Singapore Board Diversity Report 2012
The Female Factor

Dr. Marleen DIELEMAN & MAYTHIL Aishwarya
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Centre for Governance, Institutions & Organisations (CGIO)

• Part of NUS Business School, Singapore
• Impactful governance research, specific to Asia
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Contents

• Boardroom diversity: introduction
• Report methodology
• Benchmarking Singapore on gender diversity
• Boards in Singapore
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Boardroom diversity

• Boardroom diversity is an increasingly important corporate governance metric globally
• Diversity is broader, but we will focus on gender
• Increasing awareness among executives and governments of benefits of gender diversity
• In Singapore: increased attention for the topic
Business case for diversity

Companies in the top quartile for the women representation in executive committee vs. sector:
Companies with 0 women in executive committee in that specific sector

Average return on equity 2007-2009

Percent

Companies in the top quartile: 22
Companies with 0 women: 15

Average EBIT margin 2007-2009

Percent

Companies in the top quartile: 17
Companies with 0 women: 11

Source: McKinsey, Women Matters, 2010
“CEOs must try and improve the gender balance of their executive committees, because this isn’t just about equality, it’s about performance. And the simple fact is that the more diverse your team, the better it performs.”

Lord Davies

(Financial Times, 13-03-12)
Gender diversity across the globe

• Limited female representation on boards globally

• Increase is slow, so countries are taking action:
  • Quota (e.g. Norway)
  • Business roadmaps (e.g. United Kingdom)
  • Specific targets (e.g. Malaysia)
  • Reporting requirements (e.g. Australia)
  • Most recent news: EU, Hong Kong
Brussels drafts board gender quota

By James Fontanella-Khan in Brussels

Brussels plans to force companies listed in the EU to reserve at least 40 per cent of their non-executive director board seats for women by 2020 or face tough sanctions, according to a proposal being drafted by the European Commission.

The proposed legislation, expected to be formally introduced by Viviane Reding, the EU’s justice commissioner, next month, aims to address gender imbalance across the bloc’s 27 states. EU figures show that in January, women represented only 13.7 per cent of board positions in large listed companies.

Source: Financial Times
Boardroom Gender Diversity in Singapore

The Female Factor
Methodology

• Based on a comprehensive study of SGX-listed firms, database goes back to 2008
• This issue: based on annual reports for FY 2011 of 693 listed firms; 28 REITs and trusts; and 65 statutory boards (just under 6,000 directors)
• Focus this year:
  • Gender diversity by type of company ownership
  • Board composition and leadership roles
Female representation in SGX-companies

- Slight increase in female directors
- At this rate, we reach the average for developed countries in 2021

Source: CGIO Database
Global comparison

- Norway tops with 40% women on boards
- Singapore lags behind other developed countries and is below the global average

Sources: CGGD (Singapore); HKE (Hong Kong); GMI (China, Japan, Malaysia, India); Women on Boards (Australia); Cranfield School of Management (United Kingdom); Catalyst (Finland, Norway, Sweden, United States); McKinsey (European Union)
Benchmarking Singapore: widening gap

- Developed countries improve faster than Singapore
- Gap between Singapore and developed nations is widening

Sources: CGIO (Singapore), Women on Boards (Australia), Cranfield School of Management (United Kingdom), GMI (France)
A typical board

- 60% of the boards look somewhat like this
- All-male boards only slightly down from last year (61.3%)

Source: Annual report 2010, Wilmar
All-male boards regionally

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>29.0%</td>
</tr>
<tr>
<td>China</td>
<td>39.0%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>40.0%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>56.0%</td>
</tr>
<tr>
<td>India</td>
<td>57.0%</td>
</tr>
<tr>
<td>Singapore</td>
<td>60.0%</td>
</tr>
</tbody>
</table>

- Singapore has the highest percentage of all-male boards in the region.

Sources: CGIO (Singapore), HKEx (Hong Kong), Korn/Ferry Institute (Australia, China, India, Malaysia)
Number of women on corporate boards

- If boards have women, it’s is typically only one (31.4% of the boards)

- Less than 10% of all boards have more than one female director (but: upward trend)
Unique board
## Companies with three or more women

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of female directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mewah International Inc</td>
<td>4</td>
</tr>
<tr>
<td>Anchun International Holdings Ltd</td>
<td>3</td>
</tr>
<tr>
<td>A-Sonic Aerospace Ltd</td>
<td>3</td>
</tr>
<tr>
<td>Aspial Corporation Ltd</td>
<td>3</td>
</tr>
<tr>
<td>Design Studio Furniture Manufacturer Ltd</td>
<td>3</td>
</tr>
<tr>
<td>Friven &amp; Co Ltd</td>
<td>3</td>
</tr>
<tr>
<td>Keppel Land Ltd</td>
<td>3</td>
</tr>
<tr>
<td>Nippecraft Ltd</td>
<td>3</td>
</tr>
<tr>
<td>Nordic Group Ltd</td>
<td>3</td>
</tr>
<tr>
<td>Super Group Ltd</td>
<td>3</td>
</tr>
<tr>
<td>The Straits Trading Company Ltd</td>
<td>3</td>
</tr>
<tr>
<td>Top Global Ltd</td>
<td>3</td>
</tr>
</tbody>
</table>

**Source:** CGIO Database
How many seats do women hold

- 94.1% of female directors held only one directorship
- Women were less likely to hold multiple directorships as compared to men

Source: CGIO Database
Most influential female directors

Fang Ai Lian
5 Directorships

Elizabeth Sam
4 Directorships

Lai Chin Yee
4 Directorships

Euleen Goh
3 Directorships
Ethnicity of directors

- Female directors in Singapore were predominantly ethnic Chinese (89.6%)
- Malay female directors had the lowest representation at 0.3%

Source: CGIO Database
Where are the women?
Industries

- Construction (10%), properties (8.6%) top the list

- Significant improvement in finance sector
• 9.7% female representation in boards of REITs & trusts – higher than SGX-listed companies

• No female Chairs in REITs & trusts

Source: CGIO Database
Singapore vs. foreign firms

- Singapore founded firms had slightly better female representation than those founded abroad at 7.4%
Family firms

- Family firms have more female directors
- From our earlier CGIO report on governance of family firms we know that these are often founding family members

Source: CGIO Database
Temasek-linked SGX-listed companies

- Temasek-linked companies scored higher

(but figures are based on a limited sample)

Source: CGIO Database
Gender diversity in statutory boards

- 19.8% of board positions were held by women and 16.9% of the chairs

Source: CGIO Database
## Statutory boards with highest female representation

<table>
<thead>
<tr>
<th>Name of statutory board</th>
<th>Female representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore Nursing Board</td>
<td>70.6%</td>
</tr>
<tr>
<td>Singapore Pharmacy Council</td>
<td>63.6%</td>
</tr>
<tr>
<td>National Parks Board</td>
<td>50.0%</td>
</tr>
<tr>
<td>National Arts Council</td>
<td>43.8%</td>
</tr>
<tr>
<td>National Library Board</td>
<td>47.1%</td>
</tr>
<tr>
<td>National Environment Agency</td>
<td>41.7%</td>
</tr>
<tr>
<td>Singapore Dental Council</td>
<td>41.7%</td>
</tr>
</tbody>
</table>

Source: CGIO Database
What positions do female directors hold?
Women in CEO and Chair positions

- Women underrepresented in leadership roles
- 3.5% of the Chairs were female and 4.1% of the CEOs
- More female chairs and less female CEOs compared to last year

Source: CGIO Database

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Female representation in board committees

- Audit committee had highest representation of female directors (5.2%), but few chair this committee.

Source: CGIO Database
Female executive and non-executive directors

- Most women are found in executive director roles

2010: 9.1% executive director, 5.6% non-executive director
2011: 10.4% executive director, 5.3% non-executive director

Source: CGIO Database
Female independent directors

- Very few women are independent directors
- 25% of the independent directors have tenures of 9 years and above > no longer deemed “independent”
- Opportunity for quick win due to increased hiring

Source: CGI© Database
Conclusions

• Small increase in gender diversity in Singapore’s boardrooms, but gap with developed countries increasing

• Family firms, government-linked boards, construction sector, listed trusts lead the way

• The opportunity to make a quick win lies in increasing the female share of independent directors: many new hires expected
“We will continue to support our SGX-listed companies to pursue a well-balanced board of best talent from both genders. Together, we will push for high corporate governance standards.”