

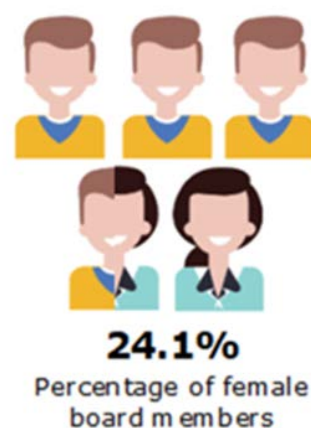
New Zealand Census of Women on Boards 2018

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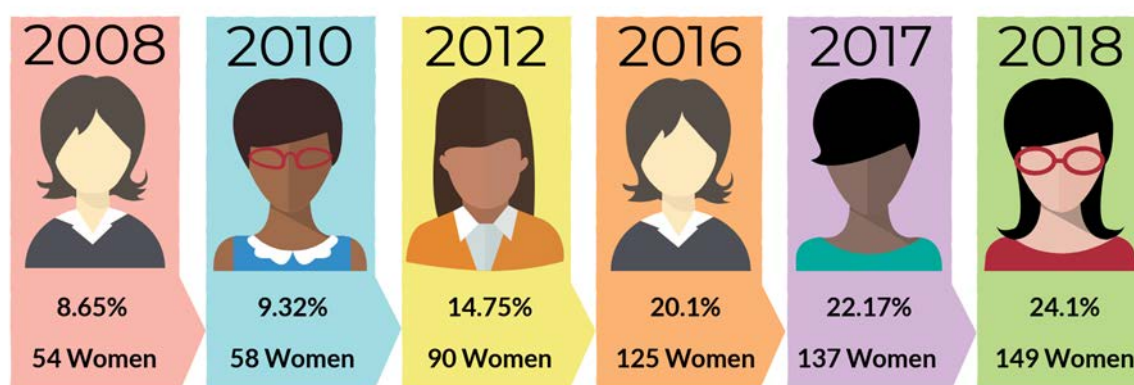
Sex and Power Report Card

Glacial progress in increasing board diversity is the key feature of the latest Sex and Power Report Card, undertaken in the 125th year anniversary of women’s suffrage.

In 2018, less than one in four members of the boards of New Zealand’s top 100 companies by market capitalisation is female. The figure has crept up to 24.1% of board members being female. This means that New Zealand has yet to reach even a quarter of women in governance of the top listed companies. This country remains significantly behind best practice European jurisdictions, which have between 30 and 40 per cent female boardroom representation and national initiatives to speed up women’s access to board seats.



The New Zealand Census of Women on Boards shows that 20 companies in the top 100 still have no woman on their boards. This is unacceptable in terms of business reputation, market responsiveness, consumer confidence and gender equality. By comparison there is no all-male board in the UK FTSE 100.



New Zealand’s Top 100 companies have 617 directors. 149 of them are female – 24.1%. In 2017 that figure was 22.1%, while in 2016 it was 20.1%, which is an increase of about two percentage points every year. At this pace it will take at least another decade (14 years) for the gender gap in governance of the top 100 listed companies to close up.

The boards and management of the top companies remain overwhelmingly male. They also remain overwhelmingly Pākehā. Despite recent rhetorical commitment to diversity and inclusion by New Zealand business, the reality is markedly different around the board table.

The number of female board chairs of the Top 100 companies in 2018 is 11. That is an increase on 2017 and on the previous four years, when the figure was seven.

The good news

The 38 largest companies on the top 100 list have at least one female director. It is not until one reaches the 39th company by capitalisation that the first entity without a female director is found.



The highest proportion of female directors on a Top 100 board is 66.6%. Tourism Holdings Ltd has four out of six female directors. Steel & Tube Holdings Ltd has the next-highest proportion of female directors, at 60%, with three out of five Steel & Tube Holdings Ltd directors being female. Steel & Tube has a consistent track record of women's representation and participation on its board and defies stereotypes about the type of sectors that might attract and retain women in governance. Critical mass theory is commonly used in women and corporate governance research and this suggests there should be at least three women appointed to a board to enhance the likelihood of women's voices and perspectives having a positive influence on boardroom culture.

Genesis Energy Ltd has 57.1% female directors. Summerset Group Holdings Ltd, Kingfish Ltd, Spark New Zealand Ltd and Contact Energy Ltd have 50% female directors.

Air New Zealand Ltd, Freightways Ltd, Oceania Healthcare Ltd and Abano Healthcare Group Ltd have 42.8% female directors. Ebos Group Ltd, The City of London Investment Trust Plc, The Bankers Investment Trust Plc, Trade Me Group Ltd, Briscoe Group Ltd, Fonterra Shareholders' Fund, Investore Property Ltd and Michael Hill International Ltd have 40% female directors.

Thirty companies in Aotearoa New Zealand have one female director, 35 have two, 11 have three and four have four women in the boardroom.

Over three quarters - 76 of the Top 100 companies - have diversity policies.

Westpac Banking Corporation, the largest company by market capitalisation on the NZX, has an Australian-based board with two out of seven female directors. In 2012, it had three female directors. There are four women in its New Zealand executive team of nine.

Four companies listed last year without female boardroom representation have now added one each to their boards. Tegel, the chicken company, appointed a woman to its board of six directors and claimed in its annual report that it was improving gender balance year on year

at all levels. Other companies which now have women on their boards are NZ King Salmon, Metro Performance Glass and Tower Limited.

The bad news

Some of the companies in the list of those without women on their boards are investment fund companies. The group also includes agricultural, motor and hotel companies. It is also surprising to see a large health technology company without female representation in the boardroom.

The following companies on NZX's Top 100 list have no female directors –



- Pushpay Holdings Ltd;
- Argosy Property Ltd;
- CBL Corporation Ltd (in voluntary administration);
- Gentrack Group Ltd;
- Scales Corporation Ltd;
- NZ Top 50 Fund;
- PGG Wrightson Ltd;
- Millennium & Copthorne Hotels New Zealand Ltd (MCK);
- The Colonial Motor Co Ltd;
- NZ Bond Fund;
- CDL Investments NZ Ltd;
- Turners Automotive Group Ltd;
- Scott Technology Ltd;
- US 500 Fund;
- Orion Health Group Ltd;
- Global Bond Fund;
- Millennium & Copthorne Hotels New Zealand Ltd (MCKPA);
- Europe Fund;
- Pacific Edge Ltd;
- Rubicon Ltd.

More bad news - NZX

The snail-like pace of change in governance representation reflects a lack of business leadership. The New Zealand Stock Exchange, NZX Ltd, which is responsible for the implementation and monitoring of diversity rules has failed to set an example to many other listed companies. It has seven board members. One is female. The board chair and the CEO are male.

This is particularly disappointing, given that the *NZX Corporate Governance Code 2017* recommends that issuers should have written diversity policies including “requirements for the board or a relevant committee of the board to set measurable objectives for achieving

diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity’s progress in achieving them.”¹

The 2017 governance code was published on 10 May 2017 and took effect from 1 October last year. In publishing it, NZX Ltd described the governance code as the first substantial update to the NZX code since 2003 and “a significant step forward for corporate governance reporting requirements in New Zealand.”²

NZX Ltd’s executive team of 11 includes three women.

As far back as 2012, then-NZX Ltd CEO Tim Bennett said that feedback from listed companies revealed that gender diversity was seen as important to the market. He stated that there was credible, research-based evidence suggesting that diversity – and gender diversity, in particular – at both board and management level contributed to improved performance.³

NZX Ltd must immediately address its own gender governance gap to restore its credibility as the monitor of diversity for listed companies in New Zealand. One female out of seven board members is a woeful example by the organisation charged with setting standards for listed companies. For NZX to walk its talk, female board representation would be 50% - and maintained at that level – with an increase in the ethnic diversity of its board.

Ethnic diversity on boards

As well as being overwhelmingly managed and governed by men, the Top 100 companies are overwhelmingly managed and governed by Pākehā. There are very few CEOs or board members of any ethnicity other than Pākehā.



Māori – both male and female – are almost entirely absent from the Top 100 NZX company boards, as are Pasifika. This is despite the fact that Māori comprise 14.9% of the population and Pasifika 7.4%. Asians comprise 11.8% of the total population but are also under-represented on the Top 100 boards and in management. The lack of cross-over between the number of women involved in Māori business as entrepreneurs, trusts, iwi business post

¹ NZX Ltd – NZX Corporate Governance Code 2017 <https://www.nzx.com/files/attachments/257864.pdf>.

² NZX Ltd – NZX publishes final NZX Corporate Governance Code, 10 May 2017 <https://www.nzx.com/announcements/300888>.

³ NBR contributor – NZX adopts gender diversity, The National Business Review, 5 July 2012.

treaty settlements and other companies, and listed company governance appears a significant lost opportunity. It also under-estimates Māori and Pasifika women's buying power and consumer influence.

More detailed information about the lack of ethnic diversity on boards in Aotearoa has been collected and reported in other research.

Lawyer Mai Chen this year released an audit of New Zealand boardrooms that looked at the diversity of thought and concluded that the boardroom diversity debate was “stuck” and needed to move past companies just getting female, ethnic or young directors around the board table. From her interviews she concluded that confusion existed around what diverse thinking at the board level actually means (Chen, 2018).⁴

Of course, the needle on diversity and capability might just shift in boardrooms *if* female, ethnic and young directors were represented in the composition of directors, because they would be bringing different competencies to the board table.

The Champions for Change 2017-18 Diversity Report Summary sought to collect ethnicity data relating to companies, but one in six respondents did not state their ethnicities. The report accordingly could not produce comprehensive data about ethnicity.

Champions for Change said there would be a focus in 2019 on increasing ethnicity reporting.

Female chief executives

There continue to be very few female CEOs running the Top 100 NZX companies.

As at 2018, four CEOs are female, up from three in 2017. The figure of 4% of women in top management reveals how pervasive and long running gender inequality is in business leadership in New Zealand.

Businesswoman Theresa Gattung – the first woman to lead a publicly-listed New Zealand company – was reported in October 2018 as saying that she was still stunned at the lack of women leading public companies.

I did a business degree in the 80s and at that time decided I wanted to be a CEO of a public company. If you told me then, that by 2018, in my mid-50s – 35 years later – that those stats would be like that I would have been horrified.

The way to get more CEOs is to make sure executive teams are 30, 40 and 50 per cent female, and in particular, the women in those teams are not just in HR and marketing but are actually running divisions. If you commit to that over an enough period of time then there will be more women CEOs.

Gattung said shareholders needed to speak up to companies they invested in, to ensure more women were taking the reins. Shareholders should ask as a matter of natural justice whether companies had diversity.

⁴ Chen, 2018 “ New Zealand Boardroom diversity debate “stuck”, says Mai Chen”. NZ Herald Business. 21 August, 2018. https://www.nzherald.co.nz/business/article/.cfm?c_id=objected=12110315. Accessed on 15/10/2018.

We're fine about women leading the country, yet we seem to have this huge blind spot about women leading large companies because not enough of us care enough to do something about it.⁵

Change is overdue

Concerns about gender representation in governance have been the subject of increased commentary in 2018 about gender gaps prompted by the suffrage anniversary. Even women's groups and individuals, who were previously shy of calls for quotas, are now indicating a willingness to entertain statutory rules to force change.

The 2018 Corporate Women Directors International Report states that:

Quotas are working. *Fortune* Global 200 companies based in countries with quotas averaged 33% women's representation on boards compared to 17.1% in countries without quotas, a difference of 15.9%⁶.

Regardless of strategy to improve women's representation, there continues to be concern by groups such as Global Women's Champions for Change, Governance NZ's Women on Boards, Business and Professional Women and the National Council for Women about gender inequality. While these groups embrace advocacy, training for pipeline and 'light touch' activities, these actions alone have variable or negligible impact on boardroom cultures.

Given that a fifth of the top 100 companies have male-only boards, public debate about legislative reform is overdue. The Minister for Women could lead a pro-active, evidence-based legislative response working with women's groups, policy experts and business leaders. Corporate Women Directors International which campaigns globally on the issue states:

Whether quotas or targets, whether through legislative mandates or private sector strategies, opening up women's access to corporate board seats will NOT happen unless there is concerted *national* action and policy (CWDI, 2018, p. 4).⁷

Investors are also influential advocates for change if they push for positive change to boardroom composition. CWDI reports that there are currently over 75 research studies from numerous countries indicating that more women on boards correlates with a company's better financial performance.⁸

Various countries continue to pass women in governance legislation relating to either the public sector or the private sector or both. This year legislation to require equal representation on public sector boards in Scotland was passed by the Scottish Parliament,

⁵ Shaw, A – Revealed: What New Zealand's top CEOs are paid, *New Zealand Herald*, 19 October 2018 https://www.nzherald.co.nz/personal-finance/news/article.cfm?c_id=12&objectid=12134854

⁶ 2018 CWDI Report: Women Board Directors of Fortune Global 200 Companies. Accessed <http://globewomen.org?CWDInet/index.php/2018-fortune-global-200-companies/> 15/10/2018.

⁷ *Ibid*, p.4.

⁸ *Ibid*.

with a statutory objective for women to make up 50% of public sector board members by 2022.

New Zealand has always had a much higher representation of women in public sector governance, reaching 45.7% of the 2600 appointments at the end of 2017, despite the absence of legislation. The Minister for Women, Julie Anne Genter, has promised gender parity of all state sector boards by 2021.



The public sector/ private sector dichotomy in New Zealand demonstrates the availability of female boardroom capability and capacity with a pool of board-ready women available who are currently overlooked by the private sector. It also powerfully demonstrates that relying on the old belief that meritocracy bit itself will see women rise to the top of corporate leadership is naïve at best and ignorant at worst. (CWDI,⁹ 2018, p.4).

Between 2017 and 2018 the rate of progress has dropped to 1.93%, if it continues at this rate the gender gap in governance of the top 100 companies won't be closed until 2032.



Methodology

The Top 100 NZX companies by market capitalisation were derived from NZX information as at 4 September 2018. Other information was collected from company websites and annual reports.

⁹ Ibid.

Not all companies had released 2018 annual reports, so in some cases 2017 reports were used as information sources.

Information was collected between 4 September and 8 October 2018, with the most recent data available at those dates being used.

The composition of boards is constantly changing and there is also turnover in board chairs and CEOs. The information presented is accordingly a snapshot as at the date it was collected.

If there have been changes in board composition or in board chairs or CEOs since the information was compiled, please advise us and we can update the table and spreadsheet.

Directors, board chairs and CEOs were identified from details of boards and management on company websites, NZX information and annual reports.

The designation of “CEO” was used for all companies, although the title in some cases was General Manager or another alternative title to CEO. Some companies were managed by other companies, rather than by an individual. In such cases, no gender was recorded for a CEO and instead a dash was inserted into the table or spreadsheet.

The statistics are presented in both a table and a spreadsheet. The table lists the Top 100 companies in order from largest to smallest capitalisation. The spreadsheet records the companies alphabetically.

The research was supported by AUT and Simplicity.

Genders of board members of NZX Top 100 Companies by capitalisation¹⁰ 2018

COMPANY NAME	NO. OF WOMEN	TOTAL BOARD	%	2017	2016	2012	2007	Progress since 2012
Westpac Banking Corporation	2	7	28.5%	1	2	3	2	Minus 1
Australia and New Zealand Banking Group Limited	2	7	28.5%	3	3	2	1	Same
Telstra Corporation Limited	4	11	36.3%	4	3	3	2	Plus 1
AMP Limited	1	8	12.5%	4	4	3	2	Minus 2
The a2 Milk Company Limited	2	6	33.3%	1	1	0	-	Plus 2
Fisher & Paykel Healthcare Corporation Limited	2	7	28.5%	1	1	0	1	Plus 2
Auckland International Airport Limited	3	8	37.5%	3	3	1	1	Plus 2
Meridian Energy Limited	2	7	28.5%	2	3	-	-	-
Australian Foundation Investment Company Limited	2	9	22.2%	2	2	1	1	Plus 1
Foreign & Colonial Investment Trust Plc	3	8	37.5%	-	-	-	-	-
Spark New Zealand Limited	4	8	50.0%	3	2	2	1	Plus 2
Ryman Healthcare Limited	2	7	28.5%	2	2	1	0	Plus 1
Fletcher Building Limited	2	9	22.2%	2	2	2	1	Same
Mercury NZ Limited (NS)	2	8	25.0%	2	2	-	-	-
Contact Energy Limited	3	6	50.0%	3	2	2	2	Plus 1
Air New Zealand Limited (NS)	3	7	42.8%	3	3	1	1	Plus 2
Templeton Emerging Markets Plc	1	7	14.2%	-	-	--	-	-
Vector Limited	3	8	37.5%	2	2	2	2	Plus 1
Port of Tauranga Limited (NS)	2	7	28.5%	-	-	-	-	-
Ebos Group Limited	2	5	40.0%	2	2	2	2	Same
The City of London Investment Trust Plc	2	5	40.0%	-	-	-	-	-
Mainfreight Limited	2	7	28.5%	2	0	0	0	Plus 2

¹⁰ Market capitalisation information NZX figures as at 4 September 2018.

Z Energy Limited	2	7	28.5%	3	3	-	-	-
SKYCITY Entertainment Group Limited (NS)	2	6	33.3%	2	1	1	1	Plus 1
Genesis Energy Limited (NS)	4	7	57.1%	3	4	-	-	-
Synlait Milk Limited (NS)	2	8	25.0%	2	2	-	-	-
The Bankers Investment Trust Plc	2	5	40.0%	-	-	-	-	-
Trade Me Group Limited	2	5	40.0%	2	3	2	-	Same
Chorus Limited (NS)	3	8	37.5%	3	2	3	-	Plus 1
Kiwi Property Group Limited	2	6	33.3%	3	3	1	1	Plus 1
Goodman Property Trust	2	7	28.5%	2	2	2	0	Same
Infratil Limited	1	6	16.6%	1	1	0	0	Plus 1
Trustpower Limited	1	7	14.2%	1	1	0	0	Plus 1
Precinct Properties New Zealand Limited	1	7	14.2%	1	1	-	-	-
Summerset Group Holdings Limited	3	6	50.0%	3	3	1	-	Plus 2
Metlifecare Limited	2	7	28.5%	2	2	0	0	Plus 2
Freightways Limited	3	7	42.8%	1	1	1	1	Plus 2
Delegat Group Limited	2	6	33.3%	2	2	2	2	Same
Pushpay Holdings Ltd	0	5	00.0%	0	0	-	-	-
Heartland Bank Limited	2	9	22.2%	2	0	0	-	Plus 2
Restaurant Brands New Zealand Limited	1	5	20.0%	1	1	1	1	Same
Vital Healthcare Property Trust	1	5	20.0%	1	1	1	-	Same
Argosy Property Limited	0	6	00.0%	0	0	0	-	Same
Property for Industry Limited	1	5	20.0%	1	1	0	0	Plus 1
Henderson Far East Income Limited	1	5	20.0%	-	-	-	-	-
Sky Network Television Limited	2	6	33.3%	2	2	0	0	Plus 2
JPMorgan Global Growth & Income Plc	1	4	25.0%	-	-	-	-	-
The New Zealand Refining Company Limited	2	7	28.5%	1	1	1	1	Plus 1
Briscoe Group Limited	2	5	40.0%	2	2	1	1	Plus 1
CBL Corporation Limited (in voluntary administration)	0	3	00.0%	0	0	-	-	-

Kathmandu Holdings Limited	1	6	16.6%	2	2	1	-	Minus 1
Sanford Limited (NS)	1	6	16.6%	1	1	1	0	Same
Tilt Renewables Limited	2	7	28.5%	1	1	-	-	-
The Warehouse Group Limited	2	7	28.5%	3	3	1	1	Plus 1
Stride Property Ltd & Stride Investment Management Ltd (NS)	1	5	20.0%	1	1	-	-	-
Tourism Holdings Limited	4	6	66.6%	4	3	0	0	Plus 4
Oceania Healthcare Limited	3	7	42.8%	-	-	-	-	-
Gentrack Group Limited	0	6	00.0%	0	0	-	-	-
Scales Corporation Limited	0	7	00.0%	0	0	-	-	-
Vista Group International Limited	1	6	16.6%	1	1	-	-	-
Arvida Group Limited	1	5	20.0%	1	1	-	-	-
Fonterra Shareholders' Fund (NS)	2	5	40.0%	2	2	-	-	-
NZ Top 50 Fund (NS)	0	4	00.0%	0	0	-	-	-
PGG Wrightson Limited	0	7	00.0%	0	0	0	0	Same
Skellerup Holdings Limited	1	5	20.0%	1	1	1	1	Same
Tegel Group Holdings Limited	1	6	16.6%	0	0	-	-	-
Investore Property Limited (NS)	2	5	40.0%	1	1	-	-	-
New Zealand King Salmon Investments Limited	1	7	14.2%	0	0	-	-	-
Michael Hill International Limited	2	5	40.0%	2	2	3	2	Minus 1
T&G Global Limited	2	7	28.5%	2	2	1	-	Plus 1
Hallenstein Glasson Holdings Limited	1	6	16.6%	1	1	1	1	Same
Millennium & Copthorne Hotels New Zealand Limited	0	5	00.0%	0	0	0	0	Same
ASB Capital Limited (NO 2 PREF) (ASBPB) (NS)	1	4	25.0%	-	-	-	-	-
NZX Limited	1	7	14.2%	1	2	1	0	Same
Kingfish Limited	2	4	50.0%	2	2	2	2	Same
The Colonial Motor Company Limited	0	7	00.0%	0	0	0	0	Same
NZ Bond Fund (NS)	0	4	00.0%	-	-	-	-	-
Comvita Limited	1	6	16.6%	2	2	0	0	Plus 1

Tower Limited	1	5	20.0%	0	0	1	1	Same
CDL Investments New Zealand Limited	0	5	00.0%	0	0	0	0	Same
Turners Automotive Group Limited ¹¹	0	7	00.0%	0	0	-	-	-
Scott Technology Limited	0	6	00.0%	0	0	0	-	Same
EROAD Limited	1	6	16.6%	1	1	-	-	-
Serko Limited	1	3	33.3%	-	-	-	-	-
Abano Healthcare Group Limited	3	7	42.8%	2	1	2	2	Plus 1
US 500 Fund (NS)	0	4	00.0%	0	0	-	-	-
Orion Health Group Limited	0	7	00.0%	0	0	-	-	-
Marsden Maritime Holdings Limited (NS)	2	6	33.3%	2	2	-	-	-
AFT Pharmaceuticals Limited	1	7	14.2%	1	1	-	-	-
Green Cross Health Limited	2	8	25.0%	1	1	0	-	Plus 2
Global Bond Fund (NS)	0	4	00.0%	0	0	-	-	-
ASB Capital Limited (ASBPA) (NS)	1	4	25.0%	1	1	1	0	Same
South Port New Zealand Limited (NS)	1	6	16.6%	1	0	0	0	Plus 1
Millennium & Copthorne Hotels New Zealand Limited	0	5	00.0%	0	0	0	0	Same
Europe Fund (NS)	0	4	00.0%	0	0	-	-	-
Pacific Edge Limited	0	5	00.0%	0	0	0	-	Same
Precinct Properties New Zealand Limited	1	7	14.2%	-	-	-	-	-
Metro Performance Glass Limited	1	6	16.6%	0	0	-	-	-
Rubicon Limited	0	6	00.0%	0	0	-	-	-
Steel & Tube Holdings Limited	3	5	60.0%	3	2	2	1	Plus 1

¹¹ Previously Turners Ltd