

## Corporate Alert

# Corporate Governance - Diversity Policy Reporting

March 2012

### It's Time!

For most listed companies, they will need to report on their diversity policy and measurable objectives in their annual report for the first time this year. To do that, if they have not yet already, companies will need to take the first step and adopt a diversity policy and a set of measurable objectives.

### Reporting Requirements

On 30 June 2010, the ASX Corporate Governance Council announced amendments to its *Corporate Governance Principles and Recommendations*, requiring listed companies to adopt policies on gender and diversity issues in respect of their financial years commencing on or after 1 January 2011. If a company chooses not to implement a diversity policy, it will need to explain why under the "if not, why not" principles of the recommendations.

Under the recommendations:

1. **(Diversity Policy)** - ASX-listed companies should establish a diversity policy and disclose that policy. The diversity policy should establish measurable objectives for achieving gender diversity and a requirement that the board assess annually both the measurable objectives for achieving gender diversity and the progress in achieving them.
2. **(Assessment and disclosure of diversity)** - in each annual report, ASX-listed companies should disclose the measurable objectives for achieving gender diversity in the organisation and the progress towards achieving those objectives. Companies should disclose the proportion of women in the whole

organisation, women in senior executive positions and women on the board.

3. **(Board member selection)** - listed companies should now also include a statement in their annual report as to the mix of skills and diversity the board of directors is looking to achieve in membership of the board. The aim of this inclusion is to enhance transparency of the processes involved in selecting board members and the steps taken to ensure a diverse range of candidates are considered.

### Features of a Diversity Policy

In preparing or adopting a Diversity Policy, the recommendations suggest the following content:

1. **(Commitment to diversity)** - outline the company and board's commitment to diversity and how the company believes diversity in its workplace will enhance its corporate performance.
2. **(Benefits of diversity)** - highlight some of the benefits arising from employee and board diversity.
3. **(Selection and appointment of directors and employees)** - provide a summary of the board's processes for selection and appointment of employees and directors and explain how the board seeks to achieve greater diversity in its selection processes.
4. **(Programs and initiatives introduced to increase diversity)** - describe any programs or initiatives introduced by the company to assist with improving diversity within the organisation.
5. **(Measurable objectives)** - disclose the company's measurable objectives.

## Next steps

If companies do not comply with the Recommendations, they will need to explain the reasons for their non-compliance.

If companies intend to comply then they will need to:

- consider their approach and attitude towards diversity generally;
- develop measurable objectives;
- adopt and implement an appropriate diversity policy having regard to their size and industry; and
- at the end of the financial year, assess their compliance with the policy and disclose this in their annual report.

We have developed a framework to assist companies address these steps. For further information or advice please contact our office.

Written by:

**Eugene Fung & Siew Mei Fagan**

For further information, please contact:

### **Brisbane**

**Eugene Fung  
Partner**

Level 16  
Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000  
Australia  
T +61 7 3338 7500  
F +61 7 3338 7599

### **Sydney**

**David Zwi  
Partner**

Level 25  
Australia Square Tower  
264 George Street  
Sydney NSW 2000  
Australia  
T +61 2 8248 5800  
F +61 2 8248 5899

### **Melbourne**

**Mark Branagan  
Partner**

Level 39  
Rialto South Tower  
525 Collins Street  
Melbourne VIC 3000  
Australia  
T +61 3 8080 3500  
F +61 3 8080 3599

### **Adelaide**

**Loretta Reynolds  
Partner**

Level 7  
19 Gouger Street  
Adelaide SA 5000  
Australia  
T +61 8 8126 1300  
F +61 8 8232 1961

[info@thomsonslawyers.com.au](mailto:info@thomsonslawyers.com.au)

[www.thomsonslawyers.com.au](http://www.thomsonslawyers.com.au)