

30% Club Australia

Briefing note

1. INTRODUCTION

The 30% Club Australia is part of a global movement to increase the gender balance on the boards and at senior executive levels in our key companies. The 30% Club Australia particularly focuses on companies listed on the ASX. In addition to the critical recognition that better gender balance leads to better results, the following factors created a replicable formula for success:

- A measurable goal with a defined timetable;
- Supportive public policy that acknowledges that the status quo was unacceptable;
- Change driven by those in power;
- Openness to collaborate;
- A concerted and consistent series of actions and programs;
- Quarterly reporting focusing on the statistics; and
- Continuous awareness building.

2. 2015 – AUSTRALIAN CHAPTER LAUNCHES

The Australian Chapter of the 30% Club was established in May 2015 by ASX director Patricia Cross. At the time of the launch of the 30% Club Australia, the target was set for 30% of female directors on the ASX 200¹ by the end of 2018.

The Australian Institute of Company Directors (AICD) agreed to perform the secretariat role for the 30% Club Australia which includes managing working group agendas, providing resources for the development and implementation of new initiatives and advocating for increased diversity on Australian boards. This partnership has worked well as the AICD has also set similar targets to increase the number of women on company boards, including the ASX 200.

The original working groups established by the 30% Club Australia were:

- Education;
- Executive search;
- Investors;
- Government;
- Communication;
- Chair's liaison; and
- Professional Services

The Working Groups play a critical role as they provide assistance and support with driving conversations and achieving change.

¹ The ASX 200 is the market index of the Australian Stock Exchange (ASX) of the largest 200 companies listed on ASX by market capitalisation

To generate membership, the Chair and AICD CEO wrote to all ASX 200 chairs in 2015 asking them to become members of the club and publicly commit to having 30% women on their boards by 2018. Today, over 100 past and present Chairs of ASX 200 companies are members of the 30% Club Australia.

The key statistics at the launch of the 30% Club Australia in May 2015 were:

- 30 boards in the ASX 200 had no women
- Female directorship in the ASX 200 was 19.6%
- Female directorship in the ASX 100 was 23.8%
- Female directorship in the ASX 50 was 23.7%
- Female directorship in the ASX 20 was 24.2%

3. CURRENT STATISTICS

The current statistics (as at 31 August 2021) are as follows:

- **ASX All Ords** – female directorships **27.9%**
- **ASX 300** – female directorships **32.1%**
- **ASX 200** – female directorships **33.7%**
- **ASX 100** – female directorships **35%**
- **ASX 50** – female directorships **35.2%**
- **ASX 20** – female directorships **36.5%**

The largest companies on the ASX300 are pulling up the rest of the ASX300. There are still over 80 companies in the ASX200 who do not have 30% of women directors on their boards and approximately 20 ASX200 companies with only one female director.

Interestingly, most of the companies in the ASX300 which have a female chair have 30% or more female directors. In 2019, the 30% Club Australia conducted research into whether ASX 200 companies that had a female Chair and/or a female CEO had higher numbers of female directors. The results showed that:

- Female Chairs - 14 out of 17 female Chairs (82%) have boards above 30%; and
- Female CEO's – 11 out of 12 female CEO's (92%) have boards above 30%

4. RESEARCH PROJECTS

The Education Working Group has driven a number of research projects to drive the gender diversity conversation. These include:

- *Barriers to progression – The reasons Chairs and Non-Executive Directors (NED's) use as to why they can't or won't appoint female directors to their boards (2016)*
- *Leading by Example – Insights on board diversity from ASX200 Chairs that have 30% women on their boards (2017)*
- *Shaping the boards of the future: Succession planning, board evaluation and term limits (2019)*

- *The Next Generation: Pathways ASX 200 board roles of the 2018 appointments (2019)*
- *Building Gender Diversity on ASX300 boards (2020)*

5. INVESTORS DRIVING PROGRESS

In 2016, the Investors working group invited the investment community to sign up to the groups Statement of Intent (SOI). The Statement of Intent was a commitment to drive initiatives to increase diversity on boards. Companies that signed up to the SOI were required to annually report on their diversity progress. Seventeen companies have now signed up to the SOI.

A key group of investors are now working with stakeholders to expand the SOI to include commitments around senior executive teams.

6. EXECUTIVE SEARCH KEY TO SUCCESS

The executive search group is focused on how executive search consultants (ESCs) can promote emerging and current female directors and develop the systems, practices and processes that enable women to be appointed to boards. Individual members ensure diverse candidates are included on the long and shortlists provided to the chairs of the board and remuneration and nominations committees.

Many Executive Search Firms have signed up to the external code of practice to commit to sourcing female candidates, with varying targets of how many females as a minimum are on long and short lists.

In 2018, the Executive Search working group released a resource which was aimed at providing some areas for consideration for ASX 300 chairs and boards seeking new female directors.

7. BRINGING INVESTMENT BANKS & PRIVATE EQUITY INTO THE CONVERSATION

In 2019, we identified that private equity firms play a key role in promoting diversity in particular in relation to Initial Public offerings (IPO). The statistics for the 2018 and 2019 IPO's for companies that listed on the ASX are as follows:

	2018	2019
Number of companies listed on ASX	107	67
Number of CEO's	89	59
Number of Chairman	105	64
Number of Directors	295	232
Number of female CEO's	4 (4.5%)	2 (2.9%)
Number of female Chairs	5 (4.8%)	4 (6.2%)
Number of female directors	49 (16.6%)	50 (21.5%)

One of the roles of this working group is to create an appetite within the investment banking, private equity and professional services community for listing boards with at least one independent female non-executive director (i.e., not the founder/s and investors).

In addition, the Investment Bank Working Group is working with the Executive Search Group to identify emerging female directors and creating networks linked to the investment banking, private equity and professional services communities for these directors.

8. 2018 – ASX100 REACH 30%

In May 2018, the ASX 100 reached 30% with the breakdown as follows:

- ASX 20 – 30.2%
- ASX 50 – 30.2%
- ASX100 – 30%

The ASX 200 was at 27.7%

9. ASX CORPORATE GOVERNANCE PRINCIPLES UPDATED

In February 2019, the updated ASX Corporate Governance Principals & Recommendations, which apply to all listed entities and must be reported against on an 'if not, why not' basis, was updated and included a requirement that 30% would be the minimum expected measurable objective for achieving gender diversity on the boards of ASX 300 companies.

This change was supported by the ASX Corporate Governance Council and championed by the AICD, Australian Council of Superannuation Investors (**ACSI**) and other strong supporters of the 30% Club Australia. Reporting against the revised gender diversity guidelines commenced in 2020.

10. 2019 – ASX200 TARGET IS REACHED

In November 2019, the AICD and the 30% Club Australia announced that the 30% target for ASX 200 boards had been reached. This is a tremendous result and was achieved without regulatory intervention or quotas.

The 30% Club Australia also publicly announced that it would shift its focus from 30% women on ASX 200 boards to 30% women on ASX 300 boards by the end of 2021. This was to align with the amendments made to the ASX Corporate Governance Principles & Recommendations to require that ASX 300 boards should strive to have at least 30% female directors.

11. 2020 – ASX300 TARGET IS REACHED

In November 2020, the AICD and the 30% Club Australia announced that the 30% target for ASX200 boards had been reached.

12. 2021 – GOALS

The current goals of the 30% Club Australia are as follows:

- Increase the number of companies in the ASX 300 that have reached 30% - 155 companies are carrying the load for the ASX 300;
- Focus on ensuring that 30% of female directors of the ASX 300 is a floor and that we don't go below 30% - this means focusing on companies with only 1 female director;

- Launch the ASX200 Executive Team Gender Coalition with Chief Executive Women (CEW), Business Council of Australia (BCA), AICD and the Champions of Change (MCC) to increase the number of women in executive leadership teams in ASX 200 companies². The results from the 2020 Executive Leadership Census were that women represent 25% of total executive leadership positions (no increase from 2019). However, approximately 85% of these roles are functional roles, and women remain underrepresented in line roles, at 12%. And as in past years, more than 65% of the ASX200 still have no women in line roles on their executive leadership team. Regrettably, the number of companies with a female CEO fell from 12 to 10;
- Focus on the IPO market – We are looking at the recent Goldman Sachs announcement that it will no longer take a company public in the U.S. and Europe if it lacks a director who is either female or diverse to see whether we can work towards a similar requirement in Australia;
- Work on the backlash that we are experiencing in the Australian market in relation to gender;
- The key issues that the 30% Club is currently addressing is as follows:
 - The 30% must be a minimum or a floor – the journey is not over at 30%
 - We can't become complacent
 - One company in the ASX200 and 13 companies in the ASX300 have no female directors
 - We need to focus on the executive pipeline
 - Australia is not lacking for talented and experienced women and the profile of female directors being appointed to their first ASX200 boards is evidence of this
 - The aim is to move the goal from 30% to 40:40:20
 - Should the 30% Club be renamed to the 40% Club?

13. EXECUTIVE PIPELINE AND HOW THE 30% CLUB AUSTRALIA FITS INTO THE 40:40: VISION CAMPAIGN

On 1 October 2020, HESTA announced the 40:40 Vision campaign. It is an initiative led by HESTA, supported by industry partners, to ensure diversity in executive leadership in ASX 200 companies. Specifically, the 40:40 Vision campaign is looking for structural change, by encouraging ASX200 companies to set medium and long-term targets for their executive leadership teams, with a pledge to achieve gender balance by 2030.

Supporting partners include CEW, the Australian Council of Superannuation Investors (ACSI), Workplace Gender Equality Agency (WGEA), and the 30% Club Australia.

How does the focus of the 30% Club Australia assist with the 40:40 Vision? The 30% Club Australia plans to utilise our networks to help make change at the executive levels in ASX200. We think we can work with Boards and CEOs to help the movement to increase executive diversity. We will involve CEW, AICD, BCA and Champions of Change to expand our reach. We believe that our initial objective should be 30% and see ourselves as a step on the way to the 40:40 Vision. Our

² We have selected the ASX200 to align with the annual CEW Senior Executive Leadership census of the ASX200.

initial thinking is to set a target of 30% of women in the executive teams of the ASX200 by 2027³ and potentially call the campaign “30% on the way to 40%”

We now know that merely setting the target is not enough - you need to back it up with action across the board which is where the 30% Club Australia can get involved. By using our connected networks, investors, executive search firms, investment banks, Chair's, CEO's and by teaming up with the BCA, Coalition for Change, CEW and AICD, we believe that we can reach 30% which then makes 40% achievable. Getting to 30% female representation on boards has occurred because we set an achievable and measurable goal.

³ This date coincides with the second reporting date of the 40:40 Vision interim reporting step.