Why Board Diversity Matters

- Global corporate governance best practice
- Opportunity to tap broader talent pool
- Highlights correlation between board diversity and financial performance
- Ensure decisions take into account the interests of different stakeholders
About the report

- 10 APAC markets
- 100 top companies per market
- 1000 boards
- Studies age & educational qualifications, but gender diversity fares poorly in the region
Highlights: All-male Boards Dwindling but Dominant

- All-male boards decreased in 8 countries; Indonesia and South Korea exceptions
- 44.5% of APAC boards all male
- Over 50% of boards in Japan, South Korea, Singapore, Malaysia
Highlights: More Women on Boards

- Australia: 18.6%
- New Zealand: 13.6%
- China: 13.2%
- Indonesia: 11.0%
- Hong Kong: 10.6%
- Malaysia: 8.3%
- Singapore: 7.4%
- India: 7.3%
- Japan: 3.1%
- South Korea: 2.1%

2014 regional average: 9.4%

Source: Korn Ferry & CG10 Database
Improvement visible, but slow

DIVERSITY MATTERS: GENDER DIVERSITY IN ASIA-PACIFIC

Female representation on boards [%]

Australia: +1.9%
New Zealand: +4.5%
China: +4.2%
Indonesia: -0.4%
Hong Kong: +2.4%
Malaysia: -1.1%
Singapore: +1.5%
India: +0.6%
Japan: +1.1%
South Korea: -0.3%

Source: Korn Ferry & CGIO Database
Leadership of Women on Boards

- 3% female chairs
- 3.3% female CEOs
- No female chairs in India and South Korea
- No female chair or CEO in Japan
- Highest representation in healthcare (13.6%), Lowest in Industrial sector (5.8%)
Diverse Boards Outperform

- Higher Return on Equity (ROE)
  - In 9/10 countries except Malaysia

Source: Korn Ferry & CGIO Database
Gender diversity: Industry

Source: Korn Ferry & CGIO Database
Age diversity

- Hong Kong & Malaysia most age diverse [80% with 2 generations]
- Australia, South Korea & Japan least age diverse [≥50% with 1 generation only]

Source: Korn Ferry & CGIO Database
Academic Background

- Science & Engineering (35%)
- Law (11%)
- Accounting & Finance (16%)
- Business (31%)
- Arts (7%)
- Other (7%

Source: Korn Ferry & CGIO Database
Summary of findings

• Gender diversity on APAC boards remains low
• Positive trend: More female directors and fewer all-male boards
• Few women in CEO/Chair roles
• Some improvements driven by regulation, e.g. “if not – why not”; targets, quota
• Imperative that companies act ahead to avoid lagging behind
What should be done

• Increase awareness of **missed opportunity**
• Change in **mindset**
• Establish corporate governance **best practices**, such as:
  – Set up gender diversity **targets**
  – **Disclose** progress
  – Improve talent **pipeline** to ensure more female candidates are **ready** for board positions
  – Adopt a **transparent** nomination process for directors
• New **government led** policies expected
DIVERSITY MATTERS: GENDER DIVERSITY IN ASIA-PACIFIC

Australia Stats

All Male Boards: 9%
1 Female Director: 41%
2 Female Directors: 41%
≥3 Female Directors: 9%

Gender diversity associated with higher firm performance

Female representation on Australia’s boards (2011-2013)

Source: Korn Ferry & CGIO Database

<10% female
greater than or equal to 10% female
Average Return on Equity of firms in Australia

14.2% 12.7%
**China Stats**

- All Male Boards: 23%
- 1 Female Director: 28%
- 2 Female Directors: 23%
- ≥3 Female Directors: 17%

**Female representation on China’s boards (2011-2013)**

- 2011: 8.1%
- 2012: 9.0%
- 2013: 13.2%

**Source:** Korn Ferry & CGIO Database

**Gender diversity associated with higher firm performance**

- <10% female
- ≥10% female

*Average Return on Equity of firms in China*
DIVERSITY MATTERS: GENDER DIVERSITY IN ASIA-PACIFIC

Hong Kong Stats

<table>
<thead>
<tr>
<th>All Male Boards</th>
<th>1 Female Director</th>
<th>≥3 Female Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>34%</td>
<td>26%</td>
<td>16%</td>
</tr>
<tr>
<td>1 Female Director</td>
<td></td>
<td>15%</td>
</tr>
</tbody>
</table>

Female representation on Hong Kong’s boards (2011-2013)

- 2011: 8.6%
- 2012: 8.2%
- 2013: 10.6%

Source: Korn Ferry & CGIO Database

Gender diversity associated with higher firm performance

<10% female

≥10% female

Average Return on Equity of firms in Hong Kong

15.3%
DIVERSITY MATTERS: GENDER DIVERSITY IN ASIA-PACIFIC

India Stats

- All Male Boards: 44%
- 1 Female Director: 41%
- 2 Female Directors: 9%
- ≥3 Female Directors: 6%

Female representation on India’s boards (2011-2013)

- 2011: 4.7%
- 2012: 5.8%
- 2013: 7.3%

Source: Korn Ferry & CGIO Database

Gender diversity associated with higher firm performance

- <10% female
- ≥10% female

Average Return on Equity of firms in India
**Indonesia Stats**

- **All Male Boards**: 34%
- **1 Female Director**: 9%
- **2 Female Directors**: 16%
- **≥3 Female Directors**: 15.6%

**Female representation on Indonesia’s boards (2011-2013)**

- 2011: 11.4%
- 2013: 11.0%

Source: Korn Ferry & CGIO Database

Gender diversity associated with higher firm performance

- <10% <10%
- ≥10% >10%

Average Return on Equity of firms in Indonesia

16.0%

15.6%
DIVERSITY MATTERS: GENDER DIVERSITY IN ASIA-PACIFIC

Japan Stats

All Male Boards 68% 1 Female Director 28%

2 Female Directors 4%

Female representation on Japan’s boards (2011-2013)

Source: Korn Ferry & CGIO Database

Gender diversity associated with higher firm performance

<10% female
≥10% female
Average Return on Equity of firms in Japan

7.8% 13.7%
## Malaysia Stats

<table>
<thead>
<tr>
<th>Number of Female Directors</th>
<th>Male Board</th>
<th>Female Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>52%</td>
<td>28%</td>
</tr>
<tr>
<td>1</td>
<td>17%</td>
<td>3%</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Female representation on Malaysia’s boards (2011-2013)

<table>
<thead>
<tr>
<th>Year</th>
<th>Female rep [%]</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>7.8%</td>
</tr>
<tr>
<td>2012</td>
<td>9.4%</td>
</tr>
<tr>
<td>2013</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

Source: Korn Ferry & CGIO Database

Gender diversity associated with lower firm performance

- 17.1%
- 14.8%
- <10% female
- ≥10% female

Average Return on Equity of firms in Malaysia
New Zealand Stats

All Male Boards: 47% Male, 28% Female
2 Female Directors: 21% Male, 4% Female
1 Female Director: 9% Male, 8% Female
≥3 Female Directors: 6.4% Male, 9.8% Female

Female representation on New Zealand’s boards (2011-2013)

Source: Korn Ferry & CGIO Database

Gender diversity associated with higher firm performance

Average Return on Equity of firms in New Zealand

<10% <10% 
≥10% ≥10% female female
## Singapore Stats

<table>
<thead>
<tr>
<th>Board Composition</th>
<th>Female Representation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Male Boards</td>
<td>52%</td>
</tr>
<tr>
<td>1 Female Director</td>
<td>31%</td>
</tr>
<tr>
<td>2 Female Directors</td>
<td>13%</td>
</tr>
<tr>
<td>≥3 Female Directors</td>
<td>4%</td>
</tr>
</tbody>
</table>

**Female representation on Singapore’s boards (2011-2013):**

- 2011: 6.4%
- 2012: 6.8%
- 2013: 7.4%

*Gender diversity associated with higher firm performance*

*Source: Korn Ferry & CGI O Database*
DIVERSITY MATTERS: GENDER DIVERSITY IN ASIA-PACIFIC

South Korea Stats

- All Male Boards: 84%
  - 1 Female Director: 15%
  - ≥ 2 Female Directors: 1%

Female representation on South Korea’s boards (2011-2013)

Source: Korn Ferry & CGIO Database

Gender diversity associated with higher firm performance

- <10% female
- ≥10% female

Average Return on Equity of firms in South Korea
Diversity matters: 
Adding colour to boards in APAC