



Australian Diversity and Inclusion Expectations Statement for Companies

October 2020

At abrdn we believe that diversity of thought, paired with a culture of inclusion, is vital to companies successfully tackling increasingly complex challenges.

Companies benefit from having workforces that broadly reflect the societies in which they operate. Diversity in leadership teams can lead to better company performance on a number of different metrics, and organisations with strong diversity and inclusivity across all levels have been shown to outperform those that do not.

Analysis of material environmental, social and governance (ESG) issues is an important part of abrdn's investment decision-making process, which centres on identification of quality companies that we believe will outperform over the medium to long term. abrdn assesses a company's approach to diversity and inclusion as part of our broader analysis of company corporate culture and governance policies and practices.

This Diversity and Inclusion Expectations Statement for Companies sets out our expectations on gender diversity on boards and executive teams, and on a company's approach to cultural diversity and inclusion in its workforce, in the companies in which we invest in our Australian portfolio.

Our expectations will be reviewed annually, and adjusted as required. We recognise that companies are at different starting points, and as such we will monitor and engage with companies to ensure that progress towards our expectations is being made.

Our expectations of companies

We expect companies to attract, retain and promote a diverse workforce. This includes fostering a culture of diversity and inclusion, including having in place effective policies, processes, targets and timeframes.

Specifically:

- We expect company boards to be gender balanced. This means at least 40% female and 40% male, with 20% any gender.
 - We expect companies within the ASX100 to achieve this 40:40:20 gender balance by the end of 2023, and companies outside the ASX100 to achieve this by 2025.
 - **We will engage with companies, and will align our proxy voting policy with our expectation.**
- We expect company executive teams to be gender balanced. This means at least 40% female and 40% male, with 20% any gender.
 - We expect companies to achieve this 40:40:20 gender balance by the end of 2027.
 - **We will engage with companies on this expectation.**
- We expect companies to measure their gender pay gap, and to measure their 'like-for-like' gender pay gaps (including discretionary pay) for different genders performing the same work or work of comparable or equal value, and to show progress towards reporting on both these measures externally by 2025.
 - Our expectation is that companies will eliminate any 'like-for-like' gender pay gaps, and will be able to demonstrate a plan to close the gender pay gap.
 - **We will engage with companies on this expectation.**



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Our expectations of companies continued

Further, we will engage with companies on the following expectations:

- We expect to see policies, processes, targets and timeframes put in place to achieve gender balance on the board, executive team, and throughout the workforce.
- We expect company boards and executive teams to include representation from culturally diverse backgrounds.
- We expect companies to have cultural diversity objectives in place. We expect to see policies, processes, targets and timeframes put in place to achieve cultural diversity objectives throughout the workforce.

How we will engage

We will engage with companies to:

- communicate our diversity expectations
- understand company approaches to diversity within their workforce, including what governance oversight structure is in place
- encourage progress – including through diversity policies, strategies, data collection, processes, targets and timeframes.

Contact us

Client Services Team

 1800 636 888 or +61 2 9950 2853 if calling from outside Australia

 client.service.aust@abrdn.com

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AU-240821-155713-2

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How we will use our vote

In 2020/2021, where a company has zero or one female director, we will vote against the Chair of the Nomination Committee. If the Chair of the Nomination Committee is not up for re-election, then we will vote against the re-election of another male non-executive director member of the Nomination Committee, and where this is not an option we will vote against another male non-executive director.

In 2021/2022, where a company has less than 30% female board membership, we will vote against the Chair of the Nomination Committee. If the Chair of the Nomination Committee is not up for re-election, then we will vote against the re-election of another male non-executive director member of the Nomination Committee, and where this is not an option we will vote against another male non-executive director.

We will continue to tighten this voting policy as we get closer to our target dates to achieve gender balanced boards.

We will retain voting discretion in cases, for example, where there has been a sudden departure of a female board member, or where we can see clear progress being made to appoint female directors in the near term.