

10 July 2017

HESTA calls for S&P/ASX 200 companies to set women in leadership targets

HESTA CEO Debby Blakey has written to all companies in the S&P/ASX 200 calling for them to set specific targets and timeframes for the number of women at senior executive level, saying it is critically important to improving diversity in corporate Australia.

Ms Blakey said it was vital companies are transparent about the number or percentage of women they aim to have in senior leadership, with published timeframes and annual reporting on progress against these targets.

“While a lot of attention has rightly been paid to the number of women on boards, we also need to increase the number of female senior executives to improve decision making and support a healthy pipeline of women qualified to join boards in coming years,” Ms Blakey said.

“Having women in senior leadership flows through to all levels of an organisation, creating a more inclusive work culture and greater career opportunities for women that over the long-term can also increase their retirement savings.

More than 80% of HESTA’s 820,000 members are women and the Fund is a strong advocate of measures to close the gender super gap, which sees women retire with almost half the super of men.

HESTA has also added its voice to other asset owners calling for Australia’s top companies to ensure a minimum of 30% of women on their boards. Ms Blakey said in her letter to S&P/ASX 200 companies that HESTA would, as recommended by the Australian Council of Superannuation Investors (ACSI), vote against the most senior director up for election in those companies with all male boards.

Ms Blakey said there was extensive evidence demonstrating companies with a higher proportion of women in leadership roles have better overall corporate governance and performance.

“We see diversity as an accurate indicator of a well-run company more likely to deliver long-term value to shareholders, and, therefore, better long-term returns for our members.

“Any company not looking closely enough at 50% of the population when identifying its next leaders will not attract the best people, and performance of the organisation will eventually suffer.”

“Women in senior leadership are also important role models who can foster diversity and champion a work environment that encourages other women to stay in the workforce and seek advancement.”

[A 2016 joint KPMG ASX analysis*](#) of diversity disclosure at listed companies found few in the S&P/ASX 200 disclosed “numerical diversity targets”. Typically, objectives focused on achieving a “measurable process”, such as the continuation of diversity programs, rather than actual outcomes.

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The analysis revealed – while there was growth in the proportion of women at all levels – the increase at senior executive level was concentrated in Chief HR Officer and Company Secretary positions.

Little progress had been made in women being appointed to other 'C-suite' roles that usually go on to fill CEO and board positions. These 'C-suite' roles include finance, risk, technology and operations.

"If we are going to see real change, then we need genuine commitment and accountability to ensure women are well positioned to join boards, and bring much needed diversity of experience and skills," Ms Blakey said.

HESTA is a signatory to the 30% Club's Investment Statement of Intent and a member of ACSI. Both advocate for the boards of Australia's biggest companies to have a minimum of at least 30% female directors.

Ms Blakey said HESTA is strongly committed to encouraging diversity within its own organisation, as well as in the companies it invests in on behalf of members.

HESTA has a female Independent Chair and CEO, and 57% of its senior leadership, General Manager to Board level, are women.

Debby Blakey was appointed a Workplace Gender Equality Agency Pay Equity Ambassador in 2016. As an employer, HESTA maintains a zero gender pay gap.

As at April 2017, Bloomberg data indicates that just 10 companies in the S&P/ASX 200 have a female CEO and, on average, women make up 26% of senior leadership.

Ends.

HESTA

HESTA is an industry superannuation fund dedicated to those working in the Health and Community Services Sector. HESTA has over 820,000 members and manages more than \$40 billion of members' assets

**ASX Corporate Governance Council Principles and Recommendations on Diversity, page 26.*

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