



## ASX Corporate Governance Principles and Recommendations 5<sup>th</sup> Edition Consultation

Submission of Responses to Consultation questions relevant to Champions of Change Coalition

**4. Recommendation 2.3: Women hold approximately 35% of all S&P/ASX300 directorships. This exceeds the existing measurable objective of at least 30% of each gender for those boards.**

***Do you support raising the S&P/ASX300 measurable objective to a gender balanced board?***

Champions of Change Coalition supports the proposal to set the S&P/ASX300 measurable objective for board gender diversity at a gender-balanced board composition of 40:40:20 in the 5th Edition of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

While the 30% target documented in the 4th Edition of the *Principles and Recommendations* was an effective initial goal, it has successfully sparked momentum within Australian organisations toward greater ambitions – however, gender balance should remain the goal.

As articulated in our Annual Impact Report, Champions of Change Coalition supports the aspiration of balanced representation of 40% women, 40% men, and 20% any gender across board compositions. This aligns with our belief that high quality oversight and decision-making is best achieved through diversity.

We advocate for robust 'targets with teeth' that set clear goals for gender equality and equip Boards to identify and eliminate biases in Director recruitment and development processes, ensuring organisations truly select the best candidates.

**5. Recommendation 2.3(c): The Council already recommends disclosure of a board's approach and progress on gender diversity.**

***Do you support the proposed disclosure of any other relevant diversity characteristics (in addition to gender) which are being considered for the board's membership?***

Champions of Change Coalition supports the Council's recommendation for disclosing other relevant diversity characteristics beyond gender which are being considered for a board's membership on a voluntary basis.

Census data shows Australia's population is rapidly diversifying, and therefore so is leadership and governance talent and the needs and expectations of investors and diverse communities.

Boards that include Directors from diverse backgrounds offer broader perspectives, leading to more informed and comprehensive decision-making. This will be essential in tackling national challenges such as climate change, the energy transition, social cohesion, innovation and productivity.

Encouraging the disclosure of diversity characteristics beyond gender sets a standard for inclusion that can influence broader corporate practices and culture. This includes fostering environments that champion inclusive gender equality and broader diversity as fundamental business imperatives.

**6. Recommendation 3.4(c): The Council already recommends disclosure of an entity's diversity and inclusion policy and disclosure of certain gender metrics.**

***Do you support the proposal to also recommend disclosure of the effectiveness of an entity's diversity and inclusion practices?***

Champions of Change Coalition supports the proposal for Recommendation 3.4(c) to include disclosures on the effectiveness of an entity's diversity and inclusion practices.

Our commitment to achieving inclusive gender equality by 2030 emphasises the importance of organisations moving beyond simply having diversity and inclusion policies in place towards acting in the right areas and making a measurable impact.

As a Coalition, we have learned that systemic and sustainable change on gender equality in the workplace can only be achieved through leadership, commitment and action at an organisational, sector and national level.

We do this through a unique approach where CEO and Board-level leaders are personally engaged in developing and delivering innovative strategies and initiatives, and then enabled to track the most impactful measures to accelerate change.

Being accountable is a cornerstone of the Coalition's strategy – we stand behind our numbers, and share our insights, lessons and outcomes and resources widely for other to adopt and adapt.

How organisations actively disrupt entrenched systems that create or perpetuate inequality provides crucial insights. Greater transparency of the effectiveness of organisations' diversity and inclusion practices will help influence the real-world effectiveness of our collective efforts, effect change, and ensure all employees can thrive in inclusive workplace environments.

As articulated in our Annual Impact Report, our experience is that the effectiveness of a company's diversity strategy can be assessed by measuring progress on: closing progress closing gender pay gaps; achieving gender balance (40:40:20) across all management levels and functions; building organisation cultures of safety respect and inclusion; and advancing gender equality through the organisation's impact on the customers and communities it serves.

We recommend these measures be publicly reported upon as aggregate evidence of the effectiveness of organisational diversity strategies.

**19. Do you wish to provide any other comments on the content of the Consultation Draft, including any other changes you would propose?**

Champions of Change Coalition supports the inclusion of gender pay gap reporting in the 5th Edition of the *ASX Corporate Governance Principles and Recommendations*, recognising the critical role of this data in driving meaningful progress towards gender equality in the workplace.

The Coalition's experience is that transparency informs and encourages action, particularly when organisations are required to disclose their gender pay gap data to their boards and publicly share plans to address disparities. In line with this, we welcomed the significant step forward this year with the public availability of organisation-level gender pay gap data by the Workplace Gender Equality Agency (WGEA).

Gender pay gaps are more than statistics; they reflect underlying systemic issues in organisations, including biases in recruitment, promotion, and remuneration practices. These gaps often stem from longstanding societal norms and gender stereotypes that influence career paths and the distribution of domestic responsibilities such as caring, impacting women's career trajectories and earnings potential. Addressing these gaps requires a multifaceted approach, involving not just policy changes but also cultural shifts within organisations.

From an investor perspective, transparency in reporting of gender pay gaps is crucial. It signals a company's commitment to equity and compliance with regulatory standards, potentially affecting its reputation, operational efficiency, and attractiveness to prospective employees. Investors are increasingly considering environmental, social, and governance (ESG) factors as integral to their investment decisions. Companies that demonstrate effective management of gender pay disparities are viewed as lower-risk investments and better positioned for sustainable long-term success.

By advocating for the inclusion of robust gender pay gap reporting in the ASX's *Principles and Recommendations*, the Champions of Change Coalition aims to ensure that this issue remains a priority for all ASX-listed entities. This supports our goal of achieving inclusive gender equality by 2030 and aligns with broader efforts to enhance corporate transparency, accountability, and performance across the Australian market.

We believe that a comprehensive approach to gender pay gap reporting will empower organisations to make informed decisions that foster truly inclusive workplaces, benefiting all stakeholders involved.