

Many are called, few are chosen

An analysis of the composition of ASX 300 boards
from 2005-2020

Ownership Matters, October 2020



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Acknowledgement

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OVERVIEW

Ownership Matters (OM) analysed the pool of 1777 executives and 4143 non-executives who have served on ASX 300 company boards from 2005 to the present day.

OM utilised its proprietary database of directors which standardises director naming conventions across companies, assigns a gender to the director and records dates of appointment and departure together with share price returns during the period of director service.

This paper examines a major change to the composition to the pool of non-executives (NEDs) who serve on the boards of ASX 300 companies over the period, namely the appointment of a greater proportion of women. We examine the distribution of director tenure and observe the association between board turnover rates and company performance. Our analysis also considers the changing propensity of Australian companies to appoint from within the existing pool of ASX 300 directors.

Australian companies have moved to address gender discrimination at board level by appointing more women in recent times (now 33.1% of ASX 300 board seats and 29.3% of ASX 300 directors). However this analysis highlights other concerns:

- Boards of the worst performing companies refresh themselves only marginally faster than companies that perform the best.
- The tenure of NEDs in the ASX 300 pool lengthens with each position attained:
 - 74% of directors attain one board seat only and serve for an average of 71 months
 - 14% of directors attain two board seats and serve for an average of 116 months
 - Each additional seat extends a director's service by at least 2 years
 - Any director appointed as Chairperson extends their service by an average of 4 years
- There is a strong bias toward appointing existing ASX 300 directors to vacancies ('in pool' appointments):
 - Since 2005, 38.2% of all vacancies were filled from directors with an existing ASX 300 board seat
 - In pool appointments peaked at a high of 43.4% in 2006 and fell to a low 31.8% in 2016. The current level is 36%.
 - In the last 3 years, 40% of all serving women directors accepted an additional appointment compared to 17.5% of all men.
 - The average number of seats per director for women has risen to 1.45 (from 1.3 in 2009) while for men the ratio has decreased to 1.18 (from 1.23 in 2009).

The appointment of high-quality, diverse and suitably skilled directors is fundamental to good governance. As stewards of \$1.7 trillion of capital¹, high performing boards of listed companies are an important driver of the long-term health of the Australian economy and the retirement incomes of Australian savers.

Our analysis presents evidence that NED tenure is lengthy and that board turnover during the last 15 years is largely independent of company performance. If a high performance culture does not exist in the board, investors should ask how one can prosper within the company's workforce?

We trust this paper promotes healthy debate and reflection about the optimal composition of the non-executive director pool.

¹ Current value of ASX 300 by market cap

KEY OBSERVATIONS

WOMEN

- The gender mix of the pool of directors who serve on ASX 300 boards has changed noticeably since 2005.
- The proportion of non-executive director seats occupied by women has increased from 9.6% of the total director pool in 2005 to 33.1% at 30 June 2020. [See Appendix A](#)
- There has been little progress in women's representation as executive directors (typically CEOs and CFOs) who also serve on public company boards. The present level of 6% of women executive directors was largely the same over the fifteen year period examined. There are currently more executive directors named either Michael or Mark than all women in executive director roles in ASX 300 companies². [See Appendix B](#)
- After negligible increases in the number of female NEDs from 2005, the rate of change rose from 2011 and the total proportion of women represented increased by an average 2.1% per year over the last five years. There are currently 399 women non-executive directors out of a total pool of directors of 1362 (29.3% of the ASX 300 director pool). [See Appendix C](#)

SIZE OF BOARDS

- The average number of non-executive board seats on ASX 300 companies has increased from 4.9 in 2005 to the current level of 5.9 today. The fastest rate of expansion occurred in 2011 when the initial push to include more women on boards began. The average size of boards has, however, been relatively constant over the last 15 years with declining numbers of executive directors balanced by increases in non-executive director numbers. [See Appendix D](#)

TENURE

- The appointment of women since 2010 has steadily impacted on the length of time directors stay at a company (tenure distribution of NED seats). For the ASX 300, the distribution of NED seats with up to 10 years' service is now broadly similar within each gender cohort.
- However, the proportion of NED seats occupied by men, who have been in the position for greater than 10 years' greatly outnumbers women in a ratio of 9:1. As at 30 June 2020 18% of male NED seats (208 in total) have a tenure of more than 10 years' at that company, compared to less than 2% of female NED seats (11 in total). [See Appendix E](#)
- In the past two decades two current ASX 300 directors have the equivalent of more than 100 years' service on ASX companies (taking into account the length of time on multiple company boards)

MULTIPLE DIRECTORSHIPS AND WORKLOAD

- The number of board appointments accepted by women has steadily increased over the past 10 years – from 1.3 seats per female director in 2009 to its current level of 1.45. Over the same period male appointments declined from 1.23 seats per male director in 2009 to its current level of 1.18. However when adjusted for the increased workload of chairpersons (assuming one chair is the equivalent of two board seats) there is little gender difference at 30 June 2020. [See Appendix F](#)
- More women now have four or more ASX company board seats (20, which is 5% of all women) than men (16, which is 1.7% of all men). However when adjusted for the increased workload of chairpersons (assuming one chair is the equivalent of two board seats) men with a workload of four or more board seats outnumber women in a ratio of 2.3:1. Sixty-five men have the equivalent workload of four or more board seats compared to twenty-eight women.

² See also [2020 Chief Executive Women ASX200 Senior Executive Census](#)

- Only 22 women currently serve as ASX 300 chairpersons (7.3%).
- Directors who serve on companies with larger market capitalisation are more likely to have multiple board commitments. [See Appendix G](#).

COMPANY PERFORMANCE

The study examined the total shareholder return (share price movement and dividends) for each company, during the period of each director's appointment. The study found that gender did not influence the returns observed.

However, the study observed that the performance of companies with boards comprised of more than 90% men was generally worse than more gender diverse boards since 2011 (the period when number of women NEDs began to steadily increase). The diminishing number of boards with this attribute makes it difficult to reliably estimate the effect going forward. [See Appendix H](#)

APPOINTMENTS FROM WITHIN THE ASX 300

The study examined the propensity for director vacancies to be filled from within the existing pool of ASX 300 directors through time ('in-pool appointments'). Since 2005, 38.2% of all vacancies were filled from directors with an existing ASX 300 board seat.

There has been a general downward trend in the overall proportion of 'in-pool' appointments in the ASX 300 with the proportion falling from a high of 43.4% in 2006 to 31.8% in 2016. [See Appendix I](#)

However, the trend reversed slightly in recent times, as women were disproportionately more likely to be appointed from within the existing pool of women who were currently serving as ASX 300 directors. In the 3 years to June 2020, 162 women accepted at least one additional board appointment (out of a pool of 399). Approximately 40% of the existing pool of women directors accepted an appointment to an additional board (generally a smaller company) whereas for men, during the same period, the level was 17.5%.

The overall level of 'in-pool appointments' in the ASX 300 was 36% in the year to 30 June 2020.

Overall, women were more likely to be appointed to boards of companies with smaller market capitalisation than their pre-existing appointment. [See Appendix J](#)

BOARD TURNOVER & COMPANY PERFORMANCE

Turnover of all ASX 300 board seats averaged 12.75% per year over the last 15 years. [See Appendix K](#)

Boards of underperforming companies refresh themselves only marginally faster than boards of other companies. A slight increase in board turnover was observed only for companies in the bottom two deciles of ASX 300 performance – these underperforming companies could expect approximately one additional director retirement every 3 years when compared against companies that performed better. A company that recorded total shareholder return in the bottom decile of the ASX 300 in any year between 2005-20, turned over an average of 19% of its board in the following year. All other companies recorded average yearly board turnover rates of approximately 12.6%, with little variation between the performance deciles.

This observation was consistent with the analysis of an individual director's probability of retirement. In any one year an individual director serving on a company that recorded total shareholder return in the bottom decile of the ASX 300 in any year between 2005-20 had a 21% chance of retiring the following year (17% for chairpersons).

KEY OBSERVATIONS CONTINUED

This compared to an average 14% chance of retirement across all other performance deciles (10% for chairs), with minimal variation. Chairpersons overall turned over at a slower rate than other non-executive directors. [See Appendix L](#)

TIME SERVED AS AN ASX 300 DIRECTOR

The study observed a strong association between the number of board appointments held by directors and time served as a director of ASX 300 companies. 74% of the 4,153 ASX 300 non-executive directors only attained one board seat, serving for an average of 71 months. However a further 14% attained two board seats, extending their service as an ASX 300 director to an average of 116 months. Each board seat added thereafter extended a director's career by around 2 years. NEDs that have at least one appointment as a Chairperson have an average ASX 300 service that is just over 4 years longer than non-executive directors without a Chairperson appointment. [See Appendix M](#)

PERFORMANCE IMPACT

Further work is required to consider the interaction between company performance and the effect of directors being on multiple boards, longevity on boards and longevity in the pool of directors. Other factors, such as industry effects and cyclical effects may be contributing to the performance outcome and are difficult to control for. Other studies have indicated that the network effect of directors being on multiple boards is advantageous for "younger" companies but this declines for more "mature" companies.³

[See Appendix N](#) for examples of ongoing analysis.

METHODOLOGY

Additional notes on the methodology and assumptions deployed in the analysis above are provided in [Appendix O](#)

³ E.g. Too Busy or Well-Connected? Evidence from a Shock to Multiple Directorships. Brown, AB et alia, Accounting Review, 2019, Mar, Vol.94

OBSERVATIONS / DISCUSSION POINTS

The study observes the ASX 300 director pool over the last 15 years but uses only a limited set of variables (namely gender, public company service, tenure and company performance) to explain changes in composition.

The study did not attempt to define the characteristics of optimal boards using this limited set of variables.

Future research may be able to pin-point the mix of board skills that defines high-performing boards or identify boards that are inclined to under-perform. However such a task would present a difficult challenge given that little comprehensive information is disclosed about directors beyond superficial summaries of their work experience and recent company service.

Individual directors and their collective, a board, present an inherent information problem for investors. Little useful data is available to assist investors to determine which individual directors are better than others, and by extension, to judge which boards are performing well.

In Australia, nomination of directors is a task largely performed by incumbent directors. Australian public company boards clearly prefer director candidates who are “known” through their service on other public companies. Other jurisdictions have different systems, such as Sweden⁴ where large shareholders control the nomination process.

Shareholders are reluctant to act against incumbent non-executive directors regardless of continued underperformance in the companies they serve. During the time period of the study, non-executive directors who sought endorsement or re-election from shareholders at Annual General Meetings received an average vote of 96% in favour⁵. There was little meaningful difference in the board turnover rates between companies that out-perform compared to those that underperform. Chairpersons stay longer in the ASX 300 pool and have a lower probability of retirement in any year, regardless of performance.

The support for incumbents displayed by investors could be due to a number of factors. As outlined above, this may be due to a lack of information about director aptitude. While some ASX companies have recently moved to disclose their board’s “skills matrix”, there is little information to judge the quality of an individual director’s skills and experience, and even less on individual performance and motivation. Desirable characteristics in directors such as competence, curiosity, humility and responsibility are difficult for external investors to verify.

The absence of credible alternative candidates may contribute to high endorsement rates, even in underperforming companies. Similarly poor incumbent candidates may be shielded by the Australian convention whereby only one-third of directors on a board are required to face election in a calendar year. In contrast, other jurisdictions such as the United Kingdom, insist on the annual elections of all directors in public companies.

Investors have expressed a preference that the selection processes for directors should include more women candidates. The ASX 300 director pool has increased since 2011 as a consequence of companies appointing more women. However with more than one in three appointments made from within the existing group of ASX 300 directors, it is clear that experience counts. Over the last three years the pool of women who are selected as first-time candidates to be ASX 300 directors is not growing at the same rate as the opportunity for women to be ASX 300 directors. Men still dominate the cohort of NEDs who enjoy more than 10 years service at the same company and who have a workload (adjusting for the responsibility of the Chairperson) of four or more seats. Only

⁴ See [Nomination Committees and Corporate Governance: Lessons from Sweden and the UK](#), Nachemson-Ekwall and Mayer

⁵ OM data to 31 Dec 2020

KEY OBSERVATIONS CONTINUED

22 women are currently chairpersons of ASX 300 companies and during the period of the study only 48 attained that position.

It is clear that some board candidates have an advantage on the basis that they are 'known' through other directors or 'known quantities' on the basis of their service on other ASX 300 companies. However the extent to which ASX 300 board appointments result from the influence of director networks is unclear and warrants further examination.

Investors should question whether the current systems used to select boards preference incumbent ASX 300 directors, irrespective of gender, at the expense of other merit-based candidates.

Our analysis presents evidence that NED tenure is lengthy and that board turnover in the last 15 years is largely independent of company performance. If a high performance culture does not exist in the board, investors should ask how one can prosper within the company's workforce?

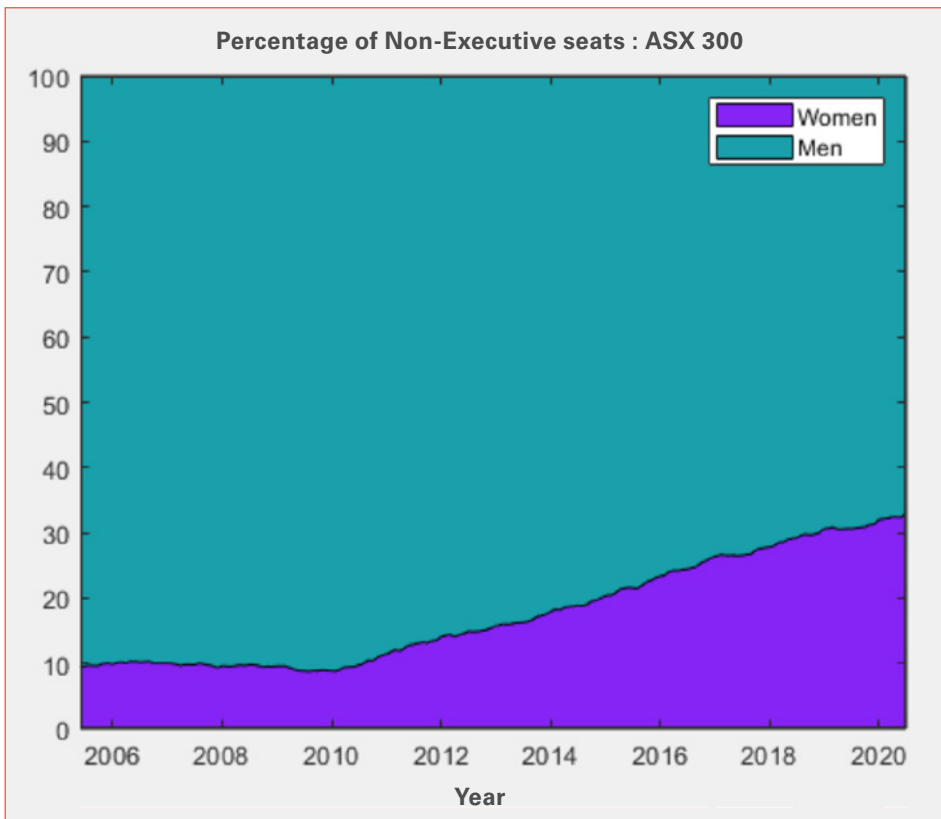
Ownership Matters

October 2020

APPENDIX

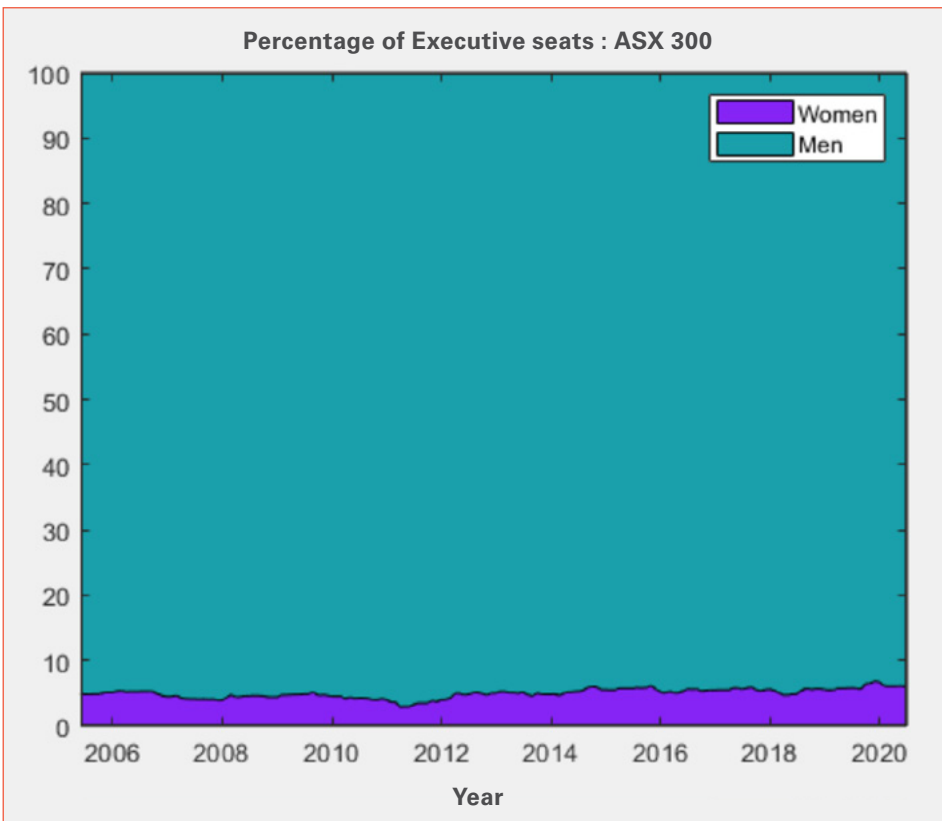
APPENDIX A: NON-EXECUTIVE DIRECTOR SEATS – ASX 300 COMPANIES

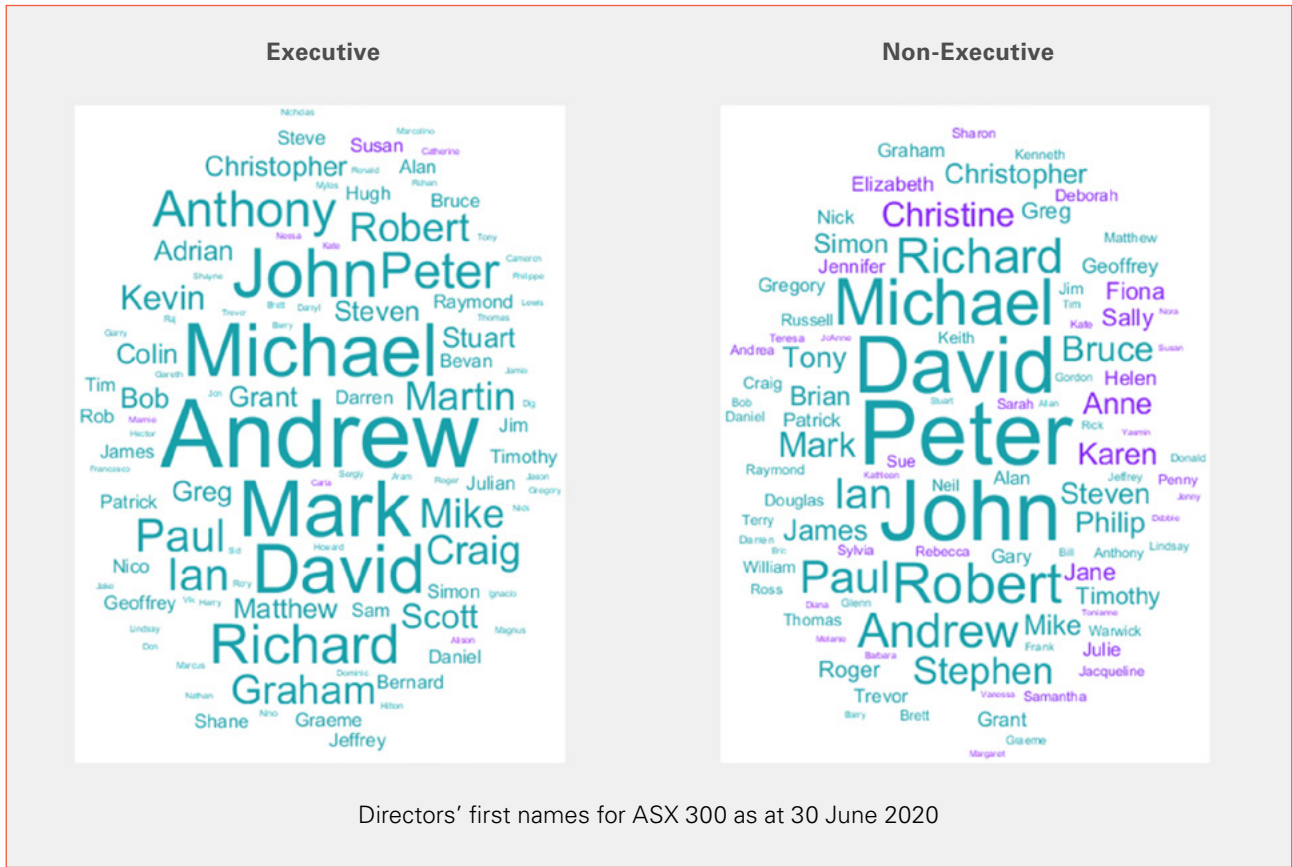
DATE	TOTAL	MEN	WOMEN	% WOMEN	YOY CHANGE IN % WOMEN
2005-June	1,221	1,104	117	9.6%	
2006-June	1,310	1,177	133	10.2%	0.6%
2007-June	1,344	1,213	131	9.7%	-0.4%
2008-June	1,359	1,226	133	9.8%	0.0%
2009-June	1,337	1,219	118	8.8%	-1.0%
2010-June	1,444	1,304	140	9.7%	0.9%
2011-June	1,532	1,335	197	12.9%	3.2%
2012-June	1,526	1,299	227	14.9%	2.0%
2013-June	1,612	1,350	262	16.3%	1.4%
2014-June	1,694	1,375	319	18.8%	2.6%
2015-June	1,663	1,304	359	21.6%	2.8%
2016-June	1,716	1,297	419	24.4%	2.8%
2017-June	1,727	1,269	458	26.5%	2.1%
2018-June	1,740	1,232	508	29.2%	2.7%
2019-June	1,744	1,210	534	30.6%	1.4%
2020-June	1,774	1,186	588	33.1%	2.5%



APPENDIX B: EXECUTIVE DIRECTOR SEATS – ASX 300 COMPANIES

DATE	TOTAL	MEN	WOMEN	% WOMEN
2005-June	497	473	24	4.8%
2006-June	497	471	26	5.2%
2007-June	512	491	21	4.1%
2008-June	480	458	22	4.6%
2009-June	475	452	23	4.8%
2010-June	475	455	20	4.2%
2011-June	374	362	12	3.2%
2012-June	376	358	18	4.8%
2013-June	407	386	21	5.2%
2014-June	381	361	20	5.2%
2015-June	384	362	22	5.7%
2016-June	374	353	21	5.6%
2017-June	360	340	20	5.6%
2018-June	348	331	17	4.9%
2019-June	346	326	20	5.8%
2020-June	355	334	21	5.9%



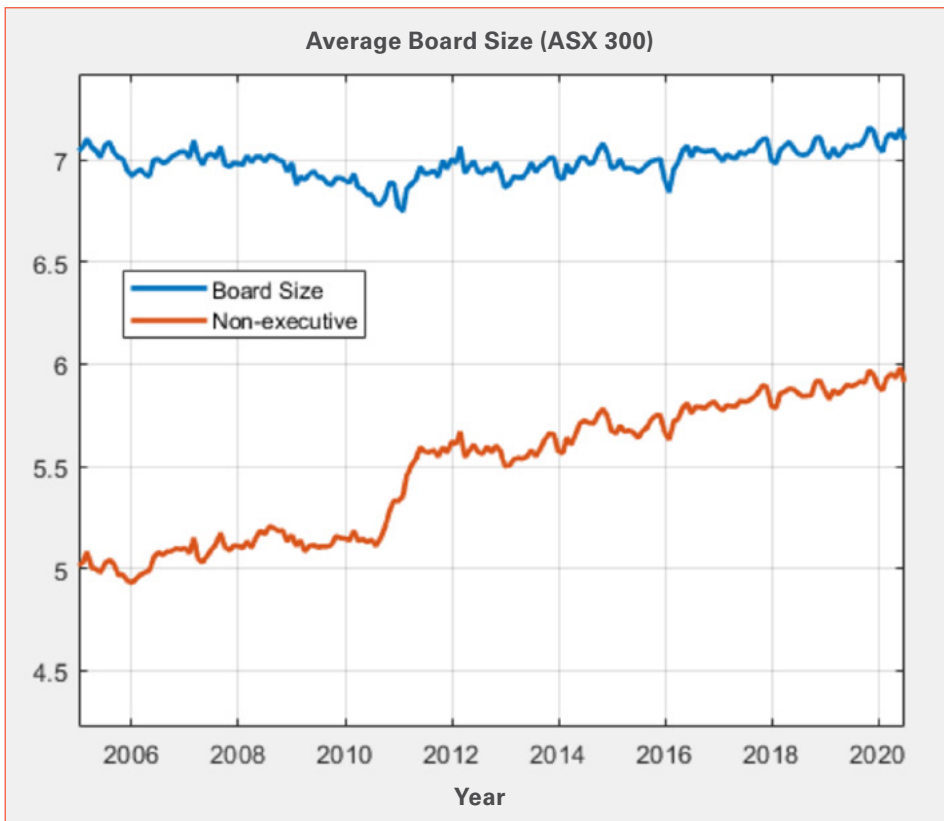


APPENDIX C: NON-EXECUTIVE DIRECTORS (NUMBER OF PEOPLE) – ASX 300 COMPANIES

DATE	TOTAL	MEN	WOMEN	% WOMEN	YOY CHANGE IN % WOMEN
2005-June	978	895	83	8.5%	
2006-June	1027	933	94	9.2%	0.7%
2007-June	1032	941	91	8.8%	-0.3%
2008-June	1067	973	94	8.8%	0.0%
2009-June	1064	978	86	8.1%	-0.7%
2010-June	1153	1053	100	8.7%	0.6%
2011-June	1227	1090	137	11.2%	2.5%
2012-June	1246	1086	160	12.8%	1.7%
2013-June	1322	1138	184	13.9%	1.1%
2014-June	1365	1140	225	16.5%	2.6%
2015-June	1303	1060	243	18.6%	2.2%
2016-June	1344	1059	285	21.2%	2.6%
2017-June	1354	1038	316	23.3%	2.1%
2018-June	1348	999	349	25.9%	2.6%
2019-June	1343	981	362	27.0%	1.1%
2020-June	1362	963	399	29.3%	2.3%

APPENDIX D: SIZE OF BOARD – ASX 300 COMPANIES

Date	Total	Exec	NED
2005-June	7.1	2.0	5.0
2006-June	7.0	1.9	5.1
2007-June	7.0	1.9	5.1
2008-June	7.0	1.8	5.2
2009-June	6.9	1.8	5.1
2010-June	6.8	1.7	5.1
2011-June	6.9	1.4	5.6
2012-June	6.9	1.4	5.6
2013-June	7.0	1.4	5.6
2014-June	7.0	1.3	5.7
2015-June	6.9	1.3	5.6
2016-June	7.0	1.3	5.8
2017-June	7.0	1.2	5.8
2018-June	7.0	1.2	5.9
2019-June	7.1	1.2	5.9
2020-June	7.1	1.2	5.9



APPENDIX E:

Tenure of non-executive director seats – ASX 300 as at 30/6/2020

Years	Male	Female	Male	Female
2	249	175	21%	30%
4	224	181	19%	31%
6	219	113	18%	19%
8	177	60	15%	10%
10	109	48	9%	8%
12	72	5	6%	1%
14	55	4	5%	1%
16	34	2	3%	0%
18	18	0	2%	0%
20	10	0	1%	0%
22	19	0	2%	0%
Total	1186	588	100%	100%

Top 10 non-executive directors – cumulative years of service* since 1/1/2000

Name	Years of Service	No of Companies
Robert Millner	149.17	10
Gary Weiss	111.17	15
Geoffrey Wilson	84.17	7
Geoffrey Tomlinson	76.50	11
Richard England	76.33	12
Nora Scheinkestel	72.58	15
Peter Robinson	72.58	6
Donald McGauchie	72.33	7
Robert Norman Scott	70.50	8
Total	785.33	

(*Each period of company service counts separately- all ASX companies)

APPENDIX G: NON-EXECUTIVE DIRECTORS WITH MULTIPLE SEATS – ASX 300

Non-executive directors with multiple seats*: ASX 300 Companies as at 30/6/2020

Workload where chairperson role counts as one seat

Number of boards	Count			Percent		
	Women	Men	Total	Women	Men	Total
1	237	688	925	59.4%	71.4%	67.9%
2	89	190	279	22.3%	19.7%	20.5%
3	53	69	122	13.3%	7.2%	9.0%
4+	20	16	36	5.0%	1.7%	2.6%

Non-executive directors with multiple seats* : ASX 300 Companies as at 30/6/2020

Workload where chairperson role counts as two seats

Number of boards	Women	Men	Total	Women	Men	Total
1	233	578	811	58.40%	60.02%	59.54%
2	84	235	319	21.05%	24.40%	23.42%
3	54	85	139	13.53%	8.83%	10.21%
4 +	28	65	93	7.02%	6.75%	6.83%
Total	399	963	1362	100.0%	100.0%	100.0%

NED “Busy Board” distribution as at June 2020 (number of directors)

Index	Number of boards							Directors
	1	2	3	4	5	6	7	
Twenty Leaders	71	43	28	7	2	0	0	151
Fifty Leader	175	81	56	15	2	0	0	329
ASX 200	633	224	110	32	2	0	1	1002
ASX 300	925	279	122	33	2	0	1	1362

*Includes all ASX company seats held by ASX 300 company directors

APPENDIX G CONTINUED

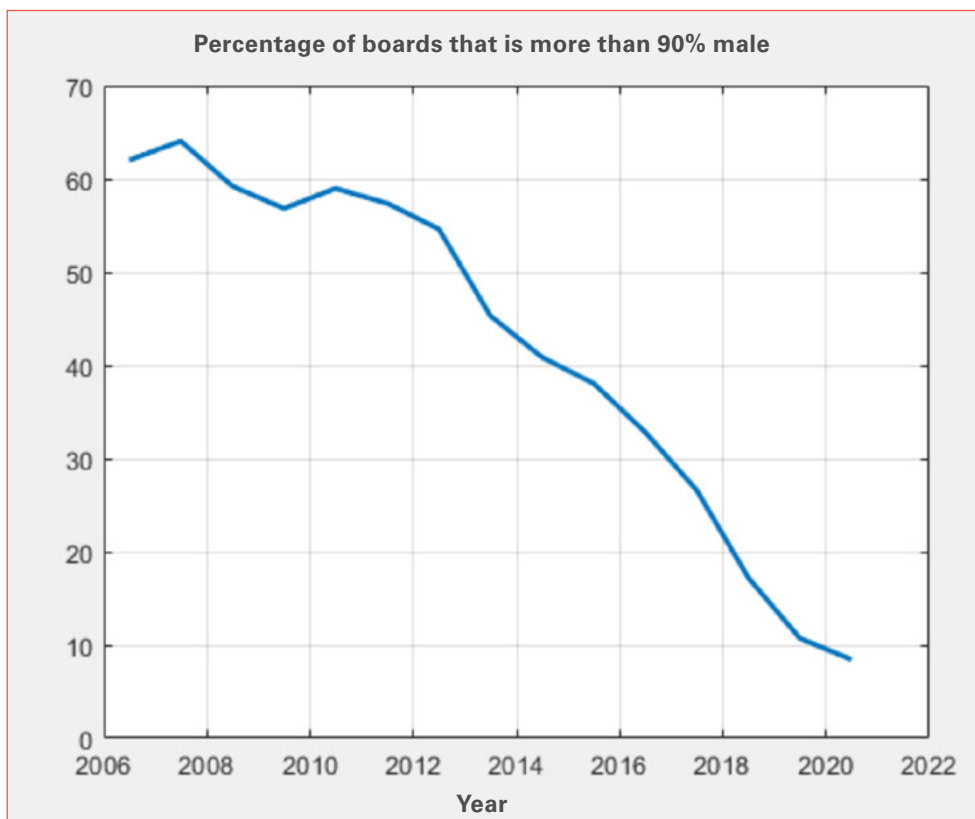
NED “Busy Board” distribution as at June 2020 (percentage of directors)

Index	Number of boards						
	1	2	3	4	5	6	7
Twenty Leaders	47.0%	28.5%	18.5%	4.6%	1.3%	0.0%	0.0%
Fifty Leader	53.2%	24.6%	17.0%	4.6%	0.6%	0.0%	0.0%
ASX 200	63.2%	22.4%	11.0%	3.2%	0.2%	0.0%	0.1%
ASX 300	67.9%	20.5%	9.0%	2.4%	0.1%	0.0%	0.1%

NED Busy Board Distribution as at June 2020 (number of seats)

Index	Number of boards							Total Seats
	1	2	3	4	5	6	7	
Twenty Leaders	71	50	31	11	2	0	0	165
Fifty Leader	175	107	80	31	3	0	0	396
ASX 200	633	327	243	83	7	0	4	1297
ASX 300	925	439	293	104	8	0	5	1774

APPENDIX H: COMPANY PERFORMANCE AND BOARDS WITH MORE THAN 90% MALES – ASX 300



APPENDIX H CONTINUED**Average total returns (%) by Board Composition ASX 300 Companies**

3 Years Ending	Male*	Diverse	% Boards Male
2006-06	121.5	132.7	62.0
2007-06	162.2	99.5	64.1
2008-06	94.7	21.8	59.2
2009-06	0.4	- 24.5	56.8
2010-06	- 30.5	- 28.9	59.0
2011-06	- 5.6	7.4	57.4
2012-06	24.9	19.0	54.6
2013-06	- 2.1	23.4	45.3
2014-06	- 19.2	31.2	40.9
2015-06	- 13.5	40.6	38.1
2016-06	22.4	38.4	32.8
2017-06	20.5	45.4	26.6
2018-06	70.4	43.3	17.2
2019-06	12.0	37.2	10.7
2020-06	- 0.6	17.6	8.4

* More than 90% of board members are male

APPENDIX I: "IN-POOL" DIRECTOR APPOINTMENTS – ASX 300

ASX 300 Director Appointments from within ASX 300 pool (number)

Year to	Appointments Total			Appointments New (outside of ASX 300)		
	Total	Male	Female	Total	Male	Female
2006-June	159	134	25	98	82	16
2007-June	159	145	14	90	83	7
2008-June	188	170	18	117	112	5
2009-June	163	150	13	98	92	6
2010-June	187	162	25	119	105	14
2011-June	223	149	74	134	95	39
2012-June	216	159	57	148	115	33
2013-June	186	148	38	121	96	25
2014-June	213	154	59	132	95	37
2015-June	196	136	60	109	77	32
2016-June	222	132	90	128	78	50
2017-June	214	131	83	146	96	50
2018-June	226	115	111	131	72	59
2019-June	217	133	84	135	85	50
2020-June	211	118	93	135	82	53
Total	2980	2136	844	1841	1365	476

Percentage of ASX 300 Appointments that are "in pool" appointments			
Year to	Total	Male	Female
2006-June	38.4%	38.8%	36.0%
2007-June	43.4%	42.8%	50.0%
2008-June	37.8%	34.1%	72.2%
2009-June	39.9%	38.7%	53.8%
2010-June	36.4%	35.2%	44.0%
2011-June	39.9%	36.2%	47.3%
2012-June	31.5%	27.7%	42.1%
2013-June	34.9%	35.1%	34.2%
2014-June	38.0%	38.3%	37.3%
2015-June	44.4%	43.4%	46.7%
2016-June	42.3%	40.9%	44.4%
2017-June	31.8%	26.7%	39.8%
2018-June	42.0%	37.4%	46.8%
2019-June	37.8%	36.1%	40.5%
2020-June	36.0%	30.5%	43.0%
Total	38.2%	36.1%	43.6%

APPENDIX J: DIRECTOR APPOINTMENTS AND MARKET CAPITALISATION

A company is defined as “smaller” if it’s at least one capitalisation band lower. Capitalisation bands used are

- ASX 20 (twenty leaders)
- ASX 50 (fifty leaders) excluding ASX 20
- ASX 100 excluding the ASX 50
- ASX 200 excluding the ASX 100
- ASX 300 excluding the ASX 200
- Outside of the ASX 300

Director Pool Size by Capitalisation band (June 2020)						
Index	Total	ASX 20	ASX 50	ASX 100	ASX 200	ASX 300
Excluding			ASX 20	ASX 50	ASX 100	ASX 200
All	1359	151	178	239	432	359
Male	960	91	115	174	306	274
Female	399	60	63	65	126	85
% Male	71%	60%	65%	73%	71%	76%

APPENDIX J CONTINUED
Appointment source by market capitalisation in the three years to June 2020

All	Source	Top 20	Top 50	Top 100	ASX 200	ASX 300	All Ord	All Stocks	All
Appoint									
Top 20		12	18	24	29	29	30	32	61
Top 50		24	43	59	70	71	75	78	148
Top 100		31	62	98	122	126	133	138	270
ASX 200		38	81	152	207	223	237	249	470
ASX 300		39	85	177	245	282	303	325	653
All Ord		42	96	198	288	333	377	412	900
All Stocks		47	105	215	325	389	459	514	1300
Male	Source	Top 20	Top 50	Top 100	ASX 200	ASX 300	All Ord	All Stocks	All
Appoint									
Top 20		8	10	14	16	16	17	19	39
Top 50		17	23	32	37	38	40	42	89
Top 100		20	30	52	63	66	71	73	161
ASX 200		24	39	77	101	108	115	121	253
ASX 300		24	41	93	122	143	154	168	370
All Ord		27	48	109	151	177	204	229	543
All Stocks		28	53	119	171	214	266	306	873
Female	Source	Top 20	Top 50	Top 100	ASX 200	ASX 300	All Ord	All Stocks	All
Appoint									
Top 20		4	8	10	13	13	13	13	22
Top 50		7	20	27	33	33	35	36	59
Top 100		11	32	46	59	60	62	65	109
ASX 200		14	42	75	106	115	122	128	217
ASX 300		15	44	84	123	139	149	157	283
All Ord		15	48	89	137	156	173	183	357
All Stocks		19	52	96	154	175	193	208	427

Note: Vacancies filled by women in smaller companies were filled by women directors from larger companies at almost twice the rate of men. For example, the band of companies within the ASX 100 contains 188 women directors. Over the last three years, from this cohort, there have been 38 appointments (or 20% of the pool) appointed to companies outside of the ASX 100. For men, the same proportion is 10%.

APPENDIX K: TURNOVER OF ASX 300 BOARD SEATS BY GENDER

Annual Turnover (Appointments/Pool size) Board Seats

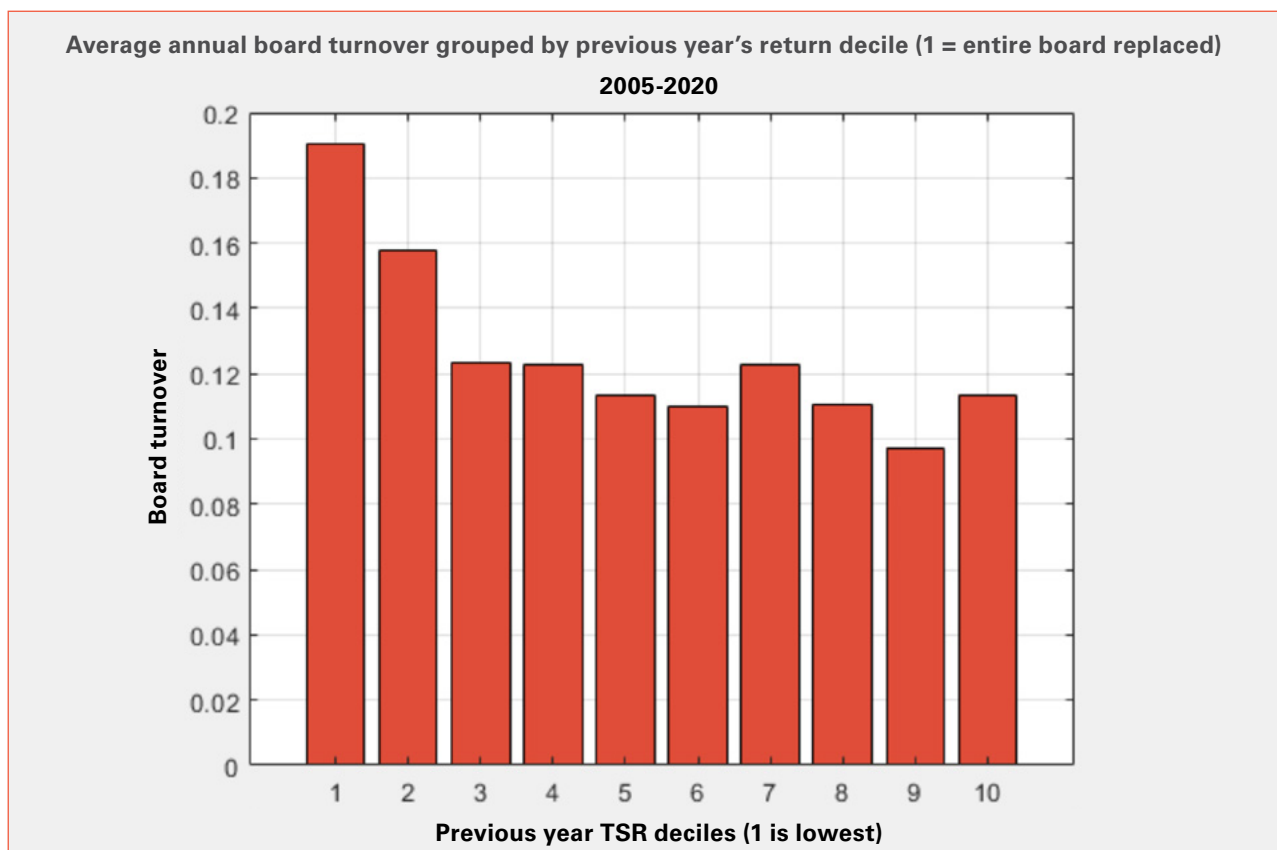
ASX 300 - Rolling 12 months			
Date	Total	Male	Female
2005-June	13.8%	13.7%	14.5%
2006-June	12.1%	11.4%	18.8%
2007-June	11.8%	12.0%	10.7%
2008-June	13.8%	13.9%	13.5%
2009-June	12.2%	12.3%	11.0%
2010-June	13.0%	12.4%	17.9%
2011-June	14.6%	11.2%	37.6%
2012-June	14.2%	12.2%	25.1%
2013-June	11.5%	11.0%	14.5%
2014-June	12.6%	11.2%	18.5%
2015-June	11.8%	10.4%	16.7%
2016-June	12.9%	10.2%	21.5%
2017-June	12.4%	10.3%	18.1%
2018-June	13.0%	9.3%	21.9%
2019-June	12.4%	11.0%	15.7%
2020-June	11.9%	9.9%	15.8%

APPENDIX L: BOARD TURNOVER RATES AND RECENT COMPANY PERFORMANCE (TSR DECILES)

12 Month Board turnover grouped by previous year’s shareholder return Turnover

= $[(\text{New} + \text{Retire})/2]/(\text{Board Size})$ i.e. 100% = entire board replaced

Year Ending	TSR Decile (1 being the lowest return, 10 being highest return) Percent									
	1	2	3	4	5	6	7	8	9	10
30/06/2019	13.4%	15.0%	9.7%	11.0%	10.4%	12.7%	11.7%	10.1%	10.9%	10.8%
30/06/2018	16.9%	9.3%	14.1%	10.8%	11.1%	9.2%	11.7%	13.1%	9.3%	7.7%
30/06/2017	19.0%	10.7%	8.6%	12.5%	12.1%	12.7%	9.4%	10.5%	10.4%	10.7%
30/06/2016	21.6%	13.3%	9.9%	11.9%	9.1%	7.1%	15.7%	4.2%	10.3%	14.8%
30/06/2015	24.2%	11.9%	12.7%	11.9%	10.8%	13.9%	18.7%	7.6%	6.6%	8.9%
30/06/2014	18.1%	17.2%	10.4%	16.6%	11.6%	9.6%	12.1%	8.0%	9.2%	13.3%
30/06/2013	22.3%	21.5%	11.9%	11.9%	13.9%	7.8%	8.9%	8.8%	11.3%	12.2%
30/06/2012	14.7%	23.9%	12.3%	13.6%	7.1%	10.2%	10.6%	11.9%	7.1%	10.5%
30/06/2011	28.3%	11.9%	9.6%	14.8%	13.7%	12.5%	15.3%	7.1%	10.8%	12.4%
30/06/2010	22.1%	21.3%	10.7%	10.5%	12.4%	11.3%	14.8%	14.7%	10.0%	9.9%
30/06/2009	14.7%	16.1%	17.6%	6.3%	12.4%	13.4%	11.8%	9.2%	8.8%	7.2%
30/06/2008	20.0%	13.5%	14.8%	13.7%	12.9%	9.7%	13.8%	12.5%	9.7%	14.7%
30/06/2007	14.8%	22.4%	14.2%	9.2%	15.1%	13.9%	5.7%	24.5%	13.7%	14.4%
30/06/2006	16.4%	12.9%	16.0%	17.3%	6.4%	10.1%	11.2%	12.1%	8.2%	11.5%



APPENDIX L CONTINUED

Probability of retirement within the next 12 months by TSR decile (ASX 300 directors) in the previous 12 Months (2005-2019)

TSR Decile	Lowest										Highest	
	1	2	3	4	5	6	7	8	9	10	Av Deciles (2-10)	Average Overall
NED (not Chair)	21%	17%	14%	14%	12%	13%	14%	14%	16%	13%	14%	15%
Chair	17%	14%	11%	10%	10%	9%	11%	9%	10%	9%	10%	11%
Difference	4%	3%	3%	5%	2%	4%	3%	4%	5%	4%		
Observation: Chairs have longer tenure. There is a similar increase in the likelihood of retiring in cases of poor performance.												
Male NED (not Chair)	21%	19%	14%	16%	13%	14%	15%	15%	16%	14%		
Female NED (not Chair)	23%	12%	9%	9%	9%	13%	11%	8%	12%	13%		
Difference	-2%	7%	5%	7%	4%	0%	3%	6%	5%	1%		
Observation: Female NED less likely to retire (i.e. have longer tenures) but not in the cases of poor performance.												

APPENDIX M: TIME SERVED AS AN ASX 300 DIRECTOR

ASX 300 Non-exec directors from June 2005

Seats	Directors	Avg Tenure (Months)	In Pool* (Months)
1	3076	71.4	71.6
2	579	72.5	115.5
3	250	76.2	137.4
4	137	73.5	146.4
5	62	77.4	175.4
6	30	64.0	178.7
7	8	62.4	189.9
8	7	69.3	194.0
9	3	74.8	211.7
10	0		
11	0		
12	0		
13	0		
14	1	57.8	244.0
Total	4153		

ASX 300 Non-executive directors with a least one Chairperson seat

Seats	Directors	Avg Tenure (Months)	In Pool* (Months)
1	395	99.3	99.5
2	171	87.2	133.6
3	123	88.7	156.5
4	72	81.4	159.0
5	36	89.8	197.5
6	18	69.9	182.1
7	5	65.7	216.6
8	5	74.4	212.0
9	3	74.8	211.7
10	0		
11	0		
12	0		
13	0		
14	1	57.8	244.0

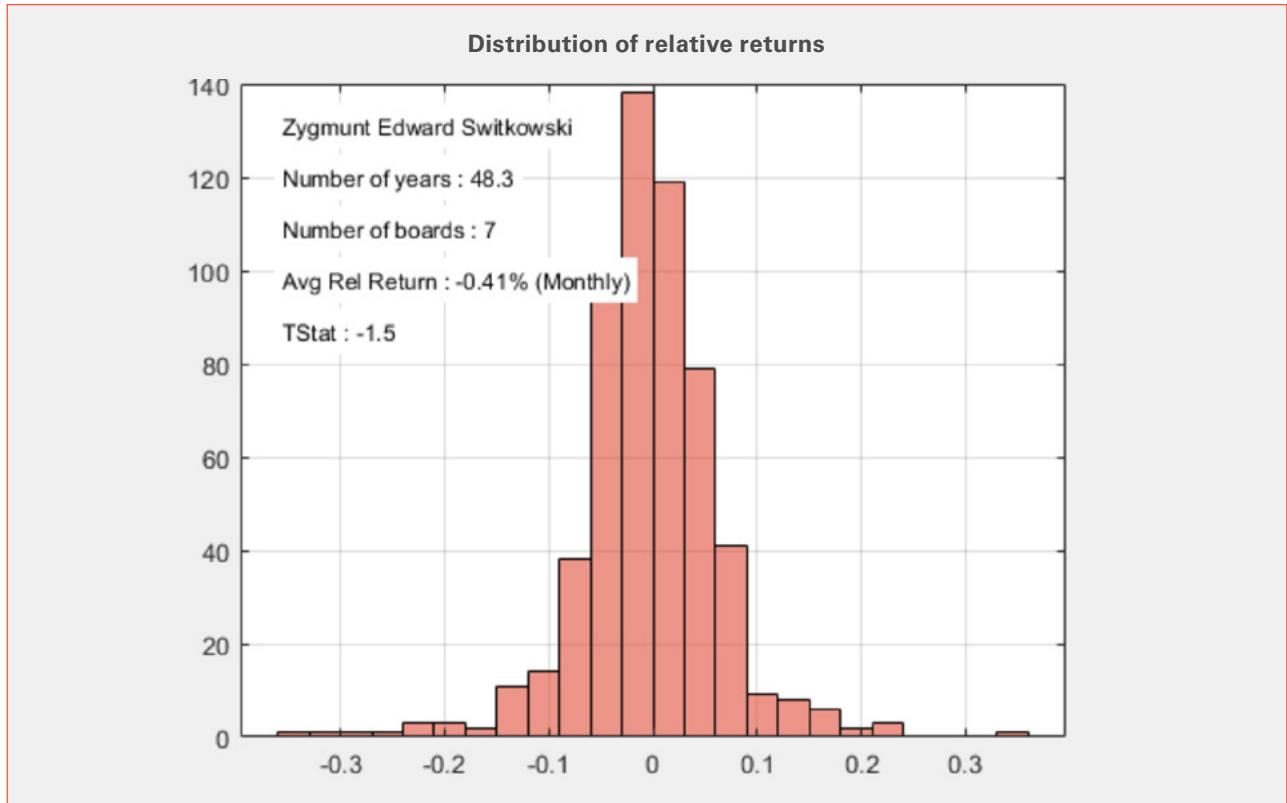
NED Tenure in ASX 300 (from June 2005)

	Directors	In Pool* (Months)
All NEDs	4153	87.0
NEDs that have never been a chair	3324	76.8
NEDs that have been a chair	829	128.2

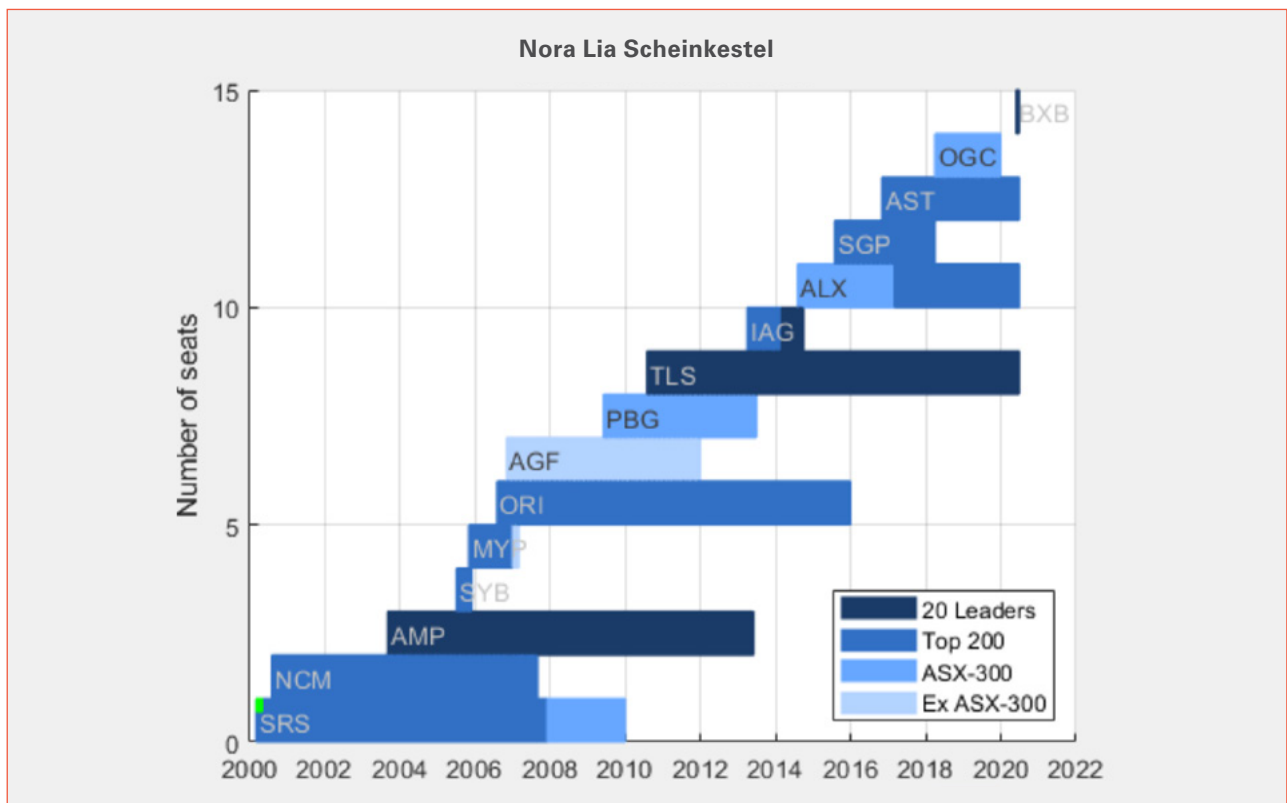
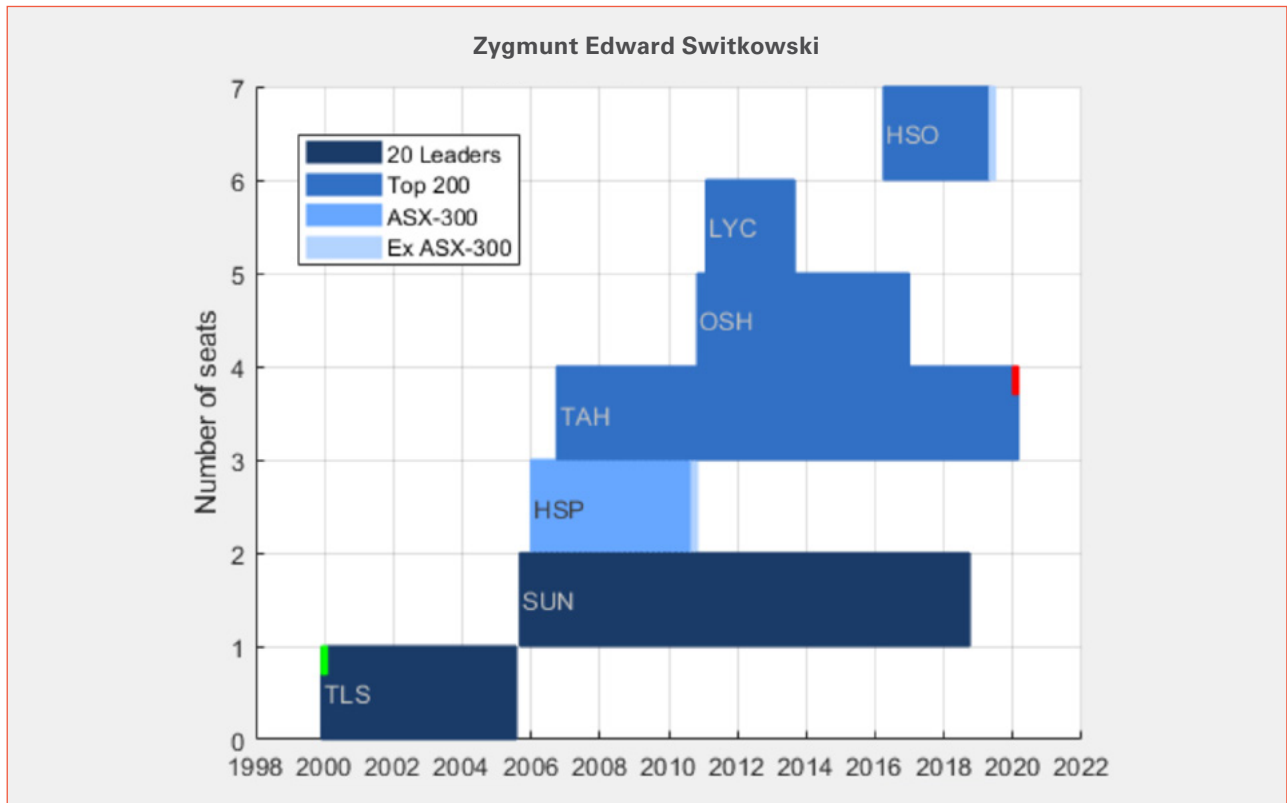
*Time in the pool of ASX 300 company directors (includes breaks)

APPENDIX N: ASX 300 DIRECTORS AND COMPANY PERFORMANCE

Example of analysis of the analysis of a single director. For each month and each board, the relative performance of the company (versus the ASX 300) is added to their history. The average of these historical relative returns is then used as a measure of the performance of that director.



Visualisation of a director's history



APPENDIX O: NOTES ON METHODOLOGY

TOTAL SHAREHOLDER RETURN (TSR) VERSUS TURNOVER/PROBABILITY OF RETIREMENT

Both the board level analysis and the individual seat use a similar method.

Board Level

- Group boards into deciles based on the previous 12 months TSR of the company.
- For each group calculate the average board turnover $[(\text{New} + \text{Retire})/2] / [\text{Board Size}]$. A score of one indicates 100% turnover of the board.

Seat level – seats are broken down into sets

- NED (not including chair)
- Chair
- Female NED (not including chair)
- Male NED (not including chair)
- NED single seat (not including chair)
- NED multiple seats (not including chair)
- Chair single seat
- Chair multiple seats

For each set:

- Group the seats into deciles based on the previous 12 months TSR of the company. Note that some directors may appear more than once in a set or appear in multiple seats if they sit on more than one board.
- For each group calculated the proportion of seat where the director retired (this can be interpreted as the probability of retirement given the group).

Repeat the analysis each year and average the overall result.

Seats included in the “time in pool” measure

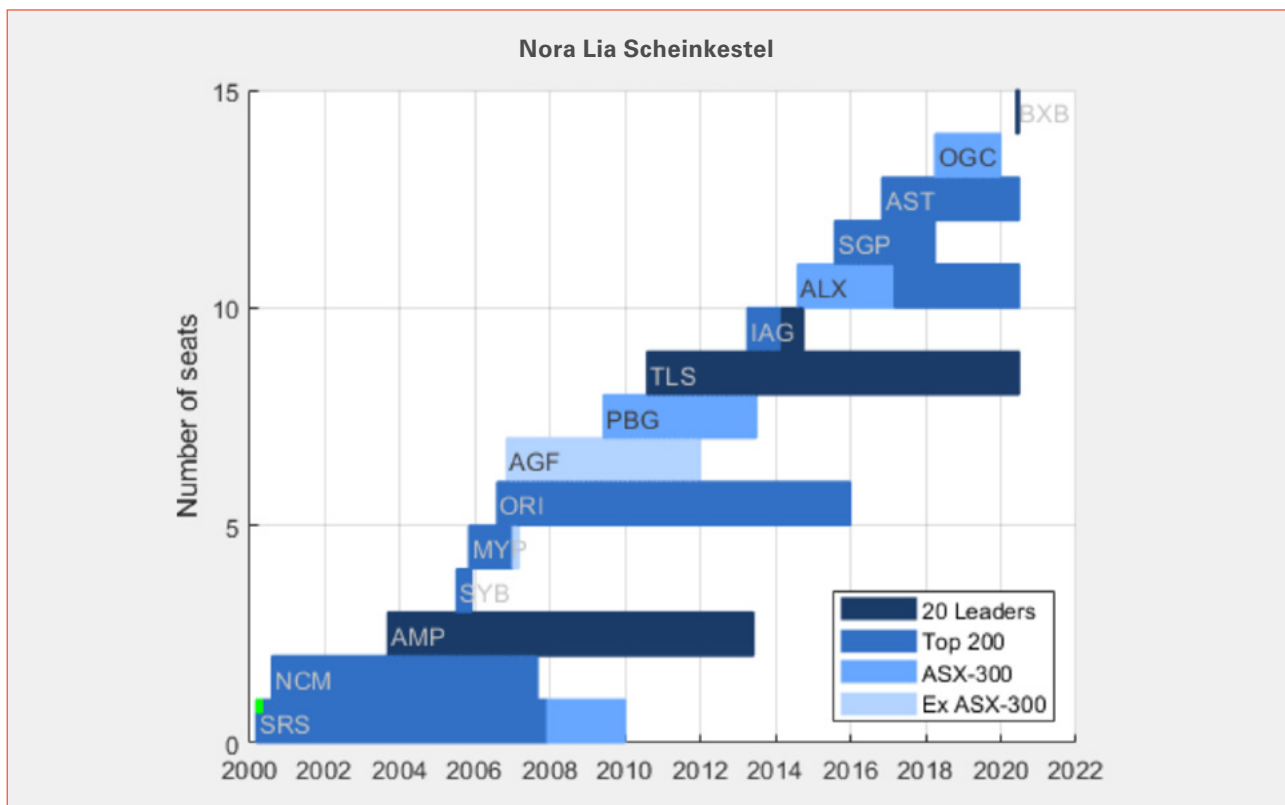
Three definitions of which seats are included in the “time in pool” measure

- NED (all directors with non-exec seats – exec seats excluded)
- Chair (Only directors with chair seat included. Other non-exec and exec set not included as being in the pool)
- Chair + NED (Only directors with chair seat but other non-exec are included in the time in pool calculation)

TIME IN POOL:

- A director can join the ASX 300 pool either by being appointed to an ASX 300 or being on the board of a company that moves into the ASX 300. The first occurrence of this defines their “entry” to the ASX 300 pool.
- A director leaves the pool when they are no longer on the board of any ASX 300 company in the remainder of the sample. This allows for breaks as long as they are appointed to another ASX 300 company at some point.
- Companies where the director retired prior to the start of the analysis (2005-Jun-30) are excluded from the analysis.
- If a director is already on a board, at the analysis start date, then entry into the pool is when they were appointed to that board (see Albrecht example below).
- If a director has retired from an ASX 300 company, prior to analysis start date, then it is not included in the time in pool and tenure calculations (see Albrecht example below).
- Number of boards and average tenure time excludes ex ASX 300 companies.

For example, Nora Lia Scheinkestel joined the SRS board in March 2000. This is her entry point into the pool as she was still a member at the start of the analysis (2005-Jun-30). AGF (which is not an ASX 300 company) is excluded from her average tenure calculation.



APPENDIX O CONTINUED

In the example below, the director is defined as starting the ASX 300 pool with the appointment to CIM as he had retired from PMM prior to the analysis start date.

