

FINANCIAL REVIEW

Opinion

What Anthropic's IPO can teach the ASX

Standing for something is easy until it costs money - and Anthropic's radical float experiment holds an urgent warning for corporate Australia.

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Anthropic's big experiment has a lesson for corporate Australia, and it starts with a familiar tension.

Everyone wants companies to stand for something, but how about when standing for something costs money?



Anthropic, the maker of Claude, is seeking to protect its purpose by placing important decisions in the hands of independent guardians. Getty

Anthropic has filed paperwork for its initial public offering, painting a picture of "steep losses and red-hot revenue growth".

A filing of this magnitude and impact puts corporate principles and structures in the spotlight: in particular, how should commercial opportunity and risk be balanced, and where does accountability sit?

For all the talk about corporate purpose, sustainability and social responsibility, there's surprisingly little clarity about what happens when those ambitions genuinely collide with profits.

Directors have considerable room to manoeuvre, but the boundaries are uncertain.

And investors are often left guessing just how much weight a board will give to its stated principles when the financial stakes are high.

That makes one of the less publicised features of the American AI company's prospective sharemarket flotation particularly interesting.

Anthropic has adopted an unusual corporate structure designed to protect its commitment to developing artificial intelligence for the benefit of humanity.

A special trust has substantial powers over the appointment and removal of directors, intended to ensure that commercial pressures don't overwhelm the company's broader mission.

It's an ingenious response to a genuine problem. But it also raises some uncomfortable questions. The trustees exercise considerable power over a company in which they have little economic stake.

Their arrangements are relatively opaque, and their accountability to either shareholders or the public whose interests they are supposed to protect is far from obvious.

Who decides whether they are making the right judgments? And who holds them accountable when they get those judgments wrong?

Anthropic is seeking to protect its purpose by placing important decisions in the hands of independent guardians. But independence and accountability are not the same thing.

This debate has a familiar ring in Australia. I've argued previously that our enthusiasm for independent directors has sometimes gone too far. Independence has obvious virtues, but so does having skin in the game.

Directors with a meaningful economic stake in a business have powerful incentives to care about the consequences of their decisions.

Neither quality is an end in itself. Good governance is about getting the balance right.

Australia's listed-company framework has traditionally placed considerable weight on keeping economic ownership and corporate control aligned. Unlike the United States, where companies such as Meta and News Corp have used different classes of shares to preserve outsized voting power, ASX rules generally require a single class of ordinary shares.

It's a model that has served us reasonably well, and one we shouldn't lightly abandon. But Anthropic's experiment also raises a bigger question: If we want companies to pursue objectives beyond profits, how should we make that happen?

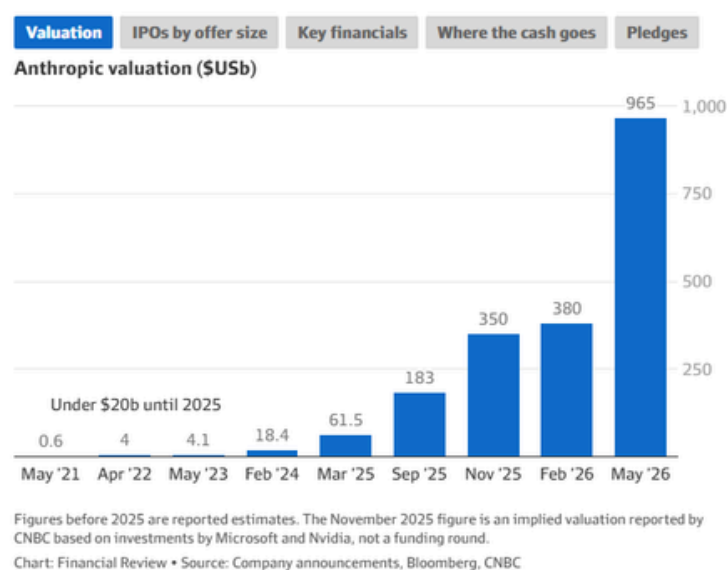
For years, businesses have been encouraged to think more broadly about their responsibilities to society. Much of that discussion has been relatively easy. Reducing emissions can save money.

Looking after employees can boost productivity. Investing in communities can build goodwill and strengthen a business over time.

But what happens when the arithmetic doesn't work?

Suppose a company could increase profits by closing branches in regional communities, but believes it has a responsibility to maintain essential services. Or a pharmaceutical company could earn substantially more by charging higher prices for an important medicine.

Should directors be free to choose the less profitable course? Australian law gives directors considerable flexibility. They aren't required to maximise short-term profits, and they can legitimately consider a wide range of longer-term interests.



But flexibility isn't the same as clarity. When companies profess commitments to broader social objectives, directors may be uncertain how far they can go in pursuing them at the expense of financial returns.

Investors, meanwhile, have no clear way of knowing whether a particular commitment is a genuine priority or simply an aspiration that will disappear when times get tough.

That uncertainty doesn't serve either group particularly well. There's a better approach worth considering, and it needn't involve importing Anthropic's unconventional governance structure.

Why not give listed companies a clearer, voluntary framework for adopting a specific public purpose alongside their commercial objectives?

Imagine an ASX-listed regional bank whose shareholders expressly agree that maintaining banking services in designated rural communities is part of its mission, even where some branches are uneconomic.

Or a healthcare company whose shareholders endorse making specified essential medicines available to disadvantaged communities at reduced margins.

These would remain commercial businesses. Their directors would still be expected to generate financial returns. But shareholders would have knowingly signed up to something more.

Our existing laws give companies considerable freedom to articulate their purposes. The opportunity is to make that choice clearer and its consequences more certain.

A company could adopt a reasonably specific purpose through a shareholder-approved constitutional change.

Altering that commitment would require another 75 per cent shareholder vote. Directors could be given greater legal certainty about pursuing the agreed purpose, including where doing so involves a financial cost.

And companies would report on what they had actually done, including the important trade-offs between purpose and profit. That would give directors clearer objectives and investors a more transparent proposition.

Who controls Anthropic after its IPO

Share class	Held by	Voting power	Economic rights
Class F	Seven co-founders*	50.1%, can elect 3 of 7 directors	No
Class T	Long-Term Benefit Trust	Elects 4 of 7 directors	No
Class A	Public and existing shareholders, incl co-founders	One vote per share	Yes
Class N	Mainly strategic business partners	None	Yes
Class E	Employees, ex co-founders	Limited matters only	No

*Held through jointly owned company
Source: [Anthropic S-1 prospectus](#)

Shareholders could decide whether the company's combination of financial and non-financial ambitions suited them, and judge the board against the commitments it had made. Australia's influential superannuation funds would be among those making that assessment.

Rather than relying on sometimes vague expectations of corporate responsibility, investors would have a more explicit basis for deciding where to put their money and how to exercise their voting rights.

Most importantly, none of this requires reinventing corporate governance.

The board would continue to run the company. Shareholders would continue to hold it accountable. We would be changing the objectives against which directors are judged, not creating another group of people to judge them.

Nor would it require every company to embrace a broader social mission. The point is choice.

Shareholders should be free to invest in businesses focused overwhelmingly on financial returns, or businesses that expressly commit to pursuing additional objectives.

Anthropic deserves credit for confronting the tension between profit and purpose rather than pretending it doesn't exist. But its solution risks replacing one governance problem with another.

Australia has an opportunity to take a simpler path: greater clarity about what companies are trying to achieve, greater transparency about the trade-offs, and accountability through the governance structures we already have.

We don't need to reinvent who controls companies to rethink what companies are for.