



## **MEDIA RELEASE**

31 July 2012

### **Report: adoption by ASX-listed companies of the *ASX Corporate Governance Principles and Recommendations on diversity***

ASX Compliance today released an independent report from KPMG on the adoption by ASX-listed companies of the ASX Corporate Governance Council's recommendations relating to gender diversity.

The Council's diversity recommendations came into effect for financial years beginning on or after 1 January 2011.

The ASX Education and Research Program commissioned KPMG to conduct an independent analysis of the diversity disclosures made by listed companies with a 31 December 2011 year end, being the first group of companies required to report against the diversity recommendations.

The Council's recommendations provide an industry-wide reporting framework for corporate governance. They are not mandatory but ASX requires listed companies to disclose in their annual report the extent to which they have followed the recommendations during the relevant reporting period. Where companies have not followed all of the recommendations, they must provide an explanation as to why ('if not, why not' reporting).

The report includes statistics on the adoption of the Council's diversity recommendations and an overview of the types of activities undertaken by listed companies in the pursuit of diversity within their organisations. The report also provides an analysis of diversity policies, measureable objectives within those policies, and findings on gender diversity including board selection processes and remuneration reviews.

From a sample of 211 ASX-listed companies, some of the report's findings include:

- 98%<sup>1</sup> (206 companies) reported they had established a diversity policy or had provided an explanation as to why not;
- 61% (129 companies) disclosed they had established a diversity policy. Of these 129 companies, 88% (114 companies) disclosed that their policies covered more than gender (for example, age, ethnicity, cultural background);
- there is a direct correlation between the size of a company and the adoption of a diversity policy;
- of the 129 companies with disclosed diversity policies, 59% (76 companies) reported to have established measureable objectives for obtaining gender diversity;
- the majority of companies disclosed statistics on women including senior level and board representation; and
- a common reason given by those companies not adopting the diversity recommendations was their "size and stage".

Kevin Lewis, ASX Chief Compliance Officer said: "The report reinforces the high level of acceptance of the ASX Corporate Governance Council Principles and Recommendations by listed companies. Introducing diversity into the recommendations has resulted in a significant number of listed companies choosing to incorporate diversity measures into their governance practices.

---

<sup>1</sup> The statistics include companies who provided reporting by way of an ASX announcement resulting from follow-up action by ASX Compliance after the release of the companies' annual reports. The outstanding 2% of companies included one which has since delisted, one about to undertake a corporate transformation ("backdoor listing") and three who were allowed to rectify after the date of the report.

"The report provides a strong indication of the effectiveness of Corporate Governance Principles and Recommendations. The Corporate Governance framework is flexible enough to benefit companies that are pursuing diversity by providing a consistent set of criteria against which to report, while also allowing those companies not adopting the recommendations to explain their reasoning to their stakeholders."

The report is available here: [http://www.asxgroup.com.au/media/asx\\_diversity\\_report.pdf](http://www.asxgroup.com.au/media/asx_diversity_report.pdf)

The ASX Education and Research Program intends to commission further research to measure the disclosures of a sample of the 30 June 2012 reporting companies.

#### **Media inquiries:**

Kristen Kaus  
Media and Communications Executive  
Tel: + 61 2 9227 0410  
Mobile: 0421 380773  
[kristen.kaus@asx.com.au](mailto:kristen.kaus@asx.com.au)  
[www.asxgroup.com.au/media-releases.htm](http://www.asxgroup.com.au/media-releases.htm)

#### **ASX Corporate Governance Council**

ASX has chaired the ASX Corporate Governance Council since its inception in August 2002. The Council brings together 21 business, investment and shareholder groups to oversee the principles-based and industry-wide framework it developed for corporate governance - the Corporate Governance Principles and Recommendations.

ASX requires listed companies to disclose in their annual report the extent to which they have followed the recommendations set by the Council during the relevant reporting period. Where companies have not followed all of the recommendations, they must identify the recommendations that have not been followed and provide an explanation for not following them ('if not, why not' reporting).

Importantly, the reporting requirements under the ASX Listing Rules provide for transparency of the corporate governance practices of listed companies, which better positions investors to make informed investment decisions. Ultimately, it is for the market to pass judgement on the corporate governance practices of Australian companies, not the Council or ASX.

More detail about the Council and the Principles and Recommendations is available here: <http://www.asxgroup.com.au/corporate-governance-council.htm>

#### **ASX Education and Research Program**

The ASX Education and Research Program has funded various education and research activities, including the cost of conducting training courses for participants and listed entities on ASX's rules. Further information about the ASX Education and Research Program including its mission statement and the future of the program can be found here: <http://www.asxgroup.com.au/education-and-research.htm>