



WOB Traffic Light Index

2013

A review of gender balance
performance and reporting
in the ASX200

This report reviews how companies in the ASX200 are progressing in relation to the performance and reporting of gender balance within their organisation, including compliance with Principles 2 and 3 of the ASX Corporate Governance Council Principles and Recommendations. The report also examines progress made over the past year in the development and implementation of programs to enhance diversity and gender balance across companies, including at board level. Information for the report is drawn from publically available information in Annual Reports and on the websites of ASX200 companies. A numerical ranking is allocated to each entity to indicate its status and a red, green or amber 'traffic light' awarded. The results this year show upgrades in rankings for a range of companies, but also demonstrates that there is room for improvement amongst many of the companies and industry sectors discussed.

Citation

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Glossary

Term or Acronym

Term or Acronym	Meaning
ASX	Australian Stock Exchange
ASX100	Companies rated 1 to 100 on the Australian Stock Exchange as of 31 March 2013.
ASX100-200	Companies rated 100 to 200 on the Australian Stock Exchange as of 31 March 2013.
BUL	Business Unit Leader
CEO	Chief Executive Officer
CGC Guidelines	ASX Corporate Governance Council (CGC) Principles and Recommendations
GBI	Gender Balance Indicators
KPI	Key Performance Indicator
LGBTI	Lesbian, Gay, Bisexual, Transgender, and Intersex
PPL	Paid Parental Leave

Executive Summary

A review of gender balance reporting and performance in the ASX200

The first edition of the WOB Traffic Light Index was released in 2012 and covered a randomly drawn sample of 82 of ASX200 companies. The 2013 Index reviewed all companies in the ASX200 as at 31 March 2013 and was released on 26 September at an event in Sydney. The materials for 2012 and 2013 which can be read in conjunction with this report are at www.womenonboards.org.au/pubs/traffic-light/

The purpose of the Traffic Light Index is to highlight the current situation with regard to the performance and reporting of ASX200 companies in relation to gender diversity and to derive good practice examples from which the lesser lights can draw inspiration and encouragement.

A suite of seven gender diversity indicators developed for the Guidelines for Gender Balance Performance and Reporting Australia released on 1 May 2013 jointly by The Governance Institute (formerly Chartered Secretaries Australia) and Women on Boards was considered when evaluating companies for the purposes of this report. They are:

1. **Policies and practices** in relation to gender balance in the workplace
2. Areas where data should be collected for a comprehensive **workplace profile**
3. Good practices to achieve **pay equity**
4. Measuring effectiveness of **flexible work practices**
5. Policies for **recruitment and promotion**
6. A guide for **evaluation and development**
7. Mechanisms for **communication and information**

Each entity has been allocated a numerical ranking to indicate its status and a red, green or amber 'traffic light' awarded. The results this year show upgrades in rankings for a range of companies, but also demonstrate that there is room for improvement amongst many of the companies and industry sectors discussed. The ranking each company receives is publically available and widely disseminated to encourage improved performance.

Some examples of good quality approaches include:

- gendered data sets
- effective measurable objectives (targets)
- a meaningful diversity policy with CEO chairing the Diversity Council
- honesty about the gender pay gap.
- workforce attachment and parental leave

It is our intention that the companies highlighted in the WOB commendation will show what can be done beyond the implementation of these basic policies.

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Overview

The WOB 2013 Traffic Light Index tracks the progress of ASX200 companies in responding to:

- Principles 2 and 3 of the ASX Corporate Governance Council Principles and Recommendations, and
- progress towards achieving a gender diverse workplace.

Of the companies assessed:

- 8 % have truly embedded the principles of gender diversity within their organisations
- 15.5 % show little or no compliance at all with basic gender diversity principles
- 45 % could benefit from lifting their game around diversity initiatives.

Overall ratings for the companies included in this years report

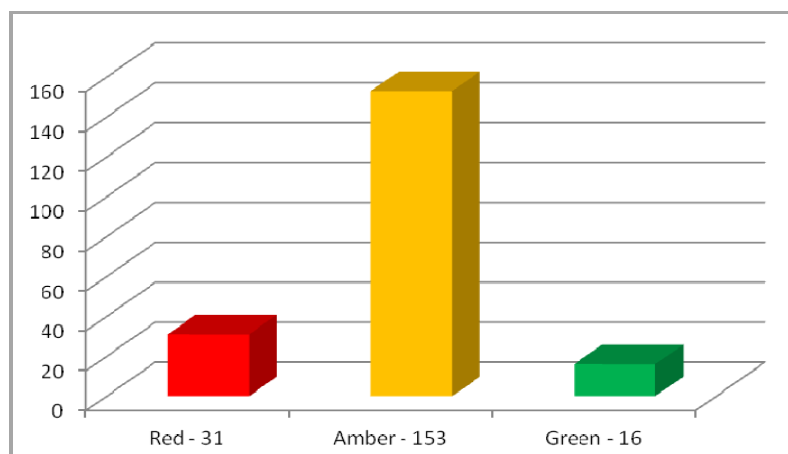


Figure 1: The number of all ASX200 companies that rated red, amber and green in 2013.

Comparison between ratings of ASX100 and ASX 100-200 companies

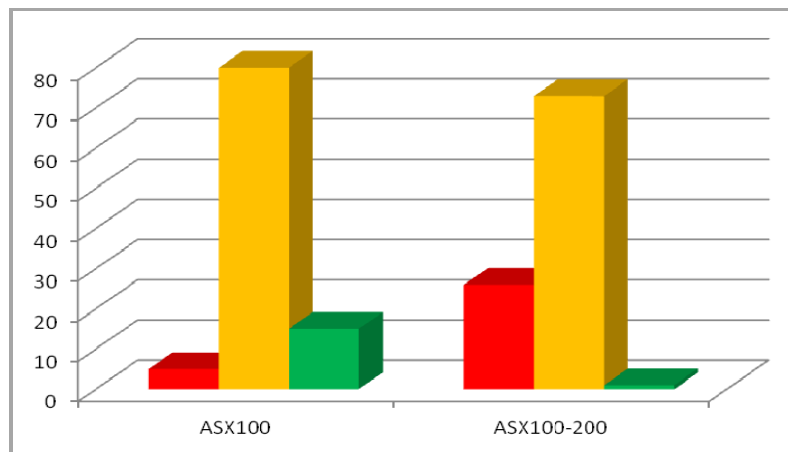


Figure 2: The number of companies by ASX100 and ASX100-200 that rated red, amber and green.

Comparison between 2012 and 2013.

Traffic Light	ASX 200		% ASX 200	
	2012	2013	2012	2013
Red	29	31	35%	16%
Amber	43	153	52%	77%
Green	10	16	12%	8%

Table 1: Comparison of the 82 companies rated in 2012 and the 200 rated in 2013

ASX100 compared to ASX200

In 2013, companies in the ASX100 received a higher rating than those in the remainder of ASX200.

Traffic Light	ASX200 Number of Companies	% total	ASX100	% ASX100	ASX200	% ASX200
Red	31	16	4	16	27	87
Amber	153	77	81	53	72	47
Green	16	8	15	93	1	7

Table 2: Comparison between ASX100 and ASX101-200 companies in 2013

Relationship between female directors and rating

There is a relationship between the Traffic Light rating and the number of women on the company board. Companies receiving a red rating overwhelmingly had fewer female board members. For example 77 % of the red-rated companies did not have a female director.

Of the green-rated companies, 80 % had two or more female directors. Women on Boards recommends that companies target 40 % female directors in the medium term.

Number of female directors	Red rated companies		Amber rated companies		Green rated companies	
	Number	%	Number	%	Number	%
0	24	77%	26	17%	0	0%
1	6	19%	68	44%	3	19%
2	1	3%	53	34%	8	50%
3	0	3%	6	5%	5	31%

Table 3: Relationship between the number of female directors on ASX200 companies and their Traffic Light ranking.

Companies that received a red rating

Alacer Gold Group	Envestra	Kingsgate Consolidated	ResMed
Aquila Resources	Evolution Mining	Medusa Mining	Resolute Mining
Beadell Resources	Fleetwood Corp	Mineral Resources	Shopping Centres Aust. Property Gp
Bradken	Henderson Group PLC	Northern Star Resources	Silver Lake Resources
Coalspur Mines	Horizon Oil Limited	NRW Holdings	Sirtex Medical
CuDeco	Iluka Resources	OceanaGold Corp.	TPG Telecom
Discovery Metals	Iress	Perseus Mining	Troy Resources
Energy World Corp.	James Hardie Industries	Qube Logistics Holdings	

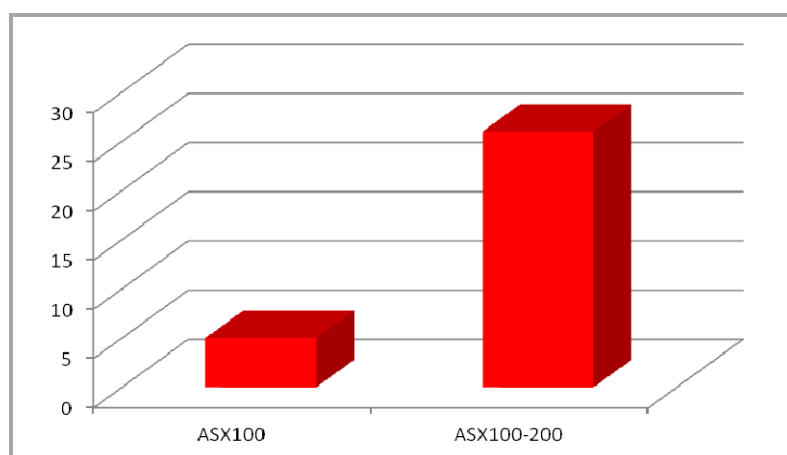


Figure 4: The number of companies in the ASX100 and ASX100-200 that rated red.

Companies that received an amber rating

The total numbers of companies rated as Amber (at one of the three levels) in 2013 are as follows:

- Amber 2.1 – 59
- Amber 2.2 – 60
- Amber 2.3 - 34

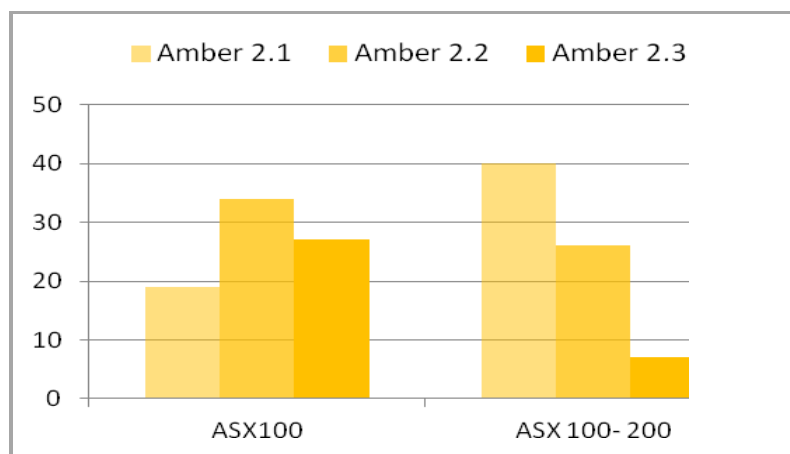


Figure 5: The number of companies in the ASX100 and ASX100-200 that rated amber.

Companies that received a green rating

The following companies received a Green rating in the 2013 report:

- | | |
|---------------------------------|-------------------------|
| ANZ | National Australia Bank |
| ASX | Stockland |
| Aurizon | Suncorp-Metway |
| Caltex | Telstra |
| CFS Retail Property Trust Group | Transurban Group |
| Commonwealth Bank of Australia | Westpac |
| Commonwealth Property Office | Woolworths |
| Mirvac Group | Wotif |

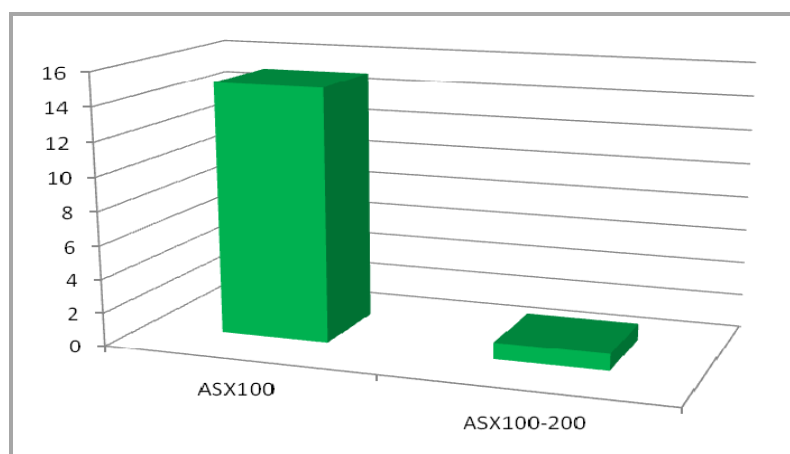


Figure 6: The number of companies in the ASX100 and ASX100-200 that rated green

How companies were evaluated

To develop the Traffic Light Index, Women on Boards conducted a desktop review from March to July 2013 of the latest Annual Reports and the websites of ASX200 companies against developed criteria. Typically, diversity policies and corporate governance information provided the bulk of the data used in evaluations.

We then wrote to company secretaries with the draft rating for their company and an invitation to provide additional information. This communication was followed up by email. About 20 % of companies provided additional information or a comment. Of those seeking an improved rating, 12 provided sufficient supporting material to receive an upgrade.

We then did a reasonableness test of the composition of the overall outcome for red, amber, or green against other publicly available sources.

The criteria used to assign ratings are described below.

Red (1.0)

The company does not comply with Principle 2 and Principle 3 or complies in a minimum way. A company receiving a red rating is at the very start of its diversity journey. An example of minimal compliance would be a company that has a very basic diversity policy, which lacks any measurable objectives, and which, in the Annual Report, fails to report its workforce composition or does not address the ASX Corporate Governance Council (CGC) Principles.

Amber (2.1 – 2.3)

This rating covers a spectrum of diversity activities. Three sub-ratings are given:

- 2.1: Basic diversity policy with generally non-quantified measurable objectives (e.g. establish measurable objectives, data analysis of workforce, establish women's network, review recruitment policy, review flexible work policy); some base level initiatives and reporting. Disclosure of board selection process.
- 2.2: Items in 2.1 plus policies, actions and targets for improvement and some reported progress.
- 2.3: Items in 2.1 and 2.2 plus good data, targets and reporting. Some identifiable progress with gendered workforce data.'

Green (3.0)

The characteristics of a Green organisation are:

- All of the items in Amber.
- Good representation of women on their boards and / or in senior management.
- Evidence of progress in achieving stated objectives, linked to individual KPIs.
- Quality measurable objectives for achieving gender diversity throughout the organisation.
- Comprehensiveness of the gendered workforce data that is reported - looking for gender data by level; additionally information on promotions by gender.
- Data reported over a number of years.
- Openness and transparency of the board selection process – is there a skills matrix, is there some discussion of future needs and where they will look for directors.

In Green rated companies, diversity is embedded into the organisation.