

## TIME TO DIVERSIFY DIVERSITY



PERPETUAL  
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Malcolm Forbes, of Forbes magazine fame, once said that diversity is the art of thinking independently together. In a boardroom context, diverse backgrounds can encourage the independent thinking and wide-ranging debate that leads to better decisions. In this article, three prominent women with board positions share their views on boardroom diversity and offer investment governance advice for not-for-profits (NFPs) in volatile markets.

Previously a Senior Partner in the financial services practice of law firm Clayton Utz, Jane Paskin has been on the board of Barnardos Australia since 2012. Barnardos Australia is one of the leading child protection charities in Australia.

“Gender diversity is as important for an organisation like Barnardos as it is for an ASX 100 company. Our Chair is a woman and there are currently more women on our board than men. Diversity encourages a range of views which leads to better thinking and more informed decision making. That helps us run our organisation for sustainability, just as an ASX-listed company strives for shareholder value,” says Jane.

This sentiment is echoed by Sylvia Falzon, who brings more than 27 years of financial services experience to her role on the board of Perpetual.

“I believe the conversation about diversity is equally relevant in the for-profit, government and NFP sectors. All organisations strive for sustainable value and there’s no doubt a diverse board and leadership team helps to achieve this.

“It’s important to remember that diversity is not just a board composition issue, but needs to cascade throughout the board committees and into the senior leadership team, who in turn need to build a healthy pipeline of diverse talent within the business,” says Sylvia.



**Sylvia Falzon**

Rosemary Derwin, currently on the boards of both Girl Guides Australia and Girl Guides NSW & ACT, has a history of working in NFPs with a gender focus.

“The NFP world needs to ensure that the composition of their boards reflects the nature of their organisation and has the diversity required for the organisation to be the best it can be,” says Rosemary.

### **Boardroom diversity extends beyond gender**

On the question of gender equality, the interviewees acknowledge that female representation needs to improve in both the NFP and for-profit sectors. But the conversation around boardroom diversity should not be limited to gender.

As Sylvia puts it, “At the moment the focus is on gender diversity. Clearly that’s important but so is diversity on other levels like cultural backgrounds. There’s also an increasing focus on consumer representation on boards of NFPs.

“While a diverse range of views at board level is important, creating the right environment to harness these views is paramount. With diverse views comes the need to constructively challenge each other while at the same time display empathy towards a view that may be different to your own.”

Jane adds, “We should encourage greater diversity in professional background, culture and age. One of the most important elements of the board at Barnardos is the mix of professional backgrounds around the table.

“It’s also important that board membership revolves in a structured way so you keep bringing fresh ideas into the mix. There’s no point in having a diverse board that never changes.”

### **Advice for NFP investment committees in volatile markets**

In the for-profit sector much has been made about the link between gender diversity at board level and better performance during times of economic stress. Rosemary, Sylvia and Jane all have experience on finance and investment committees and gender diverse boards, so we asked what advice they have for NFP investment committee members in these current volatile markets.



**Jane Paskin and Rosemary Derwin**

“I think it is important to remain calm and considered in volatile markets. The board needs to understand the strategy and the agreed investment policy. At Girl Guides we appreciate we need to be wise custodians of the funds we manage. Always err on the side of caution and think conservative,” says Rosemary.

Jane adds, “In volatile markets you need to remain confident in your long-term investment strategy. That means everyone on your board must understand the risk appetite which underpins your strategy – it’s something we spend a lot of time discussing at Barnardos.”

Sylvia brings a perspective based on three decades in the financial services industry during which time she has seen many market cycles.

“Markets are inherently volatile and challenging. While investment committees should be aware of current market conditions, the primary focus is ensuring their investment policy and underlining investment strategy continue to be 'fit for purpose'. It’s important to ensure the investments are aligned to their organisation's investment horizon and tolerance to risk.”