

CBDC NEWS AND VIEWS

JULY 2012

AUSTRALIA SAYS “NO” TO QUOTAS TO PROMOTE DIVERSITY ON BOARDS

AN INTERVIEW WITH GIRI TENNETI,
EDUCATION EXECUTIVE AT ASX



In 2010, women held 8.7% of directorship positions in Australia and by the end of 2011, the percentage rose to 10.9%. What accounts for this 25% increase? The ASX (Australian Securities Exchange) in 2002 convened the ASX Corporate Governance Council comprised of 21 member organizations. The Council made a number of recommendations to its Corporate Governance Principles and the amendments were released on June 30, 2010 and came into effect on January 1, 2011.

This June, the Canadian Board Diversity Council interviewed Giri Tenneti, Education Executive at ASX to discuss the Australian case on increasing diversity of Australia's publicly-listed companies.

The Council: Can you tell us a little about yourself and the organization you work for?

Giri: ASX operates markets for the trading of many asset classes (for example equities, futures and fixed income), clearing houses for the centralised management of transaction-risk, and settlement systems to allow transfer of funds and assets in settlement of trades, whether market-related or otherwise. It also provides a range of information products to many different participants in the market, oversees compliance with its operating rules, promotes standards of corporate governance among Australia's listed entities and helps to educate retail investors.

The ASX Listing Rules govern the behaviour of entities listed on ASX. The rules include a requirement to report on an “if not, why not” basis against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

I have worked at ASX for many years on and off. I started out in 1997 working in the clearing and settlements area, progressing through to the listings area and culminating in a role as Company Secretary. I took a break after having my second child and worked as a lawyer and company secretary at a listed company for a while before being asked back to ASX in 2007 to take on this current role. I manage the ASX Education and Research Program which provides education relating to ASX's compliance requirements for ASX's listed entity and exchange participant stakeholders, and organises research which will be of benefit to ASX's markets. In this capacity I have extensively promoted the diversity recommendations discussed below.

The Council: Can you walk us through the diversity recommendations?

Giri: First a bit about the ASX Corporate Governance Council which is the owner and the publisher of the Corporate Governance Principles and Recommendations. ASX accepted a leadership role in enhancing Australian corporate governance practices by convening the ASX Corporate Governance Council in August 2002.

The Council brings together various business, shareholder and industry groups, each offering valuable insights and expertise on governance issues from the perspective of their particular stakeholders. The Council has developed and released recommendations on the corporate governance practices to be adopted by Australian listed entities designed to promote investor confidence and to assist listed entities to meet stakeholder expectations.

Under ASX Listing Rule 4.10.3, listed entities are required to benchmark their corporate governance practices against the Council's recommendations and, where they do not conform, to disclose that fact and the reasons why. The rule effectively encourages listed entities to adopt the Council's recommended practices but does not force them to do so. It gives a listed entity the flexibility to adopt alternative corporate governance practices, if its board considers those to be more suitable to its particular circumstances, subject to the requirement

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for the board to explain its reasons for adopting those alternative practices.

The current version of the Council's Corporate Governance Principles and Recommendations with 2010 Amendments was released on 30 June 2010 and came into effect on 1 January 2011. The 2010 amendments included the diversity recommendations summarised below.

The diversity recommendations, which became effective for financial years commencing on or after 1 January 2011, are:

Recommendation 3.2: Boards of all listed entities should establish a diversity policy and disclose the policy or a summary of it. The policy should include requirements for the board to:

- set measurable objectives for achieving gender diversity;
- review both the objectives and the progress in achieving them annually.

Recommendations 3.3 and 3.4: listed entities should disclose in their annual report:

- the measurable gender diversity objectives set;
- progress towards achieving them;
- the proportion of women at three levels:
 - board
 - senior management
 - whole of organisation

The Council: What has been the response from the business community and other organizations?

Giri: The response from the Australian business community in support of the diversity recommendations has been enormous. In my view this stems from a recognition of the benefits brought by diversity and a desire to embrace diversity in the way which best suits each organisation rather than to have the government impose a "one-size fits all" solution. There are many organisations promoting diversity within the Australian business community through a variety of activities. For example there is *Women on Boards* who publishes a Boardroom Diversity Index, Pathways to Directorship Professional Development and 'My Mentor' programs; *Chief Executive Women* who have a Talent

Development Program and CEO Kit; *Australian Institute of Company Directors* organizes the ASX 200 Chairmen's Mentoring Program, Board Diversity Scholarships, and a board-ready women database.

The Council: I know that you intended to publish a report after the final Annual Reports were received in late March/April – can you tell us a little about the initial findings?

Giri: This research is still in progress – it will be published by the time I speak at your Board Diversity Forum on July 18. Early indications are that the listed entity response has been very positive with over 60% choosing to adopt diversity measures rather than explain why not. As could be expected there is a correlation between size and diversity adoption with larger entities tending to be more likely to adopt diversity measures, and from reading the reports, tending to have been on their diversity journey for a longer period. Financial services is the sector which has proportionally the most listed entities adopting diversity measures.

The Council: Are there any notable countries that you look to for their leadership on promoting diversity on publicly listed companies?

Giri: Australia has been an early mover in this space and has favoured a voluntary approach rather than quotas, which seems to be the other main tool used to achieve gender diversity. In the lead up to the formulation of its diversity recommendations the ASX Corporate Governance Council was cognisant of the moves towards promoting diversity in Europe with the Norwegian 40% quota and the moves towards requirements in Spain and France for the composition of certain boards. After the release of the Australian diversity recommendations the UK also adopted a similar approach on diversity with Lord Davies recommending that quotas be considered if companies in the UK did not make significant progress the next few years. Whilst no specific recommendation of that nature exists in Australia the business community here is also aware that a failure to achieve change may result in legislative action.

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The Australian Institute of Company Directors (AICD) monitors gender composition of the ASX 200 boards. AICD figures as at 14 June 2012 show:

- 23% of all new Board appointments on ASX 200 entities in calendar 2012 are women compared with 28% in calendar 2011, 25% in calendar 2010, 5% in FY09, and 8% in FY07 and FY08
- Female directors of ASX 200 entities, as a percentage, increased to 14.3 %, up from 10% as at Sept 2010 and 8% as at 30 June 2009
- 21 women have been appointed as directors of ASX 200 entities so far in 2012 compared to 68 in calendar 2011, 56 in calendar 2010 and 10 in calendar 2009.

Giri Tenneti is currently the Education Executive at ASX. In that role for the past five years Giri has managed the planning, development and delivery of education to market participants and listed companies of ASX. The program has run over 100 educational events attended by more than 5000 people and also created on-line resources and educational products. Prior to this Giri has worked in financial services as a lawyer and company secretary for over fifteen years. If you have questions, she can be contacted at: giri.tenneti@asx.com.au

CORPORATE MEMBERSHIP

We were pleased to welcome our newest corporate members **Husky Energy, IAMGOLD, and Iron Ore Company of Canada**. 47 leading organizations are now utilizing membership to support their human capital, inclusion, and diversity strategy. Corporate Members are promoted on the CBDC website and receive a 10% discount off 'Get on Board' Education Program fees.

The 2012-2013 'Get on Board' Series is Co-Presented by **Talisman Energy**.



'GET ON BOARD' EDUCATION PROGRAM

Fall 2012 Schedule

Toronto Introductory

Oct. 22, 1PM-5PM
 Nov. 9, 8AM-1PM
 Nov. 27, 8AM-12PM

Toronto Intermediate

Oct. 25, 8AM-12PM
 Nov. 13, 1PM-5PM
 Nov. 28, 8AM-1PM
 Dec. 10, 1PM-5PM

Vancouver Introductory

Oct. 19, 8AM-12PM
 Nov. 6, 8AM-1PM
 Nov. 27, 8AM-12PM

Calgary Introductory

Oct. 23, 1PM-5PM
 Nov. 8, 8AM-1PM
 Nov. 29, 8AM-12PM

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FOUNDING AND CORPORATE MEMBER BENEFITS

- **'GET ON BOARD' PROGRAM COST SAVINGS**
Corporate and Founding Members receive 10% and 23% - 35% savings, respectively, on the enrollment fee for managers and executives in the CBDC's 'Get on Board' Governance Education Program. The Program is the fastest-growing and most affordably-priced governance education program in Canada offering three levels, tailored to an individual employee's management and/or non-profit board experience. The Program is popular with our members to help develop top talent employees, hone business and leadership skills, gain business knowledge, build networks and give back to the communities in which your organization operates.
- **SPEND A \$1,500 'GET ON BOARD' CREDIT**
Each of our Members receives an annual \$1,500 credit towards enrollment of managers and executives in the 'Get on Board' program to support talent development strategy for diverse professionals.
- **BUILD YOUR DIVERSITY TEAM'S KNOWLEDGE OF DIVERSITY BEST PRACTICES THROUGH THE BOARD DIVERSITY FORUM**
Exclusively for our Corporate and Founding Members, our bi-monthly 45 minute tele-conferences are an important forum for knowledge-sharing with other diversity leaders from across Canada. Each forum addresses a topic that is relevant to diversity and inclusiveness professionals.
- **PROVIDE A NEW TOOL TO YOUR BOARD'S NOMINATING AND GOVERNANCE COMMITTEE OF THE BOARD**
Each of our Members receives our bilingual annual Board Diversity Toolkit for their Board's Nominating and Governance Committee. This Toolkit is the only one in Canada, and presents a practical, step-by-step approach to improving board diversity. The Council updates the Toolkit each year with new research and best practices.
- **EXPAND YOUR DIVERSITY TEAM'S NETWORKS**
Our Members' diversity leaders enjoy membership in the CBDC's growing network of business leaders committed to diversity in governance including the Annual Report Card launch and Diversity 50 events.
- **BENEFIT FROM OPPORTUNITIES FOR NATIONAL RECOGNITION**
Members have the option to be considered for the CBDC's new Award, CBDC Diversity in Governance Distinction. Award Winning organizations will be named in our national media partner *The Globe and Mail* in the lead-up to Board Games.
- **ALIGN YOUR DIVERSITY BRAND WITH CANADA'S TOP BOARD DIVERSITY BRAND**
Each of our Members is featured on the CBDC website and in the Annual Report Card sent to every *FP500* director in Canada each year. The Council's media coverage and public recognition helps our Members position their organizations as diversity leaders, attracting top talent from Canada's increasingly diverse population.

If you are interested in becoming a corporate member, please visit our website at www.boarddiversity.ca or contact Pamela Jeffery at pjeffery@boarddiversity.ca.

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RECOMMENDED READS

[Facebook taps COO Sheryl Sandberg to be first woman on board – June 2012](#)

Montreal Gazette

[Fairness Matters – June 2012](#)

Financial Post

[Diversity the answer for boardrooms – May 2012](#)

Sydney Morning Herald

[Ready to Board? – March 2012](#)

The Economist

**Leading in Advancing Diversity on
Canada's Boards**



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