

40:40^{VISION}

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Driving gender diversity in ASX300 executive leadership

| HESTA |

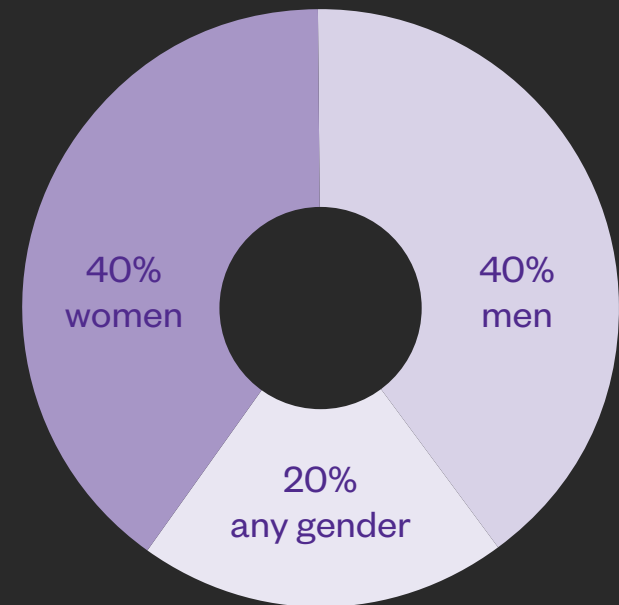


What is 40:40 Vision?

40:40 Vision is an investor-led initiative founded by HESTA and supported by leading industry partners

40:40 Vision seeks to achieve gender balance of 40:40:20 – 40 per cent women, 40 per cent men and 20 per cent any gender – across the executive teams of ASX300 companies by 2030.

40:40 Vision achieves this by encouraging companies to set and publicly report composition targets for gender balance in executive leadership (CEO – 1). This approach moves beyond tokenism and drives structural transformation across Australia's largest companies.



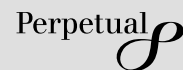
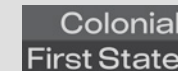


Message from Debby Blakey, 40:40 Vision Steering Committee Chair & HESTA CEO

“We know improving gender balance in company leadership means better financial performance, better governance and stronger longterm company value. As investors, we are urging ASX300 companies to sign-up to 40:40 Vision and make material changes to the way they build their executive teams, to ensure their shareholders, employees and the broader community benefit from gender equality.”

The investors behind 40:40 Vision

We know that change of this scale can't be achieved alone and 40:40 Vision is backed by partners and investors, both in Australia and overseas.



And supported by leading industry partners including:



Gender diversity is important to investors

Investors backing 40:40 Vision understand gender balance in leadership as an important means of boosting investment returns while supporting societal gender equality.

1 Gender diversity in leadership enhances company performance and long-term value

Findings from the Workplace Gender Equality Agency and the Bankwest Curtin Economics Centre show that in 2020, an increase in female 'top-tier' managers by 10 percentage points or more led to a 6.6% increase in the market value of Australian ASX-listed companies, worth the equivalent of AUD\$104.7 million¹.

Research by RealIndex Investments shows gender diverse companies are typically 'higher quality firms', demonstrating gender diversity in leadership has a positive correlation with return on assets (ROA), return on equity (ROE) and profit margins (gross and net).²



¹ wgea.gov.au/newsroom/media-releases/more-women-at-the-top-proves-better-for-business

² firstsentierinvestors.com.au/content/dam/web/australia/realindex/realindex_lipservice_report.pdf

2 Inequality represents a financial risk

Companies that fail to consider half the population for leadership positions risk missing out on the best people, and the performance of the organisation may eventually suffer. Further, when companies fail to address the barriers that prevent women from achieving their full potential, they fail to leverage their own investment in their employees.³

3 Inclusive workplaces create opportunities for women

Women in Australia benefit from the greater opportunities that flow from fairer and more inclusive workplaces. Increased opportunity is also good for economic growth - it's estimated that closing the gender gap in the labour market would grow Australia's GDP by 11%.⁴

As investors, we cannot diversify away from risks stemming from gender inequality. But we can seek to drive change at the system level.

³. <https://bcec.edu.au/publications/gender-equity-insights-2020-delivering-the-business-outcomes/>

⁴. vic.gov.au/benefits-gender-equality



Setting targets accelerates progress

Research shows that at the current rate of change, we cannot expect to see gender balance at the CEO level in ASX300 companies for another 50 years, and it will take over a decade to reach gender balance in Executive Leadership Teams.⁵

There is also evidence for organisations that set quantitative composition targets for executive leadership are more likely to achieve gender balance at this level.⁶ Targets are shown to be more effective than disclosure alone when it comes to boosting female representation in company leadership.

40:40 Vision requests companies aim to achieve 40:40 by 2030 target, and set interim composition targets to help them achieve this goal. We recognise the complexity and differences in organisational structure among the ASX300 companies. Therefore, 40:40 Vision is designed to achieve one common ambitious outcome without being overly prescriptive in its approach to diversity and inclusion. Companies are encouraged to adopt approaches that are suitable and achieve progress in their setting.

⁵. cew.org.au/wp-content/uploads/2023-Census-FINAL.pdf

⁶. asx.com.au/documents/asx-compliance/asx-corp-governance-kpmg-diversity-report.pdf

Becoming a 40:40 Vision Signatory

To become a signatory, ASX companies are invited to publicly demonstrate their commitment to improving gender diversity by becoming a signatory to 40:40 Vision.

To become a signatory, companies:

- 1 Pledge to achieve gender balance (40:40:20) in executive leadership by 2030
- 2 Declare interim composition targets to help drive gender diversity in executive leadership by 2030
- 3 Make targets publicly available to employees, shareholders, investors and the business community
- 4 Annually report on progress towards targets.

40:40 Vision will celebrate leadership, share case studies and foster innovation and collaboration.



What current signatories have to say...

In the 2023 40:40 Vision Progress Report signatory companies reported that target setting had been a useful tool in driving progress towards gender balance in leadership (either to a *great extent* or *some extent*).

“Target setting ensures our leaders have clear goals and plans, are accountable for results and are able to track progress.”

“The interim target setting process helps provide a roadmap to the long-term 2030 target which helps keep organisations focused.”

“Having a target is a key consideration whenever there is a need to replace or add to the executive team. Without a public target there will always be a risk that other considerations are given priority.”



How can you support 40:40 Vision?

- For more information on how to become a 40:40 Vision supporter, contact 4040vision@hesta.com.au
- To see FAQs and recent company signatories, visit: hesta.com.au/4040vision