporations Law and associated legislation which underline the common principles of accountability, transparency, fairness and responsibility. We expect companies to engage fairly in all aspects of their operations.

ASA policies act as a tool for assessing the existence of effective corporate governance, where its absence may signal increased risks for all stakeholders, including employees, customers, debt holders and investors. ASA is focused on the performance and governance of S&P/ASX200 companies, but our policies may be interpreted for other listed companies and managed funds.

In terms of board governance, ASA is interested in the workload, remuneration, skills and performance of directors. In addition, ASA acknowledges the importance of engaging, retaining and rewarding effective management, which is entrusted with safeguarding and creating shareholder value. ASA expects that the risk-takers in a company (including debt and equity investors) are rewarded fairly, with a direct link between company performance and reward to shareholders. Where a company is unable to establish a direct link (through corporate profitability, share price and dividend performance, achieved in a socially responsible manner) and the reward to management and boards through remuneration, ASA will question the entity's corporate governance.

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PART A: GOVERNANCE AND TRANSPARENCY

1. Companies to observe good governance

Retail shareholders expect the companies in which they invest to operate in a fair manner with respect to all stakeholders, observing the spirit of legislation, rules, regulations and reflecting the impact of their mode of operation on the economy and community in which they operate.

2. Composition of boards

2.1 Majority of directors and chair to be independent

A majority of the board should be genuinely independent directors. Strict independence criteria includes issues such as tenure, associations and related party transactions. Where there is not a clear majority of independent directors, ASA may oppose the re-election of directors classified as "not independent". ASA is generally opposed to boards having more than one executive director. The chair should be an independent director. ASA does not support the appointment of an executive chair, but recognizes the practice occasionally occurs with founders or majority shareholders. A director should ideally serve on a board for at least one year before assuming the chair role and should not serve more than 10 years as chair, subject to exceptional circumstances. When a chair steps down, he/she should resign from the board completely so that the incoming chair has a clear run at any legacy issues.

2.2 CEO transition to non-executive role

A former CEO should not return to the board as a non-executive director, although where there has been exceptional performance this may be considered after a suitable "cooling off period" to allow the new CEO to settle in. A former executive who returns to the board will not be considered independent until after at least a three-year break. If they return to the board earlier than 3 years, they will not be classified as independent.

2.3 Board diversity

The board should be structured to produce a diversity of thought and avoid groupthink. Board composition should be representative of the population, its workforce, customers and region. They should avoid homogeneity of director's geography, ethnicity, age and industry. Boards should provide sufficient information to allow shareholders to assess diversity.[i] .At least 40% of the board should consist of female directors, and at least 40% male directors. Companies should disclose in each annual report the proportion of female employees, senior executives and directors and the steps they take to attain/maintain diversity within their ranks.

3. Reaching a voting recommendation on director elections

ASX-listed companies should provide appropriate information to shareholders to facilitate their decision making on director elections[1]. The website profiles of directors should include all relevant information such as professional background, qualifications, date of appointment to board, when last elected, city of residence, any committee positions, all other directorships held, past directorships of ASX listed companies and the size of any shareholding. When a director is up for election, these details should also be included in the formal notice of meeting.

3.01 Board skills matrix

Companies should disclose a meaningful board skills matrix which highlights the specific skills and competencies needed on the board, and how they align with the company's business and strategy.

1 ASX Corporate Governance Council Corporate Governance Principles and Recommendations 4th Ed. Recommendation 1.2(b) covers reporting to allow assessment of diversity

The matrix should disclose the directors' assessed skills and competencies and the detail of how this has been established for each director. Each director should bring a particular skillset to a board, but boards should also have more than one director with direct relevant industry experience. The board skills matrix can help the board and shareholders identify any gaps in its collective skills, as well as enhancing shareholder confidence in determining how to vote on director election and re-election.

3.02 Director performance elsewhere to impact election/re-election

Where a director is nominated for (re-)election, we will refer to the performance of their past and current portfolio of board seats when determining the voting intention. Two poorly performing companies or one company that has received a second strike on the remuneration report would lead to an "against" vote subject to the specific circumstances.

Where a chair or CEO of a company included in the S&P/ASX200 Index has been associated with a demonstrable failure to remedy poor performance over a sustained period, ASA will oppose the director's re-election at that company. Further ASA will oppose the chair and/or the CEO's election /re-election at any other un-related companies in the future.

3.03 Directors to speak to their nomination at AGM

Directors up for election should speak to their nomination at the AGM and be prepared to engage with shareholders leading up to the AGM. The chair should encourage director candidates to answer any relevant questions at the AGM.

3.04 Board evaluation

Companies should disclose the process for evaluating the performance of the board, its committees and individual directors, including the chair, and disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process. When a director unexpectedly resigns, the company should include the reasons in the ASX announcement.

3.05 Tenure limits

Companies should voluntarily adhere to tenure limits of no more than 12 years for independent directors and this should be formalised in board protocols and disclosed. Whilst ASA will not automatically vote against a long-serving director, we will not classify them as "independent" after 12 years of service and we will encourage companies to maintain a majority of independent directors.

3.06 Board size

Boards should be large enough to have the diversity and skills required to direct the company, and of a size that facilitates effective decision making.

3.07 Selection process

In the recruitment of new directors, the chair, along with the nomination committee, should be able to demonstrate a transparent and independent process for the selection and appointment of new independent directors. ASA discourages mechanisms by companies which serve to reduce the ability of external, non-board endorsed nominees from being elected to the board.

3.08 Workload of non-executive directors

ASA considers directors need to ensure they have sufficient time to carry out their roles especially at times of crisis whether that crisis is specific to a company or to the broader economy. For this reason, we limit our support to a director sitting on five separate and un-related listed company boards. A chair role is assessed as the equivalent of serving on two boards. Any director who chairs two public companies should, at most, serve only on one additional board. When assessing the workload of a director, government or not-for-profit positions will also be considered, as will private company ownership or management roles. For the purpose of assessing director workloads, ASA will

normally treat a paid role as a director of a government, semi-government or not-for-profit organisation as the equivalent of one directorship.

3.09 Outside directorships for executives

Executive directors of ASX200 companies should not serve on a S&P/ASX200 board that is unrelated to her or his executive role.

3.10 Directors transitioning to an executive role

ASA acknowledges there are times when a professional director is recruited into an executive role. If it is only in an acting capacity for a short period of time, multiple other directorships can be retained. If it is a permanent appointment, no more than one un-related non-executive directorship should be retained.

4. Board duty of care regarding risk management and communication to shareholders

The Corporations Act requires a listed entity include in the operating and financial review in its directors' report, a discussion of the main internal and external risks which could adversely affect the entity's prospects in future financial years. Boards should provide shareholders with an easily understandable explanation of their assessment of risk and the implications of any risks to the business.

4.1 Continuous disclosure

Companies should structure information releases required by law in plain English with adequate explanation of complex concepts, with a view to increasing the understanding of a greater number of shareholders.

4.2 Environmental, Social and Governance (ESG) risks

Companies should disclose meaningful information in relation to any ESG issues or risks facing their business and the processes in place to manage those issues/risks using a recognised standard such as Task Force on Climate-related Financial Disclosures or Global Reporting Initiative in the annual report or in a separate sustainability report. The level of disclosure ASA expects to see will depend on the company's specific circumstances, regulatory requirements, industry best practice and any relevant stakeholder behaviours or concerns.

5. Auditor rotation and performance

ASA believes good corporate governance mandates that audit firms should be changed periodically. There should be a competitive tender for the external audit every 10 years or sooner where audited accounts have been shown to be deficient, inaccurate and in breach of the accounting standards. The date of the most recent tender should be disclosed in the annual report.

6. NED remuneration, including board and committee fees

The fee cap for a company should be appropriate for the size, complexity, geographic spread, lifecycle and skill-requirements of a board. The level of current shareholder approved fee pool and any proposed or actual increases in individual director fees for the current year should be disclosed in the remuneration report, as should any proposed or actual increases in individual director fees for the current year. Where a company's market capitalisation has substantially decreased, ASA would expect that individual director fees are reduced accordingly.

7. Minimum shareholding requirement for KMP

ASA believes that companies should have a minimum shareholding for key management personnel and non-executive directors, to give alignment with shareholders through a meaningful equity investment in the company. Non-executive directors should not receive options or performance rights but can be paid board fees in the form of shares, preferably purchased on market, in lieu of cash. After three years on a board, a director should own or have invested at least one year's worth of base cash fees in the company's ordinary shares. Where they do not, and it appears they will not, ASA will vote open proxies "against" the director's re-election. There should be no equity ownership requirement for board candidates before they are elected as a director or appointed to fill a casual vacancy.

Executive Key Management Personnel should be encouraged to have a meaningful equity investment in the company as this promotes the alignment between executive and shareholder interests. As a guideline, the CEO should own or have invested a minimum of 100% of his or her fixed annual remuneration (including vested incentive awards but excluding any unvested awards) in the company's shares after five years of their appointment, with lower shareholding levels applying to the other executive KMP.

8. Board responsibility for political donations

ASA is opposed to cash donations and political contributions by companies out of shareholder funds. All listed companies should clearly disclose in their annual report any political expenditure, whether by cash donation, annual subscription or a fee for attending a political function. The company's policy on political contributions should also be available on the company's website with minimal delay.

9. "Say on Climate" resolutions

These resolutions have been proposed by a number of companies where climate risk has been identified as material. They are non-binding on the company but allow shareholders to voice concerns about whether a company's Climate Action Policy meets the expectations of shareholders. There is debate about whether the resolutions should be put to shareholders annually or tri-annually. ASA supports annual resolutions until such time as the sustainability standards and reporting reach maturity and change year on year is minimal. ASA Company Monitors will review disclosures to determine they appear clear, balanced and understandable, consistent over time and provided on a timely basis, as well as reliable, verifiable and objective. We will look for a just/fair transition, with corporate impacts on employees, communities and other stakeholders taken into account in the transition strategy and planning.

10. Changes to constitution

While most proposed changes to constitutions are non-controversial, we will vote against proposed changes where we see a potential lessening of shareholders' rights.

10.1 Virtual-only shareholder meetings

ASA will vote against a change to a company's constitution that enables the holding of virtual-only shareholder meetings. Our preferred format is a hybrid meeting.

10.2 Board size

We do not support a constitutional maximum number of directors, believing shareholders should have the flexibility to appoint an additional director without having to remove existing directors. We will not support resolutions seeking shareholder approval to enact a no-vacancy rule (where a company establishes a limit that is less than the maximum number of directors specified in the company constitution).

11. Importance of annual report to retail shareholders

Retail shareholders perceive the annual report to be a snapshot of the company that directors have agreed to be representative and audited to assert it is appropriately presented. The annual report should be written in plain English and laid out in a way which enhances retail shareholders understanding of the company and its financial data. As is required by law, shareholders should be able to select whether they receive the annual report and other shareholder communications by post or electronically. Shareholders should be given a written option, complete with a reply-paid envelope, to opt to receive the full annual report by mail.

The history of financial performance is a critical element of the annual report. Shareholders expect annual reports to include a table showing a 5-year history that will enable them to assess the financial performance, position, financing and investing policies of the company. This should be included in the first section of the annual report or be listed in the table of contents as a separate item, with a reference to the information required to be included in the remuneration report by s300A (1AA) and S300A (1AB) of the Corporations Act.

PART B: EXECUTIVE REMUNERATION

ASA Voting Guidelines for Remuneration – Revised 2026

Revised guidelines – updated July 2026. This Part B sets out ASA's revised remuneration voting guidelines and replaces the previous remuneration guidelines (updated May 2023).

Scope

This chapter applies to AGM resolutions concerning remuneration, including adoption of the remuneration report, executive director equity grants, non-executive director fee pool increases and termination benefits.

Overall Intent

A company's remuneration scheme should be transparent with a logical and reasonable relationship between rewards and financial performance, strategy implementation and corporate governance, including the entity's values and risk appetite. Outcomes should be consistent with shareholder experience.

The ASA remuneration guidelines are divided into "major" and "secondary" guidelines. This Part is numbered from sections 12 to 14.

12. Major Guidelines

The ASA considers the following guidelines to be major contributors to a satisfactory remuneration scheme. A failure against any major guideline will normally result in an **Against** vote on relevant remuneration resolutions unless there are documented and convincing mitigating circumstances.

12.1 No overpayment

The CEO remuneration and/or director fees must not be excessive in comparison to peer entities.

The basis for setting and changing the CEO remuneration and/or director fees should be clearly described and substantiated in the remuneration report so that shareholders can be confident that the package is appropriate to retain and motivate without overpaying.

Benchmarking and peer group comparison is important in establishing fair levels of remuneration.

Factors ASA consider include whether a company is global in nature and whether a self-selected peer group is an appropriate comparator. The company should state the reasons for selecting a particular peer group. For a custom peer group, the companies in the peer group should be disclosed in the Remuneration Report. The number of companies in the peer group should be sufficient to permit a realistic percentile assessment. The company should disclose the quartile rank of its remuneration within the selected peer group. Failure to meet the disclosure requirements of this paragraph is considered a secondary guideline failure.

Where ASA is not satisfied that a suitable peer group has been selected, the ASA may conduct its own independent assessment.

The quantum of remuneration should be consistent with the scale and complexity of the company's operation, and the level of skill and experience required of the CEO and/or Directors.

12.2 Pay–performance alignment

There is an alignment between a CEO's realised remuneration and shareholder value creation over time.

The results of the company both financially and culturally, will be compared with the remuneration

outcomes over at least three years. ASA prefers longer performance periods. Poor outcomes are expected to be reflected in the remuneration results, as are sustained good results. The remuneration outcomes should also align with the value created for shareholders over the period.

12.3 Prior issues resolved

Material remuneration concerns raised in prior years have been adequately addressed.

The ASA identifies and raises remuneration issues with monitored companies every year. Where several "secondary" issues (see guidelines below) have been raised and companies continue to fail to meet these guidelines without satisfactory justification, then a vote against the Remuneration Report is justified.

12.4 Face-value equity grants

Equity awards are allocated at face-value or current market price at the grant date.

ASA views the face-value methodology for valuing equity grants as clear, straightforward, and easy to understand for shareholders and executives. ASA opposes the use of the opaque fair-value methodology for valuing equity grants.

Valuation should utilise the volume weighted average share price (VWAP) methodology.

Please note that this guideline refers to the determination of the number of equity grants to executives, and not to the valuation of grants in the financial statements which must use fair-value for that different purpose.

12.5 No option-based incentive schemes

Remuneration incentives do not rely on options or option-like instruments.

Options are highly leveraged instruments that can provide exponential upside that ordinary shareholders, in most instances, do not share. They are considered more appropriate for early-stage companies, where option schemes can be useful in preserving cash, provided that the exercise price is appropriately set and that the executive is required to pay a "stretch" strike price on exercise. Exceptions can be made in these circumstances, provided the company can satisfactorily justify their use.

13. Secondary Guidelines

In addition to the major guidelines, a satisfactory remuneration scheme should comply with the following "secondary" guidelines.

Failure against a secondary guideline will not automatically determine the vote. However, several unjustified or repeated secondary issues may result in an **Against** vote, particularly where they indicate poor transparency, excessive reward, weak performance alignment or inadequate accountability.

13.1 Short Term Incentive (STI) assessment

The majority of STI metrics are financial and objectively measurable with disclosed targets.

In some cases, targets may be genuinely commercially sensitive. In those cases, the targets need not be disclosed at the outset of the scheme but must be disclosed when the STI outcome is reported.

Non-financial metrics should be stated in quantifiable terms or in the achievement of defined milestones.

Each STI metric is weighted, and the weighting is disclosed.

STI targets are appropriately challenging.

Companies should describe how targets have been set to demonstrate that they are sufficiently challenging. This should include reference to past performance/outcomes.

ASA prefers that STI payments above target only be made if a specific financial gateway is met.

At least 50% of STI is paid in equity that cannot be transacted for at least 12 months.

13.2 Long Term Incentive (LTI) assessment

The LTI is an equity award and not cash.

The LTI has a minimum 3-year performance period.

However, ASA prefers longer performance periods to align with longer-term shareholder outcomes. This is especially the case for companies in capital intensive industries, those with long investment timeframes, or with stable long-term businesses. In these cases, ASA advocates for a minimum 4-year performance period.

The LTI uses at least two performance metrics (e.g. TSR/ROIC/ROE/EPS/FCF).

- Metrics should be appropriate for the company's industry sector.
- Financial metrics should make up the majority of the weighting of LTI performance measures.
- LTI metrics should be different to the STI metrics to reflect their longer-term nature.
- If relative TSR is a performance measure, the company should give justifiable reasons for selecting a particular TSR comparator group or index.
- The companies in a custom comparator group should be disclosed. The number of companies in the comparator group should be sufficient to permit a realistic and granular percentile assessment.

LTI targets are appropriately challenging.

Companies should describe how targets have been set to demonstrate that they are sufficiently challenging. This should include references to past performance/outcomes.

There is no retesting of performance hurdles, no retrospective changes to previous year hurdles, and there is protection against windfall gains.

13.3 Alignment and quantum

There is a clear and reasonable justification for any changes to remuneration.

In addition, any exercise of Board discretion should be clearly justified and consistent with shareholder experience.

The CEO and Key Management Personnel (KMP) have significant "skin-in-the-game".

Skin-in-the-game should be demonstrated by the Company having a material shareholding requirement or equity plan for KMP.

At least 60% of a CEO's total potential pay is genuinely at risk.

That is, the Fixed Remuneration amount (paid irrespective of performance) should be less than the maximum pay opportunity from the combined STI and LTI.

13.4 Recruitment and termination

Any sign-on bonuses are to be equity not cash and not excessive.

They may be based on foregone incentives from the previous employer, provided they are not excessive. The equity should vest equally over 3 to 5 years and be dependent on satisfactory performance in the role.

The state of the company and the quality of the executive appointment may be factors for consideration.

Clawback and malus provisions enforceable post-employment are in place.

14. Voting on remuneration resolutions

ASA company monitors will use the above guidelines to assess remuneration-related resolutions. Monitors may also take into consideration company-specific factors that are not expressly listed but are relevant to ASA's overall intent.

- ASA will normally vote **For** where the major guidelines are met and any secondary concerns are few and adequately explained.
- ASA will normally vote **Against** where a major guideline is not met and there are no satisfactory mitigating circumstances.
- ASA may also vote **Against** where several secondary guidelines are not met, particularly where concerns are repeated, material or unresolved.
- ASA may use **Undecided** only where evidence is incomplete and company engagement before or at the AGM may reasonably change the voting intention.

Where ASA's voting intent is contrary to the usual outcome under a major guideline, the monitor should document the guideline, the company's explanation, the mitigating circumstances and whether the issue should be reviewed again in the following year.

14.1 Remuneration-related resolutions

A resolution to approve the company's Remuneration Report is required to be put to every ASX-listed AGM. The guidelines above detail how ASA will determine its vote on this resolution.

There are other remuneration-related resolutions that can be put to the AGM. The intended voting on most of these flows logically from the guidelines assessment. Some of the most typical resolutions are referenced in the table below:

Resolution type	Relevant guidelines
CEO equity grant	Face-value allocation, LTI and STI criteria, vesting period, quantum and no options
Non-executive director fee pool increase	No overpayment, comparator group benchmarking, not excessive board size
Termination benefits	Quantum, pro-rata treatment and no reward for failure

14.2 Voting in relation to the "two strikes" regime and board spill

If the resolution on the adoption of the remuneration report receives more than 25% votes against, it is considered a "first strike" on remuneration. Should the company suffer a "second strike" at its next AGM, then a resolution to "spill" the board must be put to that meeting. If more than 50% of votes are in favour of a spill, it forces all non-executive directors (excluding the managing director) to vacate their offices and stand for fresh re-election at a subsequent extraordinary general meeting held within 90 days.

The ASA vote on such a spill resolution will take into account not only the board's accountability for remuneration, but also its governance practices, skills make up, and its performance more generally against ASA's Guidelines. ASA will also take into account the potential negative disruptive impacts of a spill on the company.

14.3 Sources of evidence for monitors

The following sources provide information that ASA uses to assess remuneration against ASA's guidelines:

- **Last year's ASA Voting Intentions Report and AGM Report:** These identify previous key issues, and the results of questions and voting at the last AGM.
- **Remuneration Report:** ASA's review includes incentive plan terms, CEO awarded and realised remuneration, STI and LTI scorecards and performance hurdles, vesting outcomes, peer group disclosure, board discretion, executive "skin-in-the-game" policy, malus and clawback disclosures.
- **Notice of Meeting (NoM):** The NoM lists all resolutions including the remuneration-related resolutions. The NoM will usually provide a summary of the CEO remuneration framework for the current financial year including the value of fixed remuneration, STI and LTI (noting that last year's NoM figures are those reported in the current Remuneration Report).
- **Peer companies' Remuneration Reports:** Where the company has a clear peer or peer group, the ASA may refer to the CEO remuneration and Director fees of the peer group to assess potential overpayment.

PART C: CAPITAL MANAGEMENT

15. Treating all shareholders equitably

When raising capital, devising dividend policy or considering other capital management issues such as buybacks, directors must always strive to treat shareholders as equitably as possible. This includes minority shareholders, retail investors, institutions, directors, executives, staff and foreign investors.

15.1 Renounceable pro-rata entitlement offers

ASA prefers renounceable pro-rata entitlement offers as this method treats all shareholders equally. It compensates non-participants and avoids any dilution for investors who choose to participate. ASA supports companies raising capital by way of a Pro-rata Accelerated Institutional, Tradeable Renounceable Entitlement Offer (PAITREO) structure. Market evidence has demonstrated reduced differential outcomes in the institutional and retail bookbuilds when retail investors are given the opportunity to trade their rights on the ASX. The reduced size of a retail bookbuild at the conclusion of an offer also delivers lower underwriting costs for issuers.

15.2 Non-renounceable entitlement offers

If an entitlement offer is non-renounceable, retail investors should be able to make unlimited applications for “overs” or “additional shares” to take up any lapsed entitlements from other retail investors. This facility minimises the dilution of retail shareholders as a class.

15.3 Selective placements

ASA is opposed to selective institutional placements as these do not respect the property rights of existing shareholders to retain their proportional stake in the company. The reason for any placement should be clearly explained to retail investors. The introduction of a new strategic cornerstone investor can be secured through a placement, but only if there is a compelling commercial argument and it doesn’t remove the ability of shareholders to receive a change of control premium in the future.

ASA will generally vote against resolutions put up by companies which seek to refresh the 15% placement capacity in any 12 month period, except where the resolution relates to securities issued as part of an executive incentive scheme supported by the ASA, a capital raising conducted in conjunction with a renounceable rights issue or PAITREO or included a Share Purchase Plan (SPP) on the same or better terms than the institutional offer with proportionately adequate allocation to the retail shareholders.

15.4 Share purchase plans (SPP)

Individual shareholders should be offered the maximum 12-month limit of $30,000 in a share purchase plan. Participation will always be stronger and applications will arrive earlier if the price is set at the lower of the placement price and an alternative price based on a discount to Volume Weighted Average Price (VWAP). If the size of the SPP is capped, its proportion of the capital raising should reflect the percentage of the register owned by retail investors to minimise dilution of retail investors. How the size of any cap is determined should be disclosed when the capital raising is announced.

15.5 Communicating with shareholders when raising capital

Many retail investors have other priorities ahead of managing their investments and may not act in their best interests when presented with an attractive in-the-money capital raising opportunity. Therefore, companies are encouraged to actively market such offers to small investors. A good example is the sending of a reminder email shortly before the offer closes. This can be flagged in the SPP booklet, so as not to disadvantage those shareholders who receive notifications via the post.

15.6 Disclosure of allocation and scale-back

When raising capital through an SPP or entitlement offer with "overs", the documentation should clearly outline any scale-back policy which will apply in the event of applications exceeding the new shares which are available. ASA requires a scale-back formula which reflects the size of a shareholder's existing holding, to minimise dilution to the individual retail investor's holdings. The date of holding used for the pro-rata allocation may be the entitlement date or the allocation date, but this must be clearly advised in the SPP or entitlement booklet. There is merit in allowing the smallest investors to lift their holding to the marketable parcel threshold of $500. When disclosing the outcome of such offers, boards should clearly explain the application of the scale-back formula including disclosures such as the number of shareholders who participated and the amounts allocated to "overs".

15.7 ASA response to unfair capital raising structures

Despite a better general outcome through the COVID-19 pandemic[ii], ASA remains concerned about ongoing unfair treatment of retail investors in capital raisings. When this occurs, ASA will consider opposing incumbent directors seeking re-election at the next AGM.

15.8 Disclosure of fees paid when raising capital

The required disclosures of agreements with investment banks or under-writers should be prominent and include the total dollar figure in costs, the percentage or fixed fees to be paid for each component of the capital raising and the total costs as a percentage of the funds raised. [iii]

15.9 Access to capital raisings

ASA supports initiatives which lift retail shareholders' access to high quality capital raisings and make the capital raising process fairer and more transparent such as direct retail participation in bookbuilds associated with capital raisings. Companies benefit from retail shareholdings which provide stability to the share register.

16. Dividends

Boards should have a clear, consistent and broadly communicated dividend policy. Where franking credits have been generated, ASA believes public companies should strive to distribute as many of these as possible to Australian resident shareholders within the constraints of the company's balance sheet and cash requirements for investment. Dividend Reinvestment Plans are appropriate when companies need to retain some earnings.

17. Managing un-marketable parcels

Companies are within their rights to manage down the size of their share register where there are large numbers of holders with unmarketable parcels. ASA accepts a default position requiring holders who wish to retain their parcels of shares worth less than $500 to opt-out of the sale. However, opting out should be as easy as possible, whether the shareholder has selected electronic or postal delivery of shareholder notices. Where the document is posted to holders, a reply-paid envelope should be included. Shareholders should have the flexibility to crystalise tax losses at a time of their choosing where unmarketable parcels have emerged through value destruction.

18. Opposition to selective buybacks

ASA believes that all shareholders should be treated equally. We are generally opposed to selective buybacks, which often are associated with a distribution of franking credits, unless there is a compelling commercial proposition.

[i] While independence and diversity are important, ultimately the commitment to making the best possible decisions, cohesion of the team, and relevant skills they contribute to strategic planning and risk management are the keys to success.

[ii] ASA highlights that retail investors experienced dilution of more than $10 billion worth of value associated with the capital raisings that took place after the global financial crisis. The primary causes were discounted institutional placements with no follow-up SPP, unfairly restricted SPPs, use of non-renounceable entitlement offers, separate bookbuilds to deal with institutional and retail shortfalls and poorly marketed retail offers and limits on the ability of shareholders to apply for additional shares in entitlement offers.

[iii] ASX listed companies have at times paid excessive fees when raising capital, often with poor and minimally required disclosure. Any agreements with investment banks or under-writers should be fully disclosed to the market at the time of the capital raising announcement whether by SPP, entitlement issue or selective placement.