

16 December 2024

Senator Louise Clare Pratt
Chair
Senate Finance and Public Administration Committees
PO Box 6100
Parliament House
Canberra ACT 2600

Submitted via website.

Dear Senator,

Workplace Gender Equality Amendment (Setting Gender Equality Targets) Bill 2024

About ACSI

Established in 2001, ACSI exists to provide a strong voice on financially material environmental, social and governance (ESG) issues. Our members include Australian and international asset owners and institutional investors with more than \$1.9 trillion in funds under management.

Through our research, engagement, advocacy and voting recommendations, ACSI supports members in exercising active ownership, which enhances the long-term value of the retirement savings entrusted to them to manage. ACSI members can achieve value for their beneficiaries through genuine and permanent improvements to the ESG practices of the companies in which they invest.

Summary of ACSI's position

A range of research shows links between cognitive diversity and better company performance. This research shows that cognitively diverse teams are more innovative, less likely to exhibit groupthink and engender higher levels of trust.¹ We view gender diversity, as a key support for cognitive diversity, as a financially material issue for investors.

ACSI welcomes the introduction of the *Workplace Gender Equality Amendment (Setting Gender Equality Targets) Bill 2024* (the Bill) as a further support for gender diversity. The implementation of Recommendation 3.1 (a) from the Workplace Gender Equality Act 2021 Review represents an important step forward in disclosing the outcomes of gender equality initiatives. Monitoring and reporting on outcomes, as well as the use of targets, rather than relying only on policies, can support better practice and encourage greater progress. The ability to publicly name organisations that do not comply with this disclosure obligation is an appropriate compliance mechanism as a starting point. ACSI supports the requirement to report against at least three of the six gender

¹ Juliet Bourke, 2021, [Which Two Heads are Better than One?](#), AICD, and ACSI, 2023, [Gender Diversity Policy](#).

equality indicators (GEIs), all of which can provide financially material insights into the state of workplace gender equality. In particular, ACSI welcomes the option to report targets for gender diversity at board and workforce levels. The menu of targets from which employers can select appropriate targets (Attachment A: Gender Equality Targets) in the Explanatory Memorandum would provide guidance in target setting.

Institutional investors require robust and up-to-date data to make informed decisions in the best financial interests of their beneficiaries. The proposal would assist this endeavour through its facilitation of increased transparency and accountability on gender equality outcomes. Some improvements to the accessibility of data on WGEA's website would also assist in the utility of this information for investors. Institutional investors engage with companies at the group level. Consequently, access to aggregated data would support investment stewardship. In particular, as ACSI noted in our submission² to the Workplace Gender Equality Act 2021 Review, it would be useful for company groups to be aggregated, so that the information could be presented at the group level and on an entity-by-entity basis.

Target setting

ACSI welcomes the inclusion of a requirement for target setting for a selection of at least three of the six GEIs particularly the gender diversity of the board and the workforce. Requiring organisations with 500 employees or more to set targets moves focus from the existence of policies to their outcomes. For example, the inclusion of targets on gender composition of the workforce, including increasing the representation of the under-represented gender in the manager category, and promotions to manager³ will support a focus on the pipeline into senior executive and board positions.

This disclosure requirement would complement other initiatives designed to support performance by increasing gender diversity. For example, the 4th Edition of the ASX Corporate Governance Principles Recommendation 1.5 states that a listed entity should, "...set measurable objectives for achieving diversity in the composition of its board, senior executives and workforce generally..."⁴ This is also in line with many investor expectations, for example, the ACSI Governance Guidelines expect that "no gender occupies less than 30% of board positions in an ASX-listed company" and that companies should set a realistic timeframe within which they will achieve gender balance (40:40:20) on their boards. ACSI's Governance Guidelines also encourage companies to advance gender diversity at the executive level and disclose the actions they are taking to achieve this.⁵ It may be appropriate for Workplace Gender Equality Agency (WGEA) guidance supporting companies setting GEI targets to include a recommendation that gender composition targets should have an ultimate 40:40:20 long-term objective.

The Bill's proposed disclosure requirements would also add further impetus for organisations to progress gender diversity. While there have been improvements in board gender diversity, with the number of female ASX200 directors increasing from less than 20% in 2015 to 38.15% in July 2024,⁶ more work is needed. Equally, the Chief Executive Women (CEW) 2024 Senior Executive Women Census found that the number of female CEOs in the S&P/ASX300 actually decreased between 2023 and 2024.⁷ This legislation represents an improvement in transparency on gender diversity in Australian companies at both the board and the senior executive level which should lead to better outcomes over time.

Consider expanding obligations over time

² ACSI submission, November 2021, [Review of the Workplace Gender Equality Act 2021](#).

³ Attachment A: Gender Equality Targets in Explanatory Memorandum, [Workplace Gender Equality Amendment \(Setting Gender Equality Targets\) Bill 2024](#).

⁴ ASX Corporate Governance Council, [Corporate Governance Principles and Recommendations, 4th Edition](#), p.9.

⁵ ACSI, 2023, [Governance Guidelines](#).

⁶ ACSI, [2023-2024 Stewardship Report](#).

⁷ [2024 Senior Executive Census: CEW calls for urgent action as gender equality stagnates in ASX300](#)

The Bill requires covered organisations to report against at least three targets. This is reasonable in the first instance, given differing company maturity and internal environments. As disclosures and target setting matures, we encourage consideration of requiring targets against all six gender equality indicators and a timeframe in which this could occur. This could be the subject of further consultation in time.

I trust our comments are of assistance. Please contact me or Kate Griffiths, Executive Manager Policy and Research (kgriffiths@acsi.org.au), should you require any further information.

Yours faithfully,



Louise Davidson AM
Chief Executive Officer
Australian Council of Superannuation Investors