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MEDIA RELEASE

DIVERSITY ACTION COMMITTEE TO TAKE FORWARD 10 RECOMMENDATIONS BY DIVERSITY TASK FORCE REGARDING WOMEN ON BOARDS

The Diversity Task Force regarding Women on Boards (DTF)¹ launched its report, “*Gender Diversity on Boards: A Business Imperative*” today. This follows the release of DTF’s findings last month. Among the ten recommendations detailed in the report, the DTF proposes the establishment of a *Diversity Action Committee (DAC)* to facilitate the implementation of the recommendations. It will comprise senior stakeholders from the public, people and private sectors. The DTF has also obtained the Singapore Exchange Limited’s (SGX) agreement to support the DAC.

2 Formed in late 2012, the DTF was set up by Mdm Halimah Yacob during her term as Minister of State, Ministry of Social and Family Development, to examine the state of gender diversity on boards in Singapore, as well as its impact on corporate performance and governance.

3 Receiving the report from the DTF at the launch, Mr Chan Chun Sing, Minister for Social and Family Development said, “I thank the Diversity Task Force for its excellent work. It has provided good analyses and raised awareness on the benefits of gender diversity on boards. It is good that we are now taking the important next step of implementing the recommendations through the formation of the Diversity Action Committee. I am happy to inform that Mr Magnus Böcker has agreed to chair the DAC and Mdm Halimah Yacob has agreed to be the Adviser to the Committee. I urge corporate leaders to support the Committee in their work to get more women to contribute in board positions in our companies.”

4 Mrs Mildred Tan, Chairperson of the DTF said, “The DTF is very grateful to board chairpersons, directors and CEOs who participated in our survey, dialogue sessions, and the in-depth interviews. Without their active participation, the DTF could not have obtained such valuable insights and come up with the set of recommendations that we have today. Having more women representation on boards is a business imperative, as it brings new and diverse perspectives to the boards. Increasingly, investors and corporate governance rating agencies around the world believe that companies that effectively hire, retain and promote women are often better equipped to capitalise on competitive opportunities. With the conclusion of DTF’s work, I hope that stakeholders will use the findings from this report as a platform to initiate dialogues, review policies and practices, as well as institute changes under the leadership of Mr Magnus Böcker and the DAC.”

¹ See [Annex A](#) for fact sheet on the DTF.

5 Halimah Yacob said, “I am happy to see good progress on the topic regarding women on boards and am proud of the work the DTF has done. The findings are robust and this has allowed the DTF to come up with sound recommendations. I am also honoured to be the Advisor to the DAC and look forward to working with fellow champions to oversee the implementation of the recommendations.”

6 Mr Magnus Böcker said, “Gender diversity regarding women on boards continues to be in the spotlight in capital markets. Women leadership is an imperative for competitiveness and success. It also strengthens the Board in all aspects of its role. The DTF report has highlighted the gravity if we continue to ignore the perceived lack of women directors in the boardroom. This lack may possibly affect Singapore’s position as a premier financial hub. We urge and call on every of our industry stakeholder to collaborate and play their part in raising the presence and participation of women directors among our corporates. Each of us has a role in driving a robust governance culture that will carry us through the long term. Good governance leads to better markets, which helps support sustained economic growth and create opportunities for individuals and enterprises.”

Multi-Stakeholder Approach

7 Based on its findings and feedback, the DTF does not recommend imposing quotas or setting targets as the causes for the low percentage of women on boards are complex and intertwined. Instead, the DTF recommends measures to address the underlying root causes and prefer to allow these measures to run their course before assessing if quotas should be imposed in future.

8 The multi-stakeholder approach empowers stakeholders to own and play their respective roles or collaborate and collectively address the root causes of the challenge.

9 DTF encouraged Government and regulators to take the lead and set the tone for the rest of the stakeholders. Besides the support of the Government and industry, companies have a part to play in making the appointment of more women on boards an economic and business reality.

Summary of Recommendations²

Stakeholder: Government and Regulators

10 ***Recommendation 1: To continue highlighting the importance of gender diversity, for the long-term competitiveness of our companies and economy.*** Many senior government leaders and regulators have highlighted the importance of gender diversity on boards at various events. It would be helpful for them to continue doing so. To further the effort, the DTF proposes that a Diversity Action Committee be established to facilitate the implementation of the recommendations set out in the report.

² See Annex B for details of the DTF’s ten recommendations.

11 **Recommendation 2: To place more importance on gender diversity in the Code of Corporate Governance and SGX's rules.** Regulators could consider placing more emphasis on gender diversity in the Code of Corporate Governance, taking reference from other countries' practices (e.g. requiring companies to disclose gender diversity policy).

Stakeholder: Industry and Academia

12 **Recommendation 3: To involve captains of industry as role models, advocates and mentors.** The industry in Singapore could start a network of prominent business leaders to be public advocates of the issue, as well as set personal targets to improve gender diversity in their own organisations or set personal targets on mentoring women to take on board positions.

13 **Recommendation 4: To introduce programmes to train and develop board-ready female candidates.** This makes them more board-ready and allows them to maximise their contribution in the boardroom. If the industry aspires for women to hold, say, 20% of directorships by 2020, about 1,000 women need to be trained and be ready to take on board positions by then.

14 **Recommendation 5: To give out awards and publish rankings.** Gender diversity could be included as one of the evaluation criteria for corporate governance-related awards, indices and rankings in Singapore.

15 **Recommendation 6: To publish research on gender diversity; as well as establish a local resource on best practices.** More research on gender diversity could be conducted and the industry could set up a body of knowledge on successful initiatives to improve the participation of women in the boardroom and C-suite.

16 **Recommendation 7: To leverage on existing "board match" initiatives in corporate and non-profit sectors.** Some directors could gain practical experience serving on non-profit boards or smaller corporate boards, before moving to serve on bigger corporate boards.

Stakeholder: Companies and Boards

17 **Recommendation 8: To develop gender diversity policy for the board and company; as well as discuss gender diversity at board meetings.** Companies could consider developing a gender diversity policy, which could include measurable objectives. Boards could consider discussing gender diversity in board meetings, e.g. when discussing the desired competencies as part of the search and nomination process.

18 **Recommendation 9: To adopt a formal search and nomination process for board appointments (including the use of search firms or professional**

associations where appropriate and necessary). This would allow the companies to achieve the appropriate diversity of competencies and gender.

19 ***Recommendation 10: To implement initiatives or programmes to help qualified women to take on senior management or board positions.*** Some measures used by major international and SGX-listed companies include the CEO/senior management championing gender diversity, implementing mentoring or sponsorship programme for women who are candidates for senior management or board positions, etc.

Annex A – Fact Sheet on the DTF

Annex B – DTF’s Recommendations

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ANNEX A

FACT SHEET ON THE DTF

The DTF was formed to examine the state of women representation on boards and in senior management of SGX-listed companies, as well as its impact on corporate performance and governance. It was important to study the state of women representation in senior management because they form the pipeline of women on boards. The DTF was initiated by Mdm Halimah Yacob, Speaker of Parliament, during her term of office as Minister of State, Ministry of Social and Family Development (MSF). The move was prompted by the concern that women in Singapore continue to be under-represented on boards and top-level senior management positions despite making immense progress in education and employment.

2 The DTF comprises industry leaders from the private and people sectors as follows:

- a. Mrs Mildred Tan, Managing Director, Ernst & Young Advisory Pte Ltd – **Chairperson**;
- b. Mr Patrick Ang, Deputy Managing Partner of Rajah and Tann LLP;
- c. Ms Junie Foo, Co-Founder and Co-Chairperson of BoardAgender; Board Member of Singapore Council of Women’s Organisations; Council Member of Singapore Institute of Management; and Deputy General Manager, Corporate Banking Asia Oceania, Headquarters for Asia Oceania of Bank of Tokyo Mitsubishi UFJ;
- d. Mrs Laura Hwang, President of Singapore Council of Women’s Organisations and Co-Chairperson of BoardAgender;
- e. Mr Koh Juan Kiat, Executive Director of Singapore National Employers Federation; and
- f. Ms Yeo Lian Sim, Special Adviser, Singapore Exchange Ltd.

3 Guiding the DTF is an Advisory Panel that comprises industry leaders from the private sector as follows:

- a. Mr J. Y. Pillay, Chairperson of Tiger Airways Holdings and Chairperson of the Council of Presidential Advisers — **Chairperson**;
- b. Mr Magnus Böcker, CEO and Board Director of Singapore Exchange Ltd;

- c. Ms Chua Sock Koong, Group CEO and Board Director of SingTel;
 - d. Ms Euleen Goh, Chairperson of Singapore International Foundation; Independent, Non-Executive Director of DBS Group Holdings Limited, CapitaLand Limited and SATS Limited; and
 - e. Ms Olivia Lum, Executive Chairperson and Group CEO of Hyflux Ltd.
- 4 The Office for Women's Development under the MSF is Secretariat to the DTF.
- 5 The DTF's Terms of Reference are to:
- a. Promote and facilitate public and private networks for dialogue and exchange of information, ideas and leading practices to support the building of a gender-diverse culture across boards and senior management levels;
 - b. Study the benefits of gender diversity on boards and impact on companies and societies through research; and
 - c. Develop strategies to strengthen corporate governance and encourage greater transparency in nomination and selection processes for board and senior management appointments.

DTF'S RECOMMENDATIONSStakeholder: Government and Regulators**1. To continue highlighting the importance of gender diversity, for the long-term competitiveness of our companies and economy.**

Senior government leaders and regulators have done much in recent years in highlighting the importance of gender diversity on boards and in senior management at various events. Some who have spoken on the issue include Mdm Halimah Yacob (Speaker of Parliament), Ms Grace Fu (Minister for Prime Minister's Office, Second Minister for Foreign Affairs and Environment & Water Resources), Mr K Shanmugam (Minister for Foreign Affairs and Law), Mr Tan Chuan Jin (Acting Minister for Manpower), Mrs Lim Hwee Hua (former Second Minister for Finance and Transport) and Mr Magnus Böcker (CEO, SGX).

It would be helpful if senior government leaders and regulators continue to encourage companies to improve gender diversity in order to ensure the long-term competitiveness of our companies and economy.

To further the effort, the DTF proposes that a *Diversity Action Committee (DAC)* be established to engage relevant stakeholders from the public, private and people sectors to facilitate the implementation of the recommendations set out in this report, where appropriate. The DAC will be supported by SGX. It will comprise senior stakeholders from the public, people and private sectors.

2. To place more importance on gender diversity in the Code of Corporate Governance and SGX's rules.

Regulators could consider placing more emphasis on gender diversity in the Code of Corporate Governance, taking reference from the practices of other countries (e.g. requiring companies to disclose their gender diversity policy). SGX's rules and templates (e.g. those relating to announcement of directors) could be amended accordingly. Regulators could also consider highlighting or publishing how companies comply with the Code, so that others could learn from their experience.

Stakeholder: Industry and Academia**3. To involve captains of industry as role models, advocates and mentors.**

The industry could complement the government and regulators' effort by adopting initiatives involving captains of industry serving as role models, advocates or mentors. For example in the UK, the '30% Club' consists of a group of Chairpersons voluntarily committed to bringing more women onto UK corporate boards. It aims to

achieve this goal by:

- Inspiring company leaders to appoint more women to executive and non-executive directorships;
- Improving the pipeline below board level, to widen the talent pool available to business; and
- Supporting and encouraging successful women in business³.

The industry in Singapore could start a network of prominent business leaders to be public advocates of the issue, as well as set personal targets to improve gender diversity in their own organisations or set personal targets on mentoring women to take on board positions.

4. To introduce programmes to train and develop board-ready female candidates.

The industry could consider training and development programmes targeted specifically at female directors. For example, they could be trained to enhance their knowledge across a broad spectrum of topics like strategy management and international development, beyond their technical or professional expertise. This makes them more board-ready and allows them to maximise their contribution in the boardroom. If the industry aspires for women to hold, say, 20% of directorships by 2020, about 1,000 women need to be trained and be ready to take on board positions by then.

There could also be programmes for senior managers in large corporations to gain practical experience from serving on boards of subsidiaries, joint ventures and non-profit organisations. This helps to create a pipeline of female directors for SGX-listed companies.

5. To give out awards and publish rankings.

There are currently a number of corporate governance-related awards, indices and rankings in Singapore. The organisers and publishing agencies could consider including gender diversity as one of the evaluation criteria. Awards recognising companies in gender diversity practices would encourage them to do better and serve as role models for others to follow suit. Indices and rankings allow companies to assess where they stand and how much they need to do to improve their gender diversity practices.

6. To publish research on gender diversity; as well as establish a local resource on best practices.

Possible research areas include:

- Research which examines the link between gender diversity and board effectiveness, corporate governance and long-term value creation;

³ <http://www.30percentclub.org.uk/>

- Research on potential pipelines of female directors in different industries and professions; and
- Case studies of companies which have successfully implemented initiatives to improve the participation of women in the boardroom and C-suite, such as through the setting of measurable objectives and monitoring progress, sponsorship and mentoring programmes, and flexible work arrangements and other workplace support. Such case studies can be useful for companies to learn from each other.

The industry could also consider setting up a body of knowledge or repository on initiatives that have been undertaken to successfully improve the participation of women in the boardroom and C-suite. This would serve as a local resource for companies to learn good initiatives and practices from each other.

7. To leverage on existing “board match” initiatives in corporate and non-profit sectors.

In our survey of SGX-listed companies, 55% agree that initiatives to identify board-ready candidates should be one of the measures to improve gender diversity – this is the measure which received the highest level of support.

The Singapore Institute of Directors and the Centre for Non-Profit Leadership have been offering a “board matching” service for the corporate and non-profit sectors respectively. The industry could consider leveraging on these initiatives to develop a database of board-ready candidates (both men and women) that could serve on the boards of either the corporate or non-profit sector. Some could gain practical experience serving on non-profit boards or smaller corporate boards, before moving to serve on bigger corporate boards.

Stakeholder: Companies and Boards

8. To develop gender diversity policy for the board and company; as well as discuss gender diversity at board meetings.

Companies could consider developing a gender diversity policy, which could include measurable objectives. These measurable objectives may include targets for female participation at different levels and across functions. Progress could also be monitored and tracked.

In our survey of SGX-listed companies, only 12% reported that boardroom diversity is on the agenda of board meetings. Boards could consider discussing gender diversity in board meetings, e.g. when discussing the desired competencies as part of the search and nomination process.

9. To adopt a formal search and nomination process for board appointments (including the use of search firms or professional associations where appropriate and necessary).

The following is a formal search and nomination process which boards, assisted by the nominating committee, could consider in order to achieve the appropriate diversity of competencies and gender:

- Determine the desired competencies and diversity required for the board, given its business, strategies and needs;
- Assess the current competencies and diversity on the board and identify gaps between the desired and current competencies and diversity;
- Review the results of assessment of the board, committee and director effectiveness to determine gaps in board performance;
- Identify directors who may no longer meet the desired competencies and diversity requirements and could be considered for retirement.
- Develop profiles of new directors sought;
- Conduct a comprehensive search for new directors, which includes using external search firms or professional associations to source for potential candidates where appropriate and necessary; and
- Review reasons if the shortlist of director candidates does not include female candidates.

10. To implement initiatives or programmes to help qualified women to take on senior management or board positions.

Companies which aspire to improve female participation in senior management could consider implementing some of the following measures which are used by major international and SGX-listed companies:

- CEO/ senior management championing gender diversity;
- Having a gender diversity awareness programme;
- Having a function or a designated executive looking into gender diversity;
- Implementing initiatives to attract female ex-employees holding management positions back to work;
- Implementing a mentoring or sponsorship programme for women who are candidates for senior management or board positions;
- Helping women who are candidates for senior management or board positions to build their networks; and
- Tracking of gender representation, promotion rates by gender or attrition rates by gender, at different levels of seniority.