

ASX Corporate Governance Council
C/o ASX Limited
PO Box H224
Australia Square NSW 1215
Attention: Mavis Tan

[Via email to mavis.tan@asx.com.au]

27 July 2018

Equal Workplaces Advisory Council

Submission on the Review of Corporate Governance Principles and Recommendations

The Equal Workplaces Advisory Council welcomes the ASX Corporate Governance Council consultations on the proposed fourth edition of the Corporate Governance Principles and Recommendations.

The Equal Workplaces Advisory Council (EWAC) was established by the Victorian Government to:

- a) identify government action that will promote the achievement of gender equality, including addressing gendered occupational segregation;
- b) identify, promote and publish good practice examples of where initiatives are working to promote gender equality in the workplace, across the public and private sectors; and
- c) consider issues and linkages relating to pay equity, equality and productivity, building human resources capacity and achieving equitable outcomes for women and men.

One of our areas of focus has been on the effective use of gender pay audits to bring visibility and transparency to Boards about any pay gaps that may exist in their workforce, and where appropriate, develop strategies to address those gaps.

We understand from the most recent WGEA data that only 13% of the 39% of companies that are required to report on this data present it to their Board of Directors. When the Board of an organisation actively takes a leadership position with regard to gender equality, the success of gender equality initiatives is vastly improved. In the absence of leadership and strategy, it is unlikely that gains will be made to close the gender pay gap.

Women are paid less than their male counterparts across every industry and occupational category in Australia. The Workplace Gender Equality Agency (WGEA) reported Australia's full-time gender pay gap at 15.3% in February 2018¹. This figure remains largely unchanged over the past two decades.

The WGEA *Business Case for Gender Equality* September 2016 reports lists the benefits to the Australian economy and businesses themselves;

- Improved national productivity and economic growth;
- Increased organisational performance;
- Enhanced ability of companies to attract talent and retain employees; and
- Enhanced organisational reputation.

¹ Workplace Gender Equality Agency – Australia's gender pay gap statistics February 2018

The Case for Gender Pay Audits

By undertaking pay audits, companies are able to provide objective, measurable evidence of baseline performance and progress over time with respect to equal pay, recruitment and promotion, leadership development and mentoring, flexible working and organisational culture. Audit data also enables companies to identify priorities for improvement, introduce strategies to improve workplace gender equality over time and to benchmark performance against government, private and the not-for-profit sectors.

Our submission focusses on Recommendation 1.5 (Diversity) of the Corporate Governance Principles.

Our recommendations are as follows;

1. Include in the recommendation, rather than in the commentary, the requirement for listed companies to undertake gender pay audits;
2. For the findings of those audits to be reported to the board, or a committee of the board such as the Audit and Risk Committee; and
3. For those audits to be undertaken by an independent auditor, to ensure the veracity of the information provided.

The fact that a gender pay audit has been undertaken and reported to the Board is listed as an example of compliance with recommendation 1.5 in the Commentary. Commentary doesn't have the status of a recommendation and thus does not fall into the 'if not why not' category.

We thank you for the opportunity to provide feedback on the proposed changes.

A handwritten signature in black ink, appearing to read 'Liberty Sanger', with a long horizontal line extending to the right.

Liberty Sanger
Chair
Equal Workplaces Advisory Council