Presentation outline

- Impetus for change
- CGC diversity recommendations
- What ASX is doing
- What others are doing
- Statistics
Impetus for change

- CAMAC 2009 report on Diversity on Boards of Directors noted:
  - Poor record of corporate Australia on gender diversity
  - International developments
  - Financial studies that suggested diversity could help drive competitiveness

- CAMAC specifically recommended the use of the CGC Principles to achieve reform in this area
## Impetus for change

Poor record on diversity…

<table>
<thead>
<tr>
<th>As at June 2009</th>
<th>% listed entities with women directors</th>
<th>% women on boards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 200</td>
<td>34%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Top 500</td>
<td>32%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Companies</td>
<td>16%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Trusts</td>
<td>29%</td>
<td>4.9%</td>
</tr>
<tr>
<td>All entities</td>
<td>16%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

*ASX Compliance Review of June 09 Annual Reports only – excludes companies with December year end*
Impetus for change
International developments . . .

UK: CG Code - board appts to have regard for benefits of diversity incl gender

Norway: Legislation - 40% quota

Netherlands: CG Code - boards should aim for diversity (not restricted to gender)

Germany: CG Code - consider diversity in management and board appointments

US: SEC Regulations - disclosure if diversity considered in nomination process

Spain: CG Code + Legislation - 40% quota for certain companies that becomes compulsory in 2015

France: Legislation - 40% quota by 2016 to pass Senate

Norway: Legislation - 40% quota
Goldman Sachs JBWere, Australia’s hidden resource – the economic case for increasing female participation:
Closing the male / female employment gap could boost Australian GDP by 11%.

Catalyst Research 2007, The Bottom Line: Corporate Performance and Women’s Representation on Boards:
Fortune 500 companies with the highest representation of women board directors had significantly increased financial performance (return on equity, return on sales, return on invested capital).
CGC diversity measures

- New CGC Recommendation 3.2 effective for financial years commencing on or after 1 January 2011
- Boards of all listed entities should establish a diversity policy and disclose the policy or a summary of it
- The policy should include requirements for the board to:
  - set measurable objectives for achieving gender diversity
  - review both the objectives and the progress in achieving them annually
CGC diversity measures

- New CGC Recommendations 3.3 and 3.4 effective for financial years commencing on or after 1 January 2011
- Companies should disclose in their annual report:
  - the measurable gender diversity objectives set
  - progress towards achieving them
  - the proportion of women at three levels:
    - board
    - senior management
    - whole of organisation
Recommendation 3.2 - 3.4 commentary:

- Should introduce appropriate procedures to ensure the policy is implemented effectively
- Should include an internal review mechanism to assess the effectiveness of the policy
- Onus is on companies to work out how best to present meaningful figures on the participation of men and women in the workplace and the roles in which they are employed
Guidance commentary

Recommendation 3.2 - 3.4 commentary (cont.):

- Board, or nomination or remuneration committee, should have duty, at least annually, to review and report on the relative proportion of women and men in the workforce at all levels of the company/economic group
- This obligation should be included in its charter
Recommendation 2.4 commentary:

- Board nomination committee should specifically consider diversity in succession planning
- Should be greater transparency in the board selection process, especially:
  - the process by which candidates are identified and selected (e.g., are professional intermediaries used?)
  - the steps taken to ensure a diverse range of candidates are considered
  - the factors taken into account in the process
Guidance commentary (cont’d)

- Recommendation 2.6 commentary:
  - Corporate governance statement in annual report should include a statement as to the mix of skills and diversity the board of directors is looking to achieve in its membership

- Recommendation 8.1 commentary
  - Remuneration Committee should specifically consider remuneration by gender and report to the board
Box 3.2 – Suggestions for the content of a diversity policy

- Express a commitment to diversity and articulate its benefits
- Identify ways to promote a culture which embraces diversity
- Identify factors to be taken into account in selection processes
- Include identifying programs and initiatives that will assist employees to develop the skills and experience that will prepare them for senior management and board positions
Box 3.2 – Suggestions for the content of a diversity policy (cont’d)

- Recognise that employees at all levels may have domestic responsibilities
- Consider the transparency of board processes, review and appointments
- The policy should address the extent to which the achievement of measurable diversity objectives will be linked to the KPIs for the Board, CEO and senior executives
What ASX is doing - monitoring

- New measures don’t start until FY 2011 (for December 31 reporters) or FY 2012 (for June 30 reporters)
- From FY 2011/12, ASX will follow up companies that fail to comply with the “if not, why not” disclosure requirements in LR 4.10.3 in any material respect
- We are looking at enhancements to our LR 4.10.3 framework that will improve the quality and transparency of disclosures
What ASX is doing - support

- ASX ‘Diversity resources for listed companies’ web page:
  - A summary of changes to CGC Principles
  - Generic legal guidance on legal issues to watch when implementing diversity measures
  - Diversity papers
  - Diversity consultants
  - Other useful resources

- Working with AHRC and State agencies to achieve a common regulatory approach to diversity measures
What others are doing

- AICD – ASX 200 Chairmen’s Mentoring Program, Board Diversity Scholarships, board-ready women database
- BCA – ‘C Suite’ Project
- Women on Boards – Boardroom Diversity Index, Pathways to Directorship Professional Development and ‘My Mentor’ programs
- CSA/WOB – Joint Guidelines on Complying with Principle 3
- Chief Executive Women – Talent Development Program and CEO Kit
- Australian Human Rights Commission – Male Champions of Change Group
- Diversity Council Australia – Early Adopters Group
Early signs are encouraging

- AICD figures as at 7 December 2011 show:
  - 29% of all new Board appointments on ASX 200 companies in calendar 2011 have been women compared with 25% in calendar 2010, 5% in FY09, and 8% in FY07 and FY08.
  - Women directors of ASX 200 companies as a percentage increased to 13.5%, up from 10% as at Sept 2010 and 8% as at 30 June 2009.
  - 61 women appointed as directors of ASX 200 companies so far in 2011 compared to 59 in calendar 2010 and 10 in calendar 2009.