



27 / 7 / 2018

Ms Mavis Tan
Senior Executive Officer
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000
(via email)

Dear ASX Corporate Governance Council,

Re: Review of the ASX Corporate Governance Council's Principles and Recommendations

I would like to thank the Council for the opportunity to comment on the 4th edition of the Principles and Recommendations.

Startup Boardroom provides a submission in relation to the proposed changes to recommendation 2.2: A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.

While recently established, our directors and collaborative partners have decades of executive search and board advisory experience and as such, we would like to concentrate on Board Matrix recommendations.

It has been specified that *“A board skills matrix should address the full range of skills that the board considers desirable in its membership. In this regard, boards are increasingly being called upon to address new or emerging issues including around culture, conduct risk, digital disruption, cyber-security, sustainability, and climate change. The board should regularly review its skills matrix to make sure it covers the skills needed to address existing and emerging business and governance issues.”*

We would like to open the diversity of perspectives to consider the mega trends in demographic patterns across the globe and to also explore a broader diversity mandate beyond gender, to include multicultural, interdisciplinary (with greater focus on technologies in particular) and intergenerational diversity to ensure a board has greater cognitive diversity to better serve its stakeholders and provide sustainable returns for its investors.

While 30% Club and AICD have done some work on gender diversity, and the results are improving, there is greater need for clarity on both broadening of the diversity mandate and for the interdisciplinary diversity of skills as outlined. For example, “culture, conduct risk, digital disruption etc”, we want these to be specific with the technology and digital disruption definition to be more clearly defined. We also want to state the case for greater emphasis on intergenerational and multicultural diversity to better serve our stakeholders and to instil deeper awareness that the ASX is operating in a global market, therefore we need to improve the representation of global mindsets.

In respect to the term “digital disruption”, we believe this needs closer attention. For example, the ABC produced a report that stated Artificial Intelligence is a \$2.3 trillion economic opportunity for Australia into 2030, yet according to one of Australia’s leading A.I companies who spoke at the World Economic Forum in 2018 (who wished to remain anonymous), less than 5% of ASX200 companies at the time, had an A.I strategy. The emergence of Blockchain Governance is another critical technology that requires closer scrutiny because according to various World Economic Forum reports, it is said to be one of the most significant shifts to our governance models of today.



With reference to multicultural diversity, we clearly have a diverse population according to ABS statistics, yet our boards are often underrepresented with lack of foreign representation.

The global demographic patterns require the need for intergenerational diversity. While we cannot underestimate the wisdom of experienced board directors with decades of governance stewardship, research conducted state the demographic shifts of which the following two mega trends are important to note:

1. Companies like Foundation for Young Australians and Deloitte have conducted ver7y similar research that states by 2020, millennials will be 50% of the global workforce and that figure increases to 75% by 2025. This is particularly important for boards are to consider conduct and culture risk, as well as their (millennial's) technology savviness for cyber risk, climate risk and their specific expertise in Blockchain and A.I that has stemmed from their university education and a natural affinity to new technology.
2. Research conducted by many global advertising agencies including WPP and the likes of pwc have stated that Gen-Z is the largest consumer group in the world.

In our view, reporting of disclosures like climate risk and cyber risk would be improved if there was greater understanding of the technical knowledge that might be better served by intergenerational diversity and with ASX listed companies under greater threat from disruption, increased multicultural representation can only lead to greater emphasis on global markets.

The fact remains that quotas have played their role in achieving greater gender diversity on our boards and while it may take some time to educate the next generation on governance principles and multicultural diversity requires cultural adoption, these changes are needed to ensure governance stewardship meets the demands of the markets and society.

We would welcome continued gender reporting and now recommend this to include interdisciplinary, multicultural, and intergenerational diversity so that ASX boards become better representative of employees, customers, investors, and communities in which they serve.

We would be happy to discuss these recommendations should you want to explore these comments further.

Yours respectfully,

A handwritten signature in blue ink, appearing to read 'Warwick Peel'.

Warwick Peel
CEO - Principal Advisor
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