

CATALYST CSR DASHBOARD

GENDER EQUALITY

SNAPSHOT

SEPTEMBER 2013



“There is now a considerable body of evidence showing a positive correlation between women at the top of organisations and organisational performance. Gender equality is a business imperative...”

Helen Conway, Director of Equal Opportunity for Women in the Workplace¹

The debate around gender equality in the workplace continues to be highly topical, both in national and international media and politics. Over the last decade, the Workplace Gender Equality Agency (WGEA) has measured participation of women on corporate boards and in senior executive positions on a bi-annual basis.² In addition the Australian Institute for Corporate Directors measures appointments to ASX 200 board on a real-time basis.³

The [Catalyst CSR Dashboard](#) draws together six sustainability topics to see how companies are keeping pace with growing community expectations for corporate social responsibility. Gender is one area that was reviewed. The gender equality topic in the Dashboard consists of the following four indicators: gender equity of the board, gender equity in management, equal remuneration for women and men, and equal opportunity policies. Each indicator contains several sub-indicators, which together with the results will be addressed in more detail below.

Overall Performance

On the whole, the companies in the CSR Dashboard sample performed reasonably well on the gender equality topic. Disclosures have no doubt benefitted from increased guidance set through a new reporting regime, established through Australian Securities Exchange (ASX) Corporate Governance Principles to include recommendations promoting gender diversity at listed companies.⁴ This was the only topic area where all companies achieved a score and most were rated at ‘average’ or ‘above average’. Three companies achieved an overall score of above average, twenty-two companies performed averagely, while seven companies’ performance was scored below average. No company scored excellent but unlike the other indicators, no company received a score of zero on our scale.

Rating	No. of companies	Top Performers
Excellent	0	
Above Average	3	Woolworths, Westpac, Stockland
Average	22	
Below Average	7	
None/Not Reported	0	

Gender Equity of Board

Research shows that the average female participation on ASX 500 boards is around 10%. Our rating scale took this into account and considered representation of less than 10% to be below average. Also factored into the rating scale is the federal government's commitment to having a minimum of 40% women on government boards by 2015. A percentage of 40% or more was rated as excellent.

The participation of women on corporate boards was broken down into two sub-indicators recording the percentage of women as well as the absolute number of women occupying board seats. Assessing the absolute number of women reflects the importance of having more than one female board member to obtain a critical mass. In our sample, eleven companies scored above average while twenty companies obtained an average score. Only one company did not have a female appointed to its board and hence did not achieve a score on our scale.

Rating	No. of companies	Top Performers
Excellent	0	
Above Average	11	AGL Energy, Commonwealth Bank, Computershare, Downer EDI, Graincorp, Qantas, Stockland, Telstra, Ten Network, Westpac, Woolworths
Average	20	
Below Average	0	
None/Not Reported	1	

Gender Equity of Management

Company results against the indicator that measured the participation of women in senior management roles were much less encouraging. As with the indicator for women on boards, two sub-indicators measured the percentage as well as the absolute amount of women, and these two factors make up the rating for the indicator.

Specifically, the indicator looked at women employed as Key Management Personnel (KMP), which is the measure used in the WGEA 2012 Australian Census of Women in Leadership. The results show that only five companies perform above average, while twelve companies perform averagely and one company's performance was rated below average. A startling fourteen companies did not have a women appointed to a KMP position.

Rating	No. of companies
Excellent	0
Above Average	5
Average	12
Below Average	1
None/Not Reported	14

Top Performers

CSL, Fairfax, Transurban, Virgin, Woolworths

Equal Opportunity: Policies

The gender equality topic of our dashboard includes an indicator that assesses policies companies have in place to improve gender diversity. The sub-indicators consider if the company has a diversity policy and whether a summary of the policy is available in the annual report. Additional sub-indicators gauge the implementation of non-numerical measures to increase gender diversity, such as recruitment practices, training and mentoring programs, as well as numerical targets set by the company.

The scores are similar to the sub-indicator that assesses female participation on the boards: eight companies scored above average, twenty-one companies performed averagely, while two companies scored below average and one company did not obtain a score on our scale.

Rating	No. of companies
Excellent	0
Above Average	8
Average	21
Below Average	2
None/Not Reported	1

Top Performers

AGL Energy, Aurizon, Leighton, Rio Tinto, Stockland, Westfield, Westpac, Woodside

Equal Remuneration for Women and Men

The last indicator assesses equal remuneration of women and men. Statistics released by WGEA in August 2012 show that in nearly every occupation, sector or age group women earn less than men. Sub-indicators assess both pay gap reporting, as well as the existence of policy commitments to close any existent disparity in pay. No companies managed to score excellent or above average. Twelve companies scored average, while fourteen companies scored below average. Six companies did not manage to achieve a score on our rating scale.

Rating	No. of companies
Excellent	0
Above Average	0
Average	12
Below Average	14
None/Not Reported	6

Top Performer

None

Summary

Across the four gender equality indicators there is a clear distinction between gender equity of board and equal opportunity policies on the one hand, and gender equity of management and equal remuneration for women and men on the other. On the first two indicators, companies seem to be reporting and performing rather well, while on the latter two indicators companies fall behind.

The difference between the participation of women on boards and female participation in KMP positions is especially striking. Although ASX recommendations address participation in both of these company layers, companies are making much more strident steps in the area of board representation. In part, this can be explained by the fact that appointing a woman to the board is a fairly straightforward proposition⁵ while appointing a woman to a KMP position requires the corporate pipeline to facilitate career progression for women equally as it does for men.

It is clear however that the amended ASX Principles of Corporate Governance are having some impact on diversity performance: companies have appointed more women to their boards, are implementing diversity policies as well measurable objectives, and are increasingly setting targets. Some of these measures will however only yield results over time, as is illustrated by the under-representation of women in KMP positions. Similarly, policies concerning equal remuneration are not implemented with comparable rigour, nor are pay disparity figures frequently reported. These issues affect a large cohort of companies in our sample and should be earmarked as needing continued attention.

¹ Foreword, Equal Opportunity in the Workplace Agency, 2012 Census of Women in Leadership.

² Our research will continue to be informed by benchmarks and indicators developed by the WGEA.

³ <http://www.companydirectors.com.au/Director-Resource-Centre/Governance-and-Director-Issues/Board-Diversity/Statistics>

⁴ In 2011, new gender reporting requirements were issued by the Australian Securities Exchange (ASX), applicable to all public companies and effective in the 2012 reporting year. Under these requirements companies must establish a policy on diversity and disclose that policy or a summary. Companies must establish measurable objectives for achieving gender diversity, and produce Annual Reports on their progress. Companies are also obliged to disclose the proportion of women employees in the organisation, in senior executive positions and on the board.

⁵ The 2012 Australian Census for Women in Leadership shows that a select group of women occupy multiple board seats at companies listed on the ASX.