

VINCIT QSV

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The Twelve-Year Question

Director tenure, independence and the board chair
in investor voting policy: evidence for ASX boards

An aggregate analysis of the published voting policies of 89 investors and proxy advisers whose policies apply to ASX-listed companies and address director independence.

ABSTRACT

Independence is assessed by the board but judged by the shareholders who vote, and the two do not apply the same test. The ASX Corporate Governance Principles leave the effect of long service to the board's judgement, and the consultation draft of the 5th edition, released in July 2026, does not repeat the one numeric reference point the 4th edition offered. We examine the published voting policies of 89 investors and proxy advisers that apply to ASX-listed companies and address director independence. Twenty-six (29%) state a period of board service after which a non-executive director is, or may be, no longer regarded as independent. The median and most common figure is twelve years and the range nine to twenty; by year twelve, 96% of these thresholds have been reached. Half apply the figure as a classification rather than a presumption the board can rebut, and three of the four proxy advisers with Australian policies set a figure. Sixty-three policies (71%) take a position on the independence of the board chair. Of these, 79% expect or prefer an independent chair or set a consequence or requirement where the chair is not independent, 11% accept either an independent chair or a lead independent director, and 10%, all international, leave the structure to the board. Where the chair is not independent, the requirement named most often is a lead independent director: 38% require or expect one and a further 17% treat one as a mitigating factor, while one policy regards it as no substitute for an independent chair. We draw out the implications for board renewal, independence disclosure and chair succession.

KEYWORDS director independence · board tenure · board chair · proxy voting · ASX Corporate Governance Principles · stewardship

KEY FINDINGS

Share of ASX-applicable policies

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- 29 %** of policies that address director independence state a tenure figure for it. The median figure is **twelve years**.
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- 96 %** of those thresholds have been reached by a director's twelfth year on the board; more than a third by the tenth.
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- 50 %** apply the figure as a classification that no explanation changes. The rest treat it as a presumption the board can rebut with disclosure.
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- 3 of 4** proxy advisers with Australian policies set a figure, spanning twelve to twenty years. Only 2 of 18 Australian investors set their own.
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- 79 %** of positions on the board chair support an independent chair. Where the chair is not independent, 38% require or expect a lead independent director.
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1 Introduction

Principle 2 of the ASX Corporate Governance Principles and Recommendations asks listed entities to structure the board to be effective, and independence sits at its centre. Under the 4th edition, a board discloses which directors it considers independent, explains any interest, position or relationship that might have compromised that independence, and discloses the length of service of each director (Recommendation 2.3). A majority of the board should be independent (Recommendation 2.4), and the chair should be an independent director who is not also the chief executive (Recommendation 2.5). Among the factors that may raise questions about a director's independence, Box 2.3 lists having been a director for such a period that independence from management and substantial holders may have been compromised. The commentary adds that length of service alone does not make a director too close to management, but that the board should regularly assess the question for any director who has served for more than ten years (ASX Corporate Governance Council, 2019).

The consultation draft of the 5th edition, released by ASX on 21 July 2026 with submissions due by 14 September 2026, retains the chair recommendation, the disclosure of each director's length of service, and the service-length factor itself. The factors move into explanatory materials that the board *may* consider, prescriptive look-back periods give way to "recent" relationships, and the ten-year reference does not appear (ASX, 2026a). If the draft is adopted in that form, the Principles will keep length of service as a factor for the board to weigh but will no longer offer any numeric reference point.

Investors do not rely on the Principles for a figure. The two figures that recur most often in investor policies, nine and twelve years, coincide with benchmarks set elsewhere: the UK Corporate Governance Code treats service of more than nine years from first appointment as a circumstance likely to impair independence (Financial Reporting Council, 2024), and the European Commission's recommendation on non-executive directors treats service of more than three terms, or more than twelve years where national terms of office are short, as a circumstance relevant to independence (European Commission, 2005). Because ASX boards are asked to disclose each director's length of service, any investor can apply its own figure to an Australian board directly. The practical question for a board is therefore not only whether a director is independent under the Principles, but whether the director is independent under the tests of those who hold the votes.

This paper asks four questions of the published policies that apply to ASX-listed companies. How many state a tenure figure for independence, and where does it fall? How is the figure applied? What do these policies expect of the board chair, and what do they do when the chair is not independent? And what role do they give a lead independent director?

Table 1. Tenure reference points in governance codes relevant to ASX boards

SOURCE	FIGURE	HOW IT OPERATES
UK Corporate Governance Code, Provision 10	9 years from first appointment	A circumstance likely to impair independence; a board that still considers the director independent should explain why
ASX Principles, 4th ed., commentary to Box 2.3	10 years	The board should regularly assess independence beyond this period; service alone does not remove independence
EC Recommendation 2005/162/EC, Annex II	3 terms, or 12 years where terms are short	One of the criteria member states are asked to adopt nationally when assessing the independence of non-executive and supervisory directors
ASX Principles, 5th ed. consultation draft	None stated	Length of service retained as a factor the board may consider

2 Data and method

Corpus. The analysis draws on the VINCIT QSV policy database: 8,610 positions extracted verbatim from the published voting and stewardship policies of 116 investors and proxy advisers, as held in September 2026. Each position records the policy holder, the market to which it applies, the verbatim text and the voting outcome it states.

Applicability to ASX companies. A position is included where it applies without market restriction, applies to Australia specifically, or applies to a regional grouping that includes Australia. Positions confined to other markets or to a single sector are excluded; where a policy states one figure for UK companies and another elsewhere, the figure that would apply to an ASX company is used. On this basis 104 policy holders have positions that apply to ASX companies, and 89 of them address director independence. These 89 are the population for every percentage in this paper: 20 are Australian (including two proxy advisers), 3 are Australian-specific policies of international firms, and 66 are international. A holder that adopts an adviser's voting guidelines by reference, without stating a position of its own, is not counted as taking that position; the adviser's own policy is counted in its own right.

Unit of analysis. The unit is the policy holder, with one threshold and one chair stance each. Figures are counts of policies and are not weighted by holdings; the weight of any position on a given register depends on that company's shareholders. No figure in this paper identifies an individual investor or adviser.

Tenure. A *tenure threshold* is a stated period of board service after which the policy treats a director as not, or possibly not, independent. It is recorded as a *classification* where the policy states that the director is not independent beyond the figure or lists it among its independence criteria, and as a *review* where the figure opens a review or presumption the board can rebut. A threshold stated in terms is converted where the policy gives the term length. A *tenure limit* caps service or tests board refreshment without classifying independence, and is reported separately.

The chair. A position is counted where it states an expectation or preference about the chair's independence; states a consequence or requirement where the chair is not independent, including where the chair is also the chief executive or an executive, since such a chair is not independent; or sets criteria that disqualify a chair. Statements that only prefer or support separating the roles of chair and chief executive, without addressing independence or stating a consequence, are reported separately and not counted. Each holder is assigned its strongest stated stance, and separately its position on a lead independent director where the chair is not independent. Past-tense reports of how a holder has voted, and statements that proposals will be decided case by case without a view on the question, are not positions and are not counted.

Completeness and verification. Candidate positions were identified with two independent methods over all 8,610 records: the platform's own mapping of records to the governance fields for tenure, independence, the chair and lead directors, and text searches for figures within thirty characters of the word year and of its equivalents in the other languages the corpus holds, for terms and mandates, for long-tenure language, and for chair positions that do not use the word independent. Every candidate was read verbatim; every classification was reviewed twice against the verbatim text, the second time independently of the first, with disputed readings settled against the source document; every figure in this paper was recomputed from the classified data; and each regulatory reference was checked against its source document.

3 Findings: tenure and independence

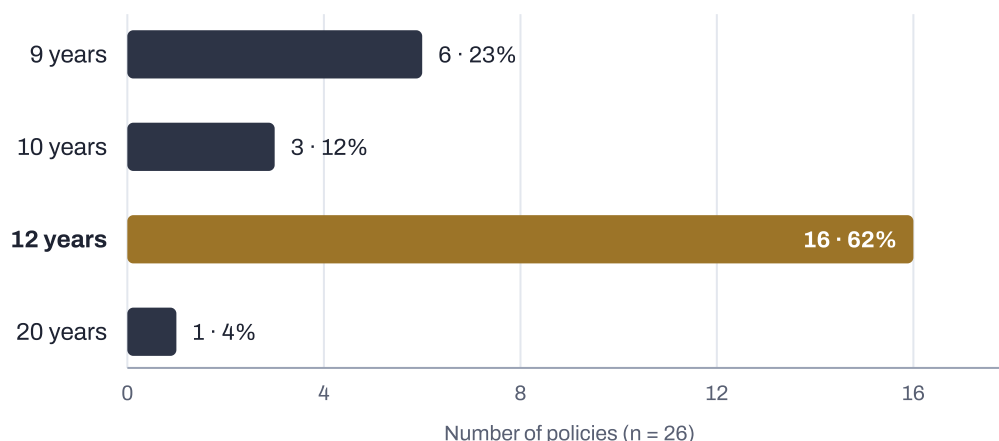
3.1 Prevalence

Twenty-six of the 89 policies (29%) state a tenure figure for independence. A further five cap service or test refreshment without classifying independence, so 31 (35%) take a tenure-based position of some kind. For the remaining two-thirds, long service is assessed, if at all, under general principles and the board's own explanation.

3.2 Where the line falls

The thresholds cluster tightly (Figure 1). Sixteen of the 26 (62%) set twelve years, six set nine, three set ten and one sets twenty. The median and most common figure is twelve years. Nine and twelve coincide with the UK and European reference points in Table 1, and ten with the 4th edition's review point. The same two figures dominate European codes, which set the point at which a director ceases to be independent at nine years in the United Kingdom and Greece, nine years within twelve in Italy, ten in Finland, and twelve in Belgium, France, Germany, Luxembourg and Poland (ecoDa, 2023). The typical threshold-setting policy therefore allows two years more than the point at which the 4th edition asks boards to begin assessing. One policy adds a second test, treating nine years' service alongside the same chief executive as bearing on independence.

Figure 1. Tenure figure stated for director independence

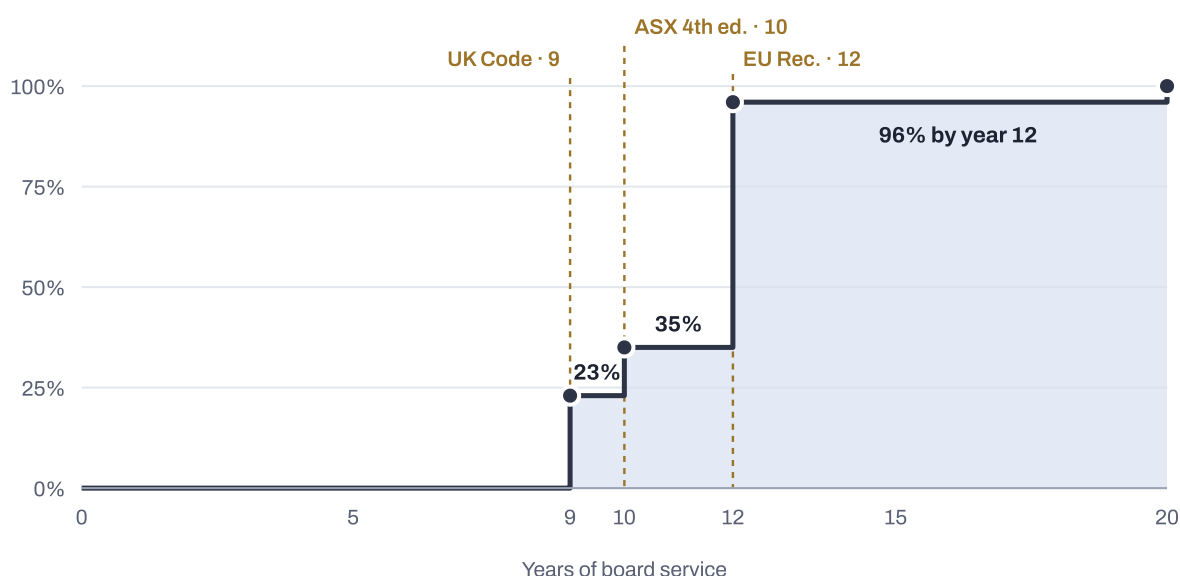


Source: VINCIT QSV policy database, September 2026. Policies that apply to ASX-listed companies and state a period of board service after which a director is, or may be, no longer independent. One policy that reviews at twelve years also applies an automatic cut-off at fifteen; it is counted at twelve. One policy states its threshold as more than three mandates of up to four years each; it is counted at the twelve-year maximum.

3.3 The independence curve

Read cumulatively, the thresholds describe how a director's standing changes with each year of service (Figure 2). At nine years a director is still regarded as independent under 77% of these policies. By ten years the figure is 65%. By twelve it is 4%. The two years between the 4th edition's review point and the European criterion are where investor classifications diverge most sharply, and a board that assesses independence only once a director reaches twelve years has already been overtaken by almost every policy that sets a number.

Figure 2. Share of threshold-setting policies under which a director is no longer, or may no longer be, independent



Source: VINCIT QSV policy database, September 2026; n = 26. Each step sits at the year stated in the policy. Reference lines mark the UK Corporate Governance Code (nine years), the review point in the commentary to the ASX Principles, 4th edition (ten years) and the twelve-year limb of the European Commission Recommendation 2005/162/EC.

3.4 Bright line or presumption

The same figure can carry very different consequences. Thirteen of the 26 policies (50%) apply their threshold as a classification: beyond the figure, the director is not independent, whatever the board explains. The other thirteen (50%) treat it as a review point or a presumption that the board can rebut, typically with a specific account of why the director's judgement remains unimpaired. One policy combines both, reviewing at twelve years and ceasing to classify the director as independent at fifteen. For half the policies that set a number, then, the quality of the board's disclosure decides the outcome; for the rest, no disclosure changes the label, and what matters is whether the board still has an independent majority once the label is applied.

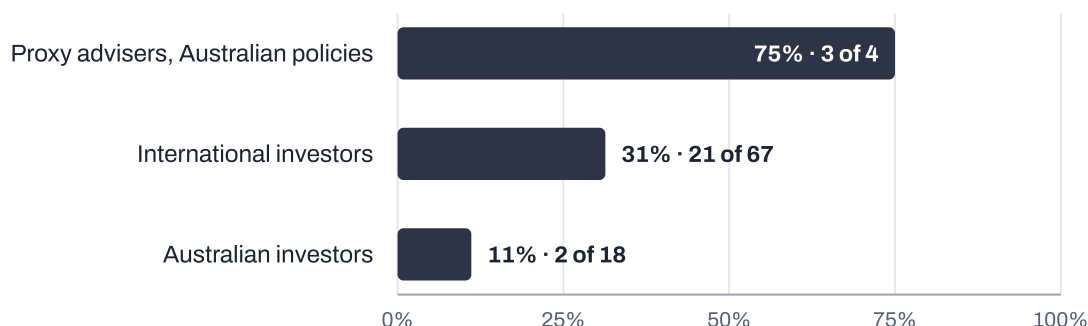
3.5 Who sets the number

Tenure figures are more common in proxy adviser policies written for Australia than in the policies of Australian investors (Figure 3). Three of the four advisers with Australian-specific policies state a figure, as do 31% of international investors; among the 18 Australian investors in the population, two do. The fourth adviser notes that many boards consider the question once a director has served ten years or more, but states no figure of its own and considers tenure in the light of board renewal. The three that set a figure do not agree with each other: their figures span twelve to twenty years, so the same director can be independent under one adviser's policy and not under another's for eight years of service.

Policies also show how some investors without a figure of their own draw on advisers. Fifteen policy holders whose policies apply to ASX companies do not address director independence at all and sit outside the population. Seven of them are Australian superannuation funds. Six of the seven name an adviser's governance guidelines or voting recommendations as an input to their ASX voting, two describing their votes as ordinarily or generally aligned with those recommendations, and all six retain the final decision; the seventh names the same adviser only in connection with engagement. That adviser is the one that states no tenure figure of its own. Five of the other eight holders adopt an adviser's voting guidelines or instruct it to vote under them. How far any adviser's figure decides votes in practice is a question for voting records.

Note on the adviser that states no figure. Its guidelines list length of tenure among the factors that may affect independence and observe that "many boards consider the impact on independence where a director has served a period of 10 years or more", while stating that the adviser itself "considers individual tenure in light of broader board renewal". The ten-year figure is therefore reported there as common board practice rather than adopted as that adviser's own threshold, and is not counted as a threshold in this paper.

Figure 3. Share of policies that state a tenure figure, by type of policy holder



Source: VINCIT QSV policy database, September 2026; n = 89. International investors include the Australian-specific policies of international managers and two international adviser policies that are not specific to Australia.

3.6 Beyond independence: caps and refreshment

Tenure also reaches the ballot without passing through independence. Six policies set a ceiling on an individual director's service that does not depend on how the director is classified; the median is fifteen years and the range twelve to twenty-five. Others test the board as a whole rather than the individual: more than a third of directors beyond twelve years, average tenure above nine or ten years, or no new non-executive director in five years. Where these board-level tests name a target, it is mainly the nomination committee, and in some cases the chair, rather than the long-serving director.

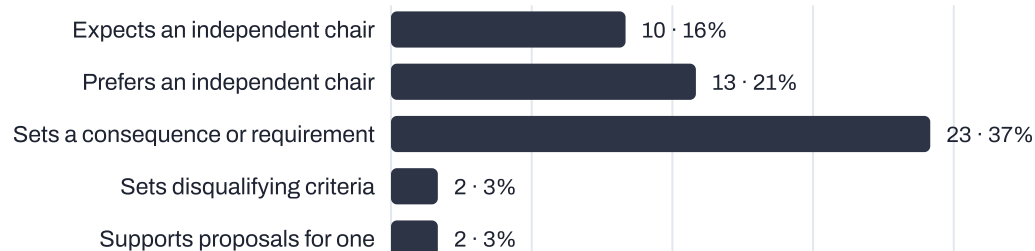
4 Findings: the board chair

4.1 Prevalence and stance

Sixty-three of the 89 policies (71%) take a position on the independence of the board chair (Figure 4). Fifty of them (79%) support an independent chair: ten expect one, thirteen prefer one, twenty-three set a consequence or requirement where the chair is not independent, including where the chair is also the chief executive, two set criteria that disqualify a chair, and two support shareholder proposals for an independent chair. Seven (11%) accept either an independent chair or a lead independent director as the source of independent leadership. Six (10%) leave the structure to the board; all six are international policies, and four of them express the position through their approach to shareholder proposals that would mandate an independent chair. A further three policies prefer separate chair and chief executive roles without addressing independence, and are not counted.

Figure 4. Stance on the independence of the board chair

SUPPORTS AN INDEPENDENT CHAIR · 50 (79%)



ACCEPTS EITHER · 7 (11%)



LEAVES IT TO THE BOARD · 6 (10%)



0 6 12 18 24
Number of policies (n = 63)

Source: VINCIT QSV policy database, September 2026. Each policy holder is counted once, at its strongest stated stance; percentages are of the 63 and are rounded. Positions that only prefer separate chair and chief executive roles are not counted; positions that set a consequence where the chair is also the chief executive are.

4.2 Where the vote lands

Thirty-nine policies state a consequence or requirement where the chair is not independent (Table 2). The requirement named most often is a lead independent director, which twenty-four require or expect. Fifteen oppose a chair who is also the chief executive or an executive, six vote against a non-independent chair, and eight direct the vote at the nomination or governance committee instead. Eight require an explanation, an alternative structure or a higher level of board independence. For a board whose chair is not independent, whether because the chair is a nominee of a major shareholder, a founder or a former executive, the director exposed at the meeting may be the chair or the chair of the nomination committee, depending on who holds the votes.

Table 2. Stated consequence or requirement where the board chair is not independent

CONSEQUENCE OR REQUIREMENT	POLICIES
Require or expect a lead independent director	24
Oppose a chair who is also the chief executive or an executive	15
Vote against the nomination or governance committee chair or members	8
Require an explanation, an alternative structure or higher board independence	8
Vote against a non-independent chair	6

n = 39 policies stating a consequence or requirement. Many state more than one, so the rows sum to more than 39.

4.3 The lead independent director

Asked what should happen where the chair is not independent, the policies answer most often with a lead independent director (Table 3). Twenty-four (38%) require or expect one, eleven (17%) treat one as a mitigating factor that weighs in the board's favour, and four treat one as equivalent to an independent chair; together, 39 of the 63 (62%) give the role a place. One policy says a lead independent director is not an adequate substitute for an independent chair. Two support appointing one without tying it to the chair's status, and twenty-one state no position. The 5th edition consultation draft recognises the same mechanism, naming an independent deputy chair or senior independent director as an alternative arrangement where the chair is not independent (ASX, 2026a).

Table 3. Position on a lead independent director where the chair is not independent

POSITION	POLICIES	SHARE
Requires or expects one	24	38%
Treats one as a mitigating factor	11	17%
Treats one as equivalent to an independent chair	4	6%
Not an adequate substitute for an independent chair	1	2%
Supports appointing one generally	2	3%
No position stated	21	33%

n = 63 policies with a position on the board chair. Each policy is counted once, at its strongest stated position.

4.4 Former executives in the chair

Thirteen policies address a former chief executive or recent executive becoming chair. Four treat it as incompatible with independence whatever the interval, two expect it not to happen or only after a material gap, four set a cooling-off period of two to five years, two accept it on conditions such as a majority-independent board or a lead independent director, and one raises a concern where an executive-chair title rewards past service.

4.5 Where tenure meets the chair

The two data points compound. Twenty-three of the 26 policies that set a tenure figure (88%) also support an independent chair. Where these policies specify how service is counted, the clock runs from first appointment to the board, not from appointment as chair, and the 4th edition's commentary itself observes that the chair will frequently be among the longer-serving directors. Most thresholds are stated for directors without distinguishing the chair; one policy says the nine-year rule is less relevant for the chair and looks instead to fifteen years, and another applies twenty years to an independent chair or lead director. Under ASX Listing Rule 14.4 a director may not hold office without re-election past the third annual general meeting after appointment or three years, whichever is longer, so a director who becomes chair after eight years on the board reaches the twelve-year figure within two re-election cycles. Where a policy applies its figure to every director, the chair can move from

independent to non-independent at that point without any change in conduct, and the consequences in Table 2 follow.

5 Implications for boards

Test independence against the register, not only the Principles. The classification that decides a vote is the one applied by the holders of that vote. A board can establish which tests its shareholders and their advisers apply, and weight them by the votes they carry.

Treat ten to twelve years as the decision window. More than a third of threshold-setting policies have been reached by ten years and nearly all by twelve. Renewal decisions and the independence assessment belong before a director enters that window, not at the meeting where the re-election is on the ballot.

Write the explanation for the policies that read it. For the 50% that apply a review, a specific account of the director's contribution, the evidence that judgement is unimpaired and the succession plan is what changes the outcome. Generic assurances do not.

Recalculate the independent majority under a twelve-year test. For the 50% that classify, no explanation changes the label. The exposure is the board's arithmetic: if reclassifying long-serving directors takes independence below a majority, votes against other directors can follow under policies that require a majority-independent board.

Run chair succession on the board-tenure clock. Where policies specify how service is counted, it runs from first appointment as a director, so a long-serving director appointed chair can reach a policy's threshold within the first terms as chair.

Where the chair is not independent, appoint and empower a lead independent director. It is the requirement the policies name most often, and the 5th edition draft recognises the role. Disclosing its powers matters, because several policies test whether the role is robust, and the nomination committee chair can also face the vote.

6 Limitations and further research

The analysis counts policies, not votes. A position held by an investor with a large stake in a given company matters more to that company than the same position held by one with none, and the balance of these tests on any individual register can differ materially from the aggregate. The population reflects the policies held in the VINCIT QSV database; it is weighted towards international managers and pension funds and includes 18 Australian investors. Policies state intentions: how they are applied is visible only in voting records, and linking observed votes on ASX director elections to director tenure is a natural next step. Classification involves judgement at the margins, for example between a requirement and a preference; each classification was made from the verbatim text and reviewed a second time. A small number of thresholds are expressed in terms rather than years and are converted

as the policy states. Policies are revised annually, and the figures describe the position in September 2026.

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ABOUT VINCIT QSV

VINCIT QSV maps the published voting policies of investors and proxy advisers against a company's own governance profile and share register, so a board can see how its shareholders are likely to vote on each resolution, and why, before the meeting.

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This paper is general information and is not legal, financial or voting advice. Figures are aggregate counts of published voting policies held in the VINCIT QSV database as at September 2026 and do not identify any investor or proxy adviser. Governance codes are summarised; readers should consult the source documents.