



2 July 2015

The Committee Secretariat  
Senate Finance and Public Administration Committees  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Committee Members,

Thank you for the opportunity to comment on the Australian Government Boards (Gender Balanced Representation) Bill 2015.

ASX appreciates and supports the commitment to gender diversity expressed by this bill. Increasing the number of women in leadership positions is a priority for our company and for me personally.

I am a member of a group called the 'Male Champions of Change' (MCC). The MCC was established by Australia's Sex Discrimination Commissioner, Elizabeth Broderick, and comprises 23 business and government leaders who work together to advance women in leadership positions in their own organisations, and share their experiences with others.

Our work has given us valuable insights into the ways businesses can improve gender diversity in line management. The focus of the MCC is on line management rather than boards. The objectives are not mutually exclusive – increasing female participation in senior management will increase the pool of women available for directorships.

Having hard targets for female representation on the board and in management is important to create focus and drive change. We know that businesses set targets for strategic objectives. Therefore, if diversity is considered an important objective, then targets should be put in place.

While there are voices in business calling for quotas, in general the business community is not in favour of setting quotas for board representation in companies. Diversity should not be a 'tick the box' exercise; that is unlikely to change the fundamental issues that prevent the advancement of women into leadership positions.

Improving gender balance should be treated as any other important business objective. It is not just the right thing to do; ensuring that companies use 100% of the available talent is critical to long term business success. We should ask 'if it is not 50%, why not?' and address the issues that hold back progress.

We believe that there is now increasing momentum to improve diversity, particularly in the top 200 ASX listed companies. This does not mean progress is satisfactory – far from it. Progress tends to be slower than we would like and requires constant reinforcement. This reinforcement has been steadily building through senior leadership in business and Government departments. Examples are:

- The Male Champions of Change, targeting a significant increase in female senior management representation
- The 30% Club, targeting 30% female representation on public company boards
- Chief Executive Women, who actively support women as they advance into more senior leadership positions
- The Australian Institute of Company Directors (AICD), which has made gender diversity a priority.

The ASX Corporate Governance Principles have recently been updated to recognise the importance of gender diversity and the need for targets. Recommendation 1.5 states:

“A listed entity should:

- (a) have a diversity policy...to set measurable objectives for achieving gender diversity
- (b) disclose that policy or a summary of it
- (c) disclose as at the end of each reporting period the measurable objectives...and its progress towards achieving them and either:
  - the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined ‘senior executive’ for these purposes); or
  - if the entity is a ‘relevant employer’ under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.”

The ASX Corporate Governance Principles work on an ‘if not, why not’ basis and are generally observed by larger listed entities.

The numbers suggest that these approaches are having an impact. Currently, 20.5% of ASX200 company boards are women, up from 8.3% in 2009; and 30% of new board appointments are women, up from 8% in 2008. So we’re heading in the right direction, but more needs to be done.

The businesses that are part of the MCC consider gender diversity a business objective that requires the same rigour and discipline as any other critical strategic goal. They use the tools of business (target setting, reporting, recruitment, process change, incentives) to deliver results. Businesses that do this better than others will have an advantage as research suggests that companies with greater gender diversity perform better over time.

Of course, Parliament could set quotas for Government boards. This is not for us to decide. Our sense is that the Government can make tangible progress through the same process of target setting, reporting and recruitment. One could certainly argue that the Government should be a leader in diversity and should have balanced Board representation.

Moreover, the Government can draw on the business community as a pool to attract Board members. In 2012 the Government launched a program called Boardlinks which allowed companies to put forward female executives for Government Boards. The decision would always be for the respective Boards to make, but the pool of candidates is strengthened through the Boardlinks process. ASX was one of the first companies to support Boardlinks.

These programs can be a win-win. The Government can access a broader pool of talent, and the executives gain valuable Board experience for their careers. If this is combined with a hard target of, say, at least 40% female representation, progress could be made quickly. Of course, for businesses to support these programs they require consistency and continuity across electoral cycles. This is too often lacking.

Below I share some of the steps we have taken to improve our performance as a company.

#### **ASX actions to improve gender diversity**

ASX believes that diversity is an important driver of future business success. The company has taken a number of steps to improve the opportunities for women to advance their careers and manage both work and family life.

The process of sharing experiences with the Male Champions of Change has provided very helpful input into our efforts. We know we do not have the answers and learning from others can accelerate progress.

Our initiatives fall in four broad categories:

- Target setting and management. ASX has diversity targets for the Board and for all levels of senior management. Progress in meeting these targets is publicly reported each year. In addition, all group executives have diversity targets for their divisions, and performance against these targets is part of their performance evaluation. Diversity is now part of ASX's internal monthly performance 'dashboard'.
- Recruitment and promotions. ASX requires balanced shortlists for all senior management appointments. This includes external recruitment with support from specialist recruitment firms. This requirement has made a significant difference in the number of female executives ASX has hired, including in non-traditional areas such as business development, operations and technology. While appointments will always be based on merit, if this discipline works then (over time) half of all new appointments should be women.
- Flexibility. Access to flexible working arrangements is vital for staff who wish to balance work and family. In 2014 ASX announced that all roles in the company could be performed with flexible working arrangements – no exceptions. This is now a key part of our employment brand. The focus is on finding solutions that will work,

not on giving reasons why it can't. Moreover, ASX extended its leave policy to 16 weeks for primary carers and 4 weeks for secondary carers. Leave can be extended for up to 12 month unpaid, and during this period ASX will continue to make superannuation contributions.

- Career development and support. ASX executives have access to the support from Chief Executive Women, and ASX has established an internal women's network that actively supports career development and management. In addition, the company puts specific focus on women returning from maternity leave as we know that extended leave can be a 'career killer'. They are each assigned a colleague who stays in touch with them during their leave and who can answers any questions they might have about changes at ASX. Senior executives on extended leave are invited to management offsites (at their choice) so they can continue to participate in the development of the company and stay in touch with progress.

In addition, ASX complies with the requirements of the Workplace Gender Equality Agency, and in FY15 conducted a gender pay audit.

These initiatives are not just about women. The opportunities are available to both genders, and ASX is promoting flexible working arrangements for both men and women. We consider it a positive sign if men believe they can ask for more flexible arrangements without this being considered a negative for their careers. It is the culture we want for our business and one that the next generation of talent demands.

ASX measures its progress in two ways: against its published targets and through an annual staff survey that includes questions on gender diversity. Our most recent survey showed a significant lift in staff engagement, and the genuine focus on flexible work arrangements was one of the drivers.

ASX has met its FY16 target of 33% board representation and is progressing towards the FY16 management targets, which generally are 40% female representation for each level of management. In some areas, this remains a serious challenge for our company and we may not deliver them all. However, it is the visibility of the stretch targets and reporting of progress that creates the energy to change the way we work.

There are issues that individual businesses or the MCC team cannot resolve. One of the main issues that is limiting female participation is affordable childcare. This requires a national solution. Recent changes announced by the Government are a positive step forward. We encourage all parties to be bold in the policies that support childcare, including through the tax system. The payback to the economy and to society over a generation will be significant.

Thank you once again for the opportunity to comment on your proposed bill. I hope you find our comments useful. I am of course available to discuss this further should the Committee wish to do so.

Yours sincerely,

  
Elmer Funke Kupper  
Managing Director and CEO