

# ACSI's Governance Guidelines summary

Established in 2001, ACSI exists to provide a strong voice on financially material sustainability and corporate governance risks and opportunities. Our members include Australian and international asset owners and institutional investors with more than \$1.9 trillion in funds under management.

ACSI's *Governance Guidelines* ('*Guidelines*') outline our expectations on corporate governance issues. They articulate the issues that we focus on in company engagements and the factors taken into consideration when determining voting recommendations.

The *Guidelines* were recently revised, with the 12<sup>th</sup> edition launched in January 2026. The full *Guidelines* can be [found here](#). This summary is drawn from the updated *Guidelines* and encapsulates ACSI's core expectations.

## Background

Efficient and vibrant markets are essential to Australia's economic success, and good governance, transparency and investor protections are the foundations of confidence in listed markets. Governance is a competitive advantage underpinning investor confidence, market integrity, and sustainable economic performance.

ACSI's superannuation fund members have a duty to act in the best financial interest of the more than 11 million Australians whose retirement savings they steward. ACSI focuses on financially material issues in ASX listed companies, recognising that not all issues will be financially material for all companies. ACSI's [research paper on materiality](#) outlines some of the factors that may be material for companies, but it is for boards to assess which issues are material for the company and then monitor, report on and incentivise effective management of those issues.

The updated *Guidelines* reinforce the focus on financial materiality, core investor expectations and the importance of governance. They highlight ACSI's views in four key areas:

- board and director responsibilities;
- capital structure and shareholder rights;
- remuneration, and
- oversight of material sustainability risks and opportunities.

The *Guidelines* apply a principles-based approach which avoids prescriptive or 'check the box' standards.

A brief summary of the *Guidelines* appears below. We do, however, recommend reference to the full document for context, greater clarity and detail. The *Guidelines* remain the definitive source for our expectations.

## Board and director responsibilities

Strong corporate governance provides a solid foundation for strategic success, supporting a company's ability to manage a broad range of risks and opportunities. Accountability promotes ongoing effectiveness, encourages better performance and instils confidence and trust.

Directors are elected by shareholders to act in the best interests of the company. They play a critical role on behalf of shareholders, who are best served by well-constructed boards driving better decision making and long-term value creation.

ACSI encourages companies to adopt governance arrangements fit for their organisation and to explain their approach. ACSI encourages directors to be innovative, recognising that each company will necessarily differ on the details of their governance arrangements.

Boards should be comprised of individuals who can work together effectively to steer a profitable and sustainable company. In forming the board, consideration should be given to skills, independence and diversity, both individually and collectively.

## Capital structure and shareholder rights

Boards play a critical role in the oversight of mergers and acquisitions and major equity capital raisings. These transactions have the potential to inequitably transfer, dilute or destroy shareholder value. They may also increase the potential for conflicts of interest between shareholders and company executives or their advisers.

It is the board's responsibility to exercise independent judgement to ensure that major transactions are conducted in accordance with existing shareholders' interests and in the best long-term interests of the company.

## Remuneration

Remuneration is key to aligning management with company strategy and performance. Well-structured remuneration can support the long-term success of a company. Conversely, excessive pay, performance-related remuneration that is not genuinely at risk, persistently high bonus outcomes or a lack of alignment with shareholders can adversely affect a company's long-term performance and licence to operate.

Executive remuneration provides investors with an insight into the relationship between the board and executives, company culture and strategy. It should be designed to promote sustainable long-term performance and shareholder value creation.

## Oversight of material sustainability risks and opportunities

ACSI's view is that companies that effectively identify, manage and mitigate their environmental and social risks and opportunities are generally more successful over the long term. Board oversight is essential to ensuring the consideration of such risks and opportunities in the company's strategy and long-term ambitions.

Not all sustainability issues will be material for all companies. The *Guidelines* outline how some of the more common environmental and social issues can be financially material, alongside ACSI's expectations of how they are governed and disclosed. Ultimately, it is for each board to consider which issues are most material and explain the process and outcomes of that assessment, along with its approach to managing the issues.