

# Gender Pay Equity and Australian Listed Companies

## EXECUTIVE SUMMARY



### ABOUT THE AUTHORS

#### ACCR

The Australasian Centre for Corporate Responsibility (ACCR) is a not-for-profit association that promotes responsible investment through undertaking and publishing research to evaluate and improve the performance of Australian listed companies on environmental, social and governance (ESG) issues. We have a portfolio of shares that we hold for the purpose of engaging with companies on ESG issues, including through the filing of shareholder resolutions. We encourage other investors to use our research to engage with companies in their portfolio.

#### CAER

CAER's mission is to broaden the reach of ethical and responsible investment. To achieve this we provide, structure and add value to ESG information on companies and investment portfolios.

CAER's business activities focus on the provision of expertly assessed ESG information. Our team of analysts have a deep knowledge of the responsible investment market and are able to provide our clients with expert insights in addition to high quality, well-structured global ESG data.

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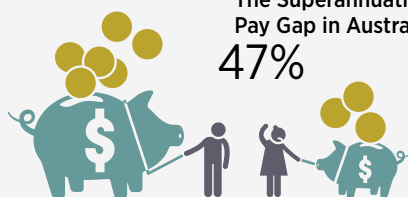
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### The Gender Pay Gap in Australia

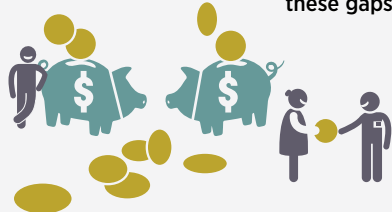
The Gender Pay Gap in Australia is 15.3%



The Superannuation Pay Gap in Australia is 47%



Governments, companies and their shareholders have an important role to play in reducing these gaps



### Findings from the ACCR Gender Pay Gap Report

#### GENDER PAY GAP ANALYSIS

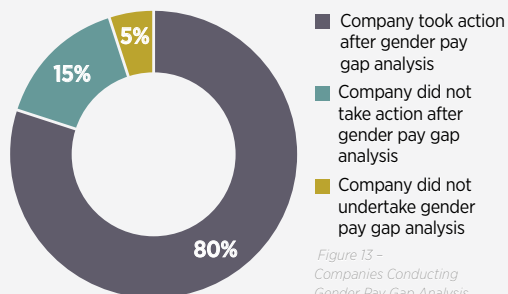


Figure 13 - Companies Conducting Gender Pay Gap Analysis

#### GENDER PAY EQUITY AMBASSADORS

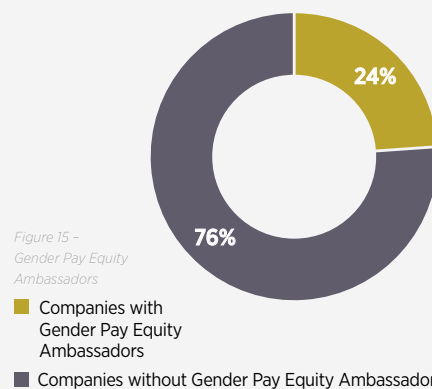


Figure 15 - Gender Pay Equity Ambassadors

### ABOUT THE REPORT

Gender pay equity is achieved when women and men receive equal pay for work of equal or comparable value. A disparity between women and men's pay is often referred to as the 'gender pay gap' or 'gender pay inequity'. The gender pay gap refers to the difference in earnings between men and women, typically recorded as the difference between fulltime workers. In Australia today, the gender pay gap is 15.3% - more than in the UK (9.4%) but less than in the US (20%).

There are two fundamental causes of an observed gender pay gap: the first is a consequence of discrimination - either unconscious or conscious - leading to gender pay inequity, the second is an artefact of the composition of the workforce. A US Congressional report found that as much as 40 percent of the overall gender pay gap in the US may be due to discrimination. Compositional factors that contributed to the non-discrimination related portion of the gender pay gap highlighted in the report included:

- the under-representation of women in leadership positions

- the greater proportion of women working in lower-paying fields
- women being more likely than men to be the primary caregivers of other family members.

The Australasian Centre for Corporate Responsibility is a long-term investor in Australian listed companies. As an organisation that takes the position of a universal asset owner (one that holds most of the shares on a market) we have an interest in the impact better individual corporate conduct can have on the wider economy.

In our view, Australian company boards can and should act to address the gender pay gap because:

- it is the right thing to do
- discrimination is illegal, and though it can be very difficult to prove at law, allegations of discrimination can readily cause reputational damage
- the gender pay gap is a key indicator of how well a company is performing in terms of building a gender diverse workforce. Encouraging gender diversity is linked to higher financial returns.

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## METHODOLOGY

Part 1 of the Report explains why gender pay equity is a material issue for Australian companies; it describes international norms and developments, Australian legislation and US shareholder resolutions.

Part 2 uses Australian Workplace Gender Equality Agency (WGEA) disclosures to assess 91 of the ASX Listed top 100 companies (9 companies were not subject to WGEA disclosure requirements). Companies were analysed on the following:

- existence of a formal policy or strategy on remuneration for employees
- existence of Gender Pay Equity Objectives in policy or strategy
- whether a Gender Pay Gap Analysis was conducted
- if a Gender Pay Gap Analysis was conducted, were actions taken as a result
- whether the company has a CEO or board member signed up to the WGEA Pay Equity Pledge



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## KEY FINDINGS

### KEY FINDINGS INCLUDE:

- **It is rare for a formal policy and/or formal strategy to include transparency around pay scales and/or salary bands.** Only 15 companies disclose that their formal remuneration policy and/or strategy covers pay scale transparency.
- **Companies have been analysing their payroll to determine if there are any remuneration gaps between women and men.** The research found that 87 companies undertook a gender pay gap analysis (95%).
- **All up, 80% of companies have been taking actions as a result of their gender remuneration gap analysis.** The majority of these actions included identifying the cause/causes of pay gap/s, however, many companies highlighted a wide variety of actions taken.
- **Companies that have not taken actions regarding gender pay equity analysis, or actions post-gender pay equity analyses often justify inaction by stating salaries are set by awards/industrial or workplace agreements.** Companies also disclosed that no action was taken as 'non-award

employees are paid market rate'. These purported justifications ignore:

- the likely prevalence of discrimination;
- the role of company management in the negotiation of enterprise agreements
- and the significance of 'by-level' pay gaps, for example, where women and men progress through employment levels at different rates.

- **The majority of companies are not making any public commitments to gender pay equity.** Only 24% of the ASX100 listed companies have a CEO or board member signed onto the Gender Pay Equity Pledge.

Cochlear, BT Investment Group, BHP Billiton, ASX Limited and Bank of Queensland all highlighted best practice examples of actions taken to address gender pay equity that went beyond mandatory WGEA disclosures.

James Hardie Industries, Qube Holdings, Ramsay Health Care and TPG Telecom are the only companies out of the 91 disclosing companies that have not reported conducting a gender pay gap analysis.

## RECOMMENDATIONS

### FOR ASX-LISTED COMPANIES

1. Ensure leadership involvement on gender pay equity issues from senior management and board of directors. This includes making a public commitment to gender pay equity, having a policy or strategy in place that addresses gender pay equity signed by senior management, and annually addressing and reporting on the findings of payroll analyses and other gender related auditing.
2. Take tangible actions to reduce the gender pay gap during the employment process including recruitment, promotion and employment conditions.
3. Set targets to reduce gender pay gaps at like-for-like and organisation wide levels.
4. Conduct annual gender pay roll analyses and take actions as a result.
5. Be transparent with staff with regard to gender pay equity issues. Implement pay scale transparency, inform staff of payroll analysis findings, and engage with employees to monitor understanding of policies as well as satisfaction with regards to gender pay equity issues.

### FOR INVESTORS

6. Encourage companies to adopt the outlined recommendations 1–5 above.
7. Incorporate gender pay equity issues into investment due diligence practices, screening tools and corporate engagement and monitoring processes.
8. Publish information regarding engagements with companies on Gender Pay Equity issues, including voting records on gender pay equity issues, where possible.
9. Consider exiting business relationships where companies are failing to address gender pay equity issues within their operations and are unresponsive to engagement.
10. Super funds seeking to reduce the gap between women and men's superannuation by focusing on public policy (on average, women currently retire with 47% less super than men) should ensure their corporate advocacy as a shareholder aligns with their advocacy on policy.