

Standard Chartered Bank Women on Boards: Hang Seng Index 2012



Sponsored by



Aparna Banerji and Kate Vernon
Community Business
March 2012

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Community Business is delighted to present this **Standard Chartered Bank Women on Boards: Hang Seng Index 2012** report. We are grateful for the ongoing support of Standard Chartered who have once again partnered with us on this critical piece of research for Hong Kong. We commend the steps taken by Standard Chartered to continue to lead on this important subject - both for corporate Asia and also for women.

Leadership in most nations today is concerned about inclusion. The question of how to include different factions of any community is critical for both economic and social development. From a business perspective, the importance of diversity - and particularly of gender diversity, is an inclusion issue. Enlightened companies understand that women, just like men, need to be included as employees, customers and other stakeholders. They understand that women are increasingly making up their workforce and in a place like Hong Kong, women are just as educated and experienced in many cases as men. Therefore, common sense would say that there are female leaders as well as male leaders.

However this is not the reality. This latest research demonstrates that only 9.0% of HSI companies have women on their boards. Even more disappointing perhaps is that only 6.7% of executive directorships are female. This is against a backdrop of 48% of our labour force¹ and 55% of our current university students in Hong Kong being female.

Some may argue that the reason for this low percentage of women leaders in the corporate sector is that it takes many years for leadership to be groomed and perhaps 30 or 40 years ago, Hong Kong did not have the same pipeline of educated women in the workforce as it does today. This can certainly be part of the reason, but it is not the major reason. If this were the case, we would expect to see a significant improvement in the numbers of women in leadership in Hong Kong over time. However as we look at the representation of women on the boards of Hang Seng Index listed companies - it is clear that we do not.

In 2009, when we last conducted this research, 8.9% of all directorships were women. In 2012, it is 9.0%. A marginal increase of 0.1% over 3 years. Assuming 5 new female directors are appointed every 3 years, and the total number of directors stays unchanged at 634, it would take 80 years to achieve 30% of females on our boards and 156 years for parity.

Community Business research over the last few years has continuously demonstrated that there are many factors at play which account for the lack of women at leadership. These forces combined can 'pull' and 'push' the woman out of the workforce and the key is to understand these issues and try to resolve them. Some of these factors need to be solved by the individual women themselves - but many do not.

The question becomes whose job is it to get companies to address these issues? Is there a role for government and what should it be? And who are the other stakeholders in this discussion? Our view at Community Business is that there is a role for many parties including employers, government, search firms, chambers of commerce and others. The discussions need to begin.

Specifically on women on boards, this is ultimately a business issue and companies need to understand that retaining women and having both men and women as part of leadership is critical to growth. Our view is that a meritocracy must prevail. The best people should have the job - and sometimes the best people are women.



Shalini Mahtani, MBE
Founder
Community Business



Standard Chartered has operated for over 150 years in some of the world's most dynamic markets, leading the way in Asia, Africa and the Middle East. As one of the world's most international banks, employing over 85,000 people representing 129 different nationalities, diversity and inclusion is at the heart of our business and a distinctive element of our brand and our culture.

At Standard Chartered, we strive to be recognised as a leader in gender diversity and we are delighted to again support the **Standard Chartered Bank Women on Boards: Hang Seng Index 2012** compiled by Community Business.

In 2009, the research identified the number of women holding positions on the boards of leading companies listed on the Hong Kong Stock Exchange, namely the Hang Seng Index and found that women accounted for only 8.9% of the total number of directorships. This report in 2012 is a continuation, providing the latest figures relating to the representation of women on boards in Hong Kong as well as the profile of the companies on the Hang Seng Index with female executive directors and new female appointments in 2011. While progress has been made in some organisations, this report demonstrates that the overall percentage of women in directorship positions has not improved.

Standard Chartered is proud to support this work which not only confirms the continued challenge we face but also provides a better understanding of what more can be done. Given the impact of corporate governance on business performance, we encourage all companies to consider the representation of their boards and work towards achieving greater diversity and in turn, further success.

A handwritten signature in black ink, appearing to read 'J Bindra'.

Jaspal Bindra
Group Executive Director and CEO Asia
Chair, Group Diversity and Inclusion Council
Standard Chartered Bank

A handwritten signature in black ink, appearing to read 'Benjamin Hung'.

Benjamin Hung
CEO, Hong Kong
Standard Chartered Bank

EXECUTIVE SUMMARY

This **2012 Standard Chartered Bank Women on Boards: Hang Seng Index 2012** report looks at the representation of women on the corporate boards of Hong Kong's top companies, as listed on the Hang Seng Index (HSI). It ranks the companies in terms of the gender diversity of their boards, with those with the highest percentage of women on their boards appearing at the top.

Top Ranking Companies

A full table showing the ranking of the companies listed on the HSI in terms of the gender diversity of their boards is shown in the **Women on Boards League Table: HSI 2012** on pages 6 and 7. At the top of the list is Hang Seng Bank which has five women (31.3%) on its board of 16. Bank of China Ltd is second with four women (26.7%) on its board of 15 and HSBC Holdings Plc is third with four women (23.5%) on its board of 17. China Resources Power Holdings Company Ltd and China Construction Bank Corporation are in fourth place, each with three female directors (21.4%) on their boards of 14.

Key Findings

This is the second such study of HSI companies and we can see that there has been very little improvement in the overall representation of women on boards since the last time this study was conducted in 2009.

At the beginning of 2012, 9.0% of all boardroom positions are held by women which represents a nominal improvement since 2009 when the figure was 8.9%. These directorships are held by 50 different women. Out of the total of 48 companies listed on the HSI in 2012, 28 companies (58.3%) have women on their boards - which means conversely 20 companies (41.7%) have no female representation at all. Only one company has a female Chair (China Resources Power Holdings Company Ltd) and one company has a female CEO (Hang Seng Bank Ltd).

However, there are a couple of positive findings worth highlighting:

- The percentage of women in the top three companies is higher than that of the top three companies listed in 2009 – ranging from 23.5% to 31.3% (as compared to 19.1% to 29.4% in 2009) with each company having at least four women on their boards.
- The top six ranking companies have at least three women on their boards – a number that is often cited as being the critical mass required to achieve culture change and allow companies to reap the benefits of gender diversity.
- Hong Kong continues to perform better than other countries in the region, most notably India (5.3%)³ and Singapore (6.9%)⁴ in terms of percentage representation of women on boards.

Key Trends

In examining the representation of women on the boards of the HSI, a number of key trends can be observed:

- Companies in the financial sector perform best in terms of gender diversity – the top three ranking companies are financial institutions.
- Companies with female executive directors are more likely to have multiple female directors and a higher percentage of women on their boards.
- Women are on average two years younger than men holding board positions (57.3 years compared to 59.9 years).

This report concludes that female representation on boards continues to remain low in Hong Kong and much more needs to be done. Many Hong Kong women are qualified for these top positions but it would seem that current board appointment processes are ignoring their potential contribution. Community Business welcomes changes to corporate governance rules and regulations in Hong Kong that support a more transparent and open selection process for board positions and allow greater gender diversity at this level. Hong Kong can likely learn from the many concrete and practical measures that countries around the world are introducing to ensure greater diversity of boards and prepare more women for board positions. For bringing more women into the boardroom is not about women's rights or affirmative action, it is about driving profitable growth and enhancing performance. After all, greater diversity of thought and perspectives can only be good for business.

WOMEN ON BOARDS LEAGUE TABLE: HSI 2012

An abstract graphic consisting of several overlapping, semi-transparent purple shapes. These shapes include elongated ovals and sharp, sweeping curves that create a sense of motion and depth. The colors range from a light lavender to a deeper purple, with the overlapping areas creating darker shades.

WOMEN ON BOARDS LEAGUE TABLE: HSI 2012

Rank		% of Women	Board Size	No. of Women	Company (New Companies highlighted in purple)	Female Directors (Executive Directors highlighted in bold)	Chair
1	↑	31.3%	16	5	HANG SENG BANK LTD 恒生銀行有限公司	LEUNG KO May Yee Margaret (梁高美懿), SIT KWAN Yin Ping Dorothy (薛關燕萍), CHIANG Lay Yeun (蔣麗苑), FUNG Anita Yuen Mei (馮婉眉), LEGG Sarah Catherine (李瑞霞)	CHIEN Kuo Fung Raymond (錢果豐)
2	—	26.7%	15	4	BANK OF CHINA LTD 中國銀行股份有限公司	HUANG Danhan (黃丹涵), LIU Lina (劉麗娜), JIANG Yangsong (姜巖松), SUN Zhinzun (孫志筠)	XIAO Gang (肖鋼)
3	↑	23.5%	17	4	HSBC HOLDINGS PLC 匯豐控股有限公司	Safra CATZ, Rona FAIRHEAD, Rachel LOMAX, CHA Laura May Lun (史美倫)	Douglas Jardine FLINT
4	—	21.4%	14	3	CHINA RESOURCES POWER HOLDINGS COMPANY LTD 華潤電力控股有限公司	ZHOU Junqing (周俊卿), WANG Xiao Bin (王小彬), LEUNG Elsie (梁愛詩)	ZHOU Junqing (周俊卿)
4	↓	21.4%	14	3	CHINA CONSTRUCTION BANK CORPORATION 中國建設銀行股份有限公司	LI Xiaolong (李曉玲), Jenny SHILPY, CHEN Yuanling (陳遠玲)	GUO Shuqing (郭樹清)
6	↓	20.0%	20	4	CHEUNG KONG (HOLDINGS) LTD 長江實業(集團)有限公司	HUNG Siu Lin Katherine (洪小蓮), PAU Yee Wan Ezra (鮑綺雲), WONG Yick Ming Rosanna (王慕鳴), WOO Chia Ching Grace (吳佳慶)	LI Ka Shing (李嘉誠)
7	↓	18.2%	11	2	CHINA LIFE INSURANCE COMPANY LTD 中國人壽保險股份有限公司	LIU Yingqi (劉英齊), ZHUANG Zuojin (莊作瑾)	YUAN Li (袁力)
8	↓	17.6%	17	3	SWIRE PACIFIC LTD 太古股份有限公司	Lydia Selina DUNN (鄧蓮如), LEUNG KO May Yee Margaret (梁高美懿), YANG Mun Tak Marjorie (楊敏德)	Christopher PRATT (白紀圖)
9	↓	16.7%	12	2	MTR CORPORATION LTD 香港鐵路有限公司	CHENG Yu Wah Eva (鄭汝樺), FANG Meng Sang Christine (方敏生)	CHIEN Kuo Fung Raymond (錢果豐)
9	↓	16.7%	18	3	THE PING AN INSURANCE (GROUP) COMPANY OF CHINA LTD 中國平安保險(集團)股份有限公司	LI Zhe (黎哲), LIN Lijun (林麗君), WANG Liping (王利平)	MA Mingzhe (馬明哲)
11	↓	15.4%	13	2	HUTCHISON WHAMPOA LTD 和記黃埔有限公司	CHOW WOO Mo Fong Susan (周胡慕芳), LEUNG KO May Yee Margaret (梁高美懿)	LI Ka Shing (李嘉誠)
11	—	15.4%	13	2	CHINA MOBILE LTD 中國移動有限公司	HUANG Wenlin (黃文林), XIN Fanfei (辛凡非)	WANG Jianzhou (王建宙)
13	↑	12.5%	16	2	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD 中國工商銀行股份有限公司	LI Chunxiang (李純湘), WANG Lili (王麗麗)	JIANG Jianqing (姜建清)
14	↑	11.8%	17	2	BANK OF COMMUNICATIONS COMPANY LTD 交通銀行有限公司	DU Yuemei (杜悅妹), FUNG Yuen Mei Anita (馮婉眉)	HU Huaibang (胡懷邦)
14	↑	11.8%	17	2	CLP HOLDINGS LTD 中電控股有限公司	TSUI LAM Sin Lai Judy (徐林倩麗), LAW Fan Chiu Fun Fanny (羅范椒芬)	Michael KADOORIE (米高·嘉道理)
16	↑	11.1%	9	1	CHINA SHENHUA ENERGY COMPANY LTD 中國神華能源股份有限公司	FAN Hsu Lai Tai Rita (范徐麗泰)	ZHANG Xiwu (張喜武)
16		11.1%	9	1	BELLE INTERNATIONAL HOLDINGS LTD 百麗國際控股有限公司	HU Xiaoling (胡曉玲)	TANG Yiu (鄧耀)
18	↓	10.0%	20	2	HENDERSEN LAND DEVELOPMENT COMPANY LTD 恒基兆業地產有限公司	FUNG LEE Woon King (馮李煥琮), LEE Pui Ling Angelina (李王佩玲)	LEE Shau Kee (李兆基)
19	↑	9.1%	11	1	SINO LAND COMPANY LTD 信和置業有限公司	IP Alice Mo Lin (葉慕蓮)	NG Chee Siong Robert (黃志祥)
20		8.3%	12	1	HENGAN INTERNATIONAL GROUP COMPANY LTD 恒安國際集團有限公司	WONG Ada Ying Kay (黃英琦)	SZE Man Bok (施文博)
20	↓	8.3%	12	1	HANG LUNG PROPERTIES LTD 恒隆地產有限公司	CHEN Lok Yee Laura (陳樂怡)	CHAN Cichung Ronnie (陳啟宗)
20	↓	8.3%	12	1	THE WHARF (HOLDINGS) LTD 九龍倉集團有限公司	LEE Yuk Fong Doreen (李玉芳)	WOO Kwong Ching Peter (吳光正)

↑ Higher ranking than in 2009

↓ Lower ranking than in 2009

— Same ranking as in 2009

WOMEN ON BOARDS LEAGUE TABLE: HSI 2012

Rank		% of Women	Board Size	No. of Women	Company (New Companies highlighted in purple)	Female Directors (Executive Directors highlighted in bold)	Chair
23	↓	7.7%	13	1	HONG KONG EXCHANGES AND CLEARING LTD 香港交易及結算有限公司	CHA Laura May Lun (史美倫)	Ronald Joseph ARCULLI (夏佳理)
24	↓	7.1%	14	1	CHINA OVERSEAS LAND & INVESTMENT LTD 中國海外發展有限公司	FAN Hsu Lai Tai Rita (范徐麗泰)	KONG Qingping (孔慶平)
24	↓	7.1%	14	1	COSCO PACIFIC LTD 中遠太平洋有限公司	FAN Hsu Lai Tai Rita (范徐麗泰)	XU LIRONG (許立榮)
24	↓	7.1%	14	1	NEW WORLD DEVELOPMENT COMPANY LTD 新世界發展有限公司	KI Man Fung Leonie (紀文鳳)	CHENG Yu Tung (鄭裕彤)
27	↓	6.3%	16	1	POWER ASSETS (previously HONGKONG ELECTRIC HOLDINGS LTD) 電能實業有限公司	CHOW WOO Mo Fong Susan (周胡慕芳)	FOK Kin Ning Canning (霍建寧)
28	↓	5.9%	17	1	CATHAY PACIFIC AIRWAYS LTD 國泰航空有限公司	LEE Irene Yun Lien (利蘊蓮)	Christopher PRATT (白紀圖)
29	↑	0.0%	8	0	ESPRIT HOLDINGS LTD 思捷環球控股有限公司		Hans-Joachim KÖRBER
29	–	0.0%	8	0	TENCENT HOLDINGS LTD 騰訊控股有限公司		MA Huateng (馬化騰)
31	–	0.0%	9	0	ALUMINUM CORPORATION OF CHINA LTD 中國鋁業股份有限公司		XIONG Weiping (熊維平)
31	–	0.0%	9	0	THE HONG KONG AND CHINA GAS COMPANY LTD 香港中華煤氣有限公司		LEE Shau Kee (李兆基)
33		0.0%	9	0	AIA GROUP LTD 友邦保險控股有限公司		TSE Edmund Sze Wing (謝仕榮)
33		0.0%	9	0	CHINA COAL ENERGY COMPANY LTD 中國中煤能源集團有限公司		WANG An (王安)
33		0.0%	9	0	TINGYI (CAYMAN ISLANDS) HOLDINGS CORPORATION 康師傅控股有限公司		WEI Ing-Chou (魏應州)
36	↓	0.0%	10	0	LI & FUNG LTD 利豐有限公司		FUNG Kwok King Victor (馮國經)
36	↓	0.0%	10	0	CHINA UNICOM (HONG KONG) LTD 中國聯合網絡通信(香港)股份有限公司		CHANG Xiaobing (常小兵)
36	↓	0.0%	10	0	CNOOC LTD 中國海洋石油有限公司		WANG Yilin (王宜林)
39	↓	0.0%	12	0	BANK OF CHINA (HONG KONG) LTD 中國銀行(香港)有限公司		XIAO Gang (肖鋼)
40		0.0%	13	0	WANT WANT CHINA HOLDINGS LTD 中國旺旺控股公司		TSAI Eng-Meng (蔡衍明)
40	↑	0.0%	13	0	CITIC PACIFIC LTD 中信泰富有限公司		CHANG Zhenming (常振明)
40	–	0.0%	13	0	CHINA RESOURCES ENTERPRISE LTD 華潤創業有限公司		QIAO Shibo (喬世波)
40		0.0%	13	0	CHINA RESOURCES LAND LTD 華潤置地有限公司		WANG Yin (王印)
40	↓	0.0%	13	0	PETROCHINA COMPANY LTD 中國石油天然氣股份有限公司		JIANG Jiemin (蔣潔敏)
45	↓	0.0%	15	0	CHINA MERCHANTS HOLDINGS (INTERNATIONAL) COMPANY LTD 招商局國際有限公司		FU Yuning (傅育寧)
45	↓	0.0%	15	0	CHINA PETROLEUM & CHEMICAL CORPORATION (SINOPEC CORP) 中國石油化工股份有限公司		WANG Tianpu (王天普)
47	↓	0.0%	16	0	SUN HUNG KAI PROPERTIES LTD 新鴻基地產發展有限公司		KWOK Ping-kwong, Thomas (郭炳江)
48	↓	0.0%	17	0	THE BANK OF EAST ASIA LTD 東亞銀行有限公司		LI Kwok Po David (李國寶)

↑ Higher ranking than in 2009

↓ Lower ranking than in 2009

– Same ranking as in 2009

INTRODUCTION

Background

Community Business has long championed the role of women in the corporate arena in Asia. From the publication of one of its earliest reports 'Women Leaders in Hong Kong'⁵ to the more recent launch of its 'Gender Diversity Benchmark for Asia 2011',⁶ Community Business has presented the case that women have an essential contribution to make to business but remain under-represented at senior levels of their organisations.

The debate about women on boards is heating up as an increasing number of governments and companies recognise the link between greater board diversity and improved corporate governance and enhanced business performance. A growing body of research proves that diversity of experience and views creates better decision-making, which equally applies in a company's boardroom. Global research from McKinsey, Bain & Company and Catalyst demonstrate that when there are more women in senior management and the boardroom, those companies produce better financial results for shareholders than their less diverse comparators. This is aside from the obvious benefit of a company reflecting its own customer base. Half or more of purchasing decisions in most countries are currently made by women, so it makes good business sense to include more women in top corporate management roles.⁷

A number of reports and studies have emerged highlighting the disparities between countries and sectors around the world. In September 2009, Community Business partnered with Cranfield School of Management in the UK to produce the inaugural **Women on Boards: Hang Seng Index 2009** report, also sponsored by Standard Chartered Bank. This was followed in September 2010 by the publication of the **Standard Chartered Bank: Women on Corporate Boards India 2010** report. Both these pieces of work have been widely referenced as a means to initiate debate around the benefits of greater gender diversity on boards in Asia as well as a wider discussion about the advancement of women in the region. This **Standard Chartered Bank Women on Boards: Hang Seng Index 2012** report provides a timely update of the representation of women on the boards of Hong Kong's leading companies.

Gender Diversity of Boards - International Developments

The call to increase gender diversity on boards is not a new business issue, but approaches on how to achieve it differ significantly. They include coercive measures via regulation, voluntary codes of practice, as well as more market-driven collaborative efforts.

Worthy of particular mention is Lord Davies' report 'Women on Boards' published in February 2011 in the UK which sets out a series of recommendations to increase the number of women on company boards. The study suggests that listed companies in the UK should publish the number of women sitting on their boards and working in their organisations. It also recommends that businesses in FTSE 350 companies should set their own targets for increasing female representation on their boards by 2015. Lord Davies suggests that the FTSE100 should challenge themselves to increase the proportion of female directors on their boards to 25% by 2015.⁸

Other examples include:

- In February 2002, the Norwegian government gave a deadline of July 2005 for privately listed companies to raise the proportion of women on their boards to 40%.⁹
- Spain passed a gender equality law in 2007 obliging public companies and IBEX-quoted firms with more than 250 employees to reach a minimum of 40% representation of men and women on boards by 2015.¹⁰
- France has passed a bill applying a 40% quota for female directors by 2016.¹¹
- In June 2011, Belgium proposed legislation for a one-third quota of women on boards. The law is still to be approved by the Senate but provides for the quota system to come into force from 2012. Under the new rules, each time a director leaves, he or she is to be replaced by a woman until the quota is fulfilled.¹²
- Since July 2010, Australia requires all listed companies to disclose information about the proportion of women on the board and to provide progress reports on gender objectives.¹³
- Singapore and Malaysia propose incorporating specific references to gender diversity in their code of conduct for listed companies. In 2011, Malaysia set a target for 30% representation of women.

Corporate Governance in Hong Kong¹⁴

In the wake of the recent global economic crisis, there has been much debate about the need for tighter corporate governance standards – not just globally but also in Hong Kong. Indeed there have been many recent developments in Hong Kong, including a review of the Corporate Governance Code and associated Listing Rules and the introduction of the Securities and Futures (Amendment) Bill 2011.

The Hong Kong Stock Exchange Listing Rules split corporate governance requirements as follows:

1. Listing Rules where compliance is mandatory.
2. Code on Corporate Governance Practices
 - Code provisions on a comply or explain basis
 - Recommended best practices (RBPs) which are voluntary

The recent changes are wide reaching, although most are changes to the Code and involve upgrading RBPs to Code provisions. There has been a particular focus on increasing the responsibility and accountability of non-executive directors. However there are a number of changes that have a particular impact on the composition of boards.

These include:

- Number of Independent Non-Executive Directors (INEDs). Previously the Code provision highlighted that every board should have at least three INEDs. This has now been updated to state that INEDs should constitute at least one third of the board (effective 31 December 2012 for existing issuers).
- Remuneration Committee. Previously a Code provision, from April 2012, a Remuneration Committee is obligatory and it is stated that the majority of members (including the chairman) must be INEDs.
- Nominations Committee. Upgraded from a RBP to a Code provision, all companies should have a Nominations Committee. It is further stipulated that this should be made up of a majority of INEDs and be chaired by an INED or board chairman. A key function of this Committee is to review the size, structure and composition of the board (including selection of INEDs).

As the composition of boards becomes subject to greater scrutiny and companies in Hong Kong are called to make changes to their boards, it opens up the possibility for greater debate around the diversity of boards. In particular the value diversity of all kinds brings to independence and the quality of decision-making. Considering the gender diversity of boards is clearly central to this. The timing of the release of this report which includes the **Women on Boards League Table: HSI 2012** is all the more relevant in this context.

Methodology

This research looks at the representation of women on the boards of Hong Kong's leading companies, as listed on the Hang Seng Index (HSI).

The HSI is a freefloat-adjusted market capitalisation-weighted stock market index in Hong Kong. It includes the largest and most liquid stocks listed on the Main Board of the Stock Exchange of Hong Kong. It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of the overall market performance in Hong Kong. As of 10 January 2012, there were 48 HSI constituent stocks in total. These companies formed the focus of this study.

The methodology for this research was modelled on that of the **Women on Boards: Hang Seng Index 2009** report. Data was collated primarily from publicly available sources. These included corporate websites, annual reports and internet searches. The data was also cross-checked against David Webb's (of Webb-site.com) proprietary database,¹⁵ particularly with regards to: age of directors, tenure of directors and new appointments. The data was collected by Community Business and entered into spreadsheets with a cut off date of 10 January 2012. It should be noted that the data does not reflect changes – either pre-announced or otherwise, after that date.

FINDINGS

1. GENERAL COMPOSITION OF HSI BOARDS

To set the context for the examination of the representation of women on boards in Hong Kong, Table 1 shows the overall composition of the boards of the Hang Seng Index (HSI). It looks at the split between executive and non-executive roles as well as the proportion of independent non-executive directorships. The equivalent numbers for 2009 are also shown by way of comparison.

Table 1: Composition of Boards on HSI

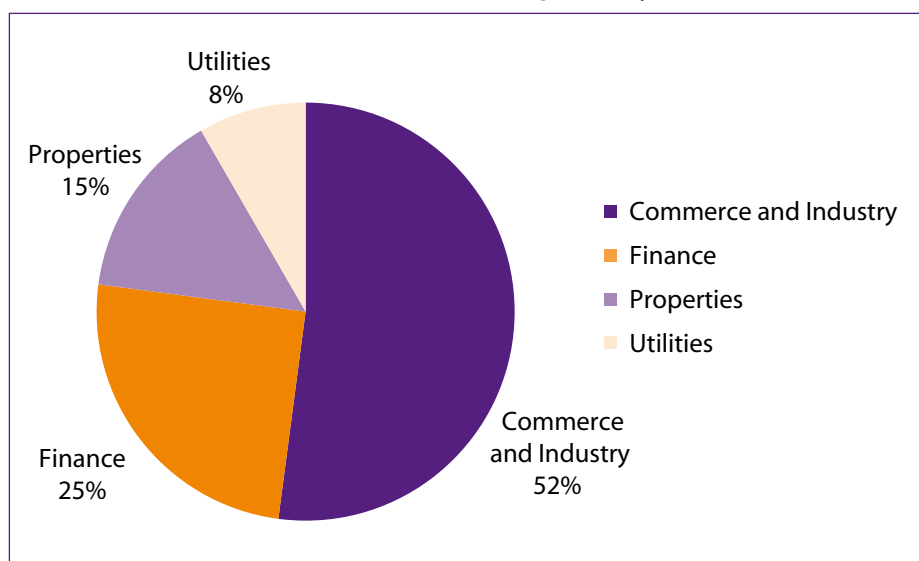
	HSI Companies 2012	HSI Companies 2009
Executive Directors	223 (35.2%)	214 (36.6%)
Non-Executive Directors (NEDs)	411 (64.8%)	371 (63.4%)
Total Directorships	634	585
Independent NEDs	247 (60.1%)	221 (59.6%)

The number of companies listed on the HSI has increased by six, from 42 companies in 2009 to 48 companies in 2012. One company from 2009 is no longer listed (Foxconn International Holdings Ltd) which means seven new companies have been added to the index. These are highlighted in purple in the **Women on Boards League Table: HSI 2012** on pages 6 and 7. The increase in total number of directorships from 585 to 634 (8%) reflects the additional companies added to the list. Despite these additions there has been no significant change in the overall composition of boards in terms of the split between executive and non-executive directors and the percentage of directors who are deemed to be independent.

2. PROFILE OF HSI COMPANIES

The HSI is broken into four sub-indices: the Hang Seng Commerce and Industry Sub-Index, the Hang Seng Finance Sub-Index, the Hang Seng Properties Sub-Index and the Hang Seng Utilities Sub-Index. The distribution of the 48 companies across these sub-indices is shown in Chart 1. Compared to 2009, there are four additional companies in the Commerce and Industry Sub-Index, and one additional company in each of the Finance Sub-Index and Properties Sub-Index.

Chart 1: Distribution of HSI Companies by Sub-Index



3. TOP PERFORMING COMPANIES ON HSI

The **Women on Boards League Table: HSI 2012** on pages 6 and 7 shows a ranking of the companies in terms of the representation of women on their boards. An immediate observation is that the percentage of women in the top three companies is higher than that of the top three companies listed in 2009 and that the top three companies are all in the financial sector.

In top place for 2012 is Hang Seng Bank Ltd, with five of its 16 board members (31.3%) being female. Four women hold non-executive directorships and one woman holds an executive directorship. This is a remarkable improvement as Hang Seng Bank ranked 14 in the 2009 report with two women on its board of 15 at that time.

Bank of China Ltd maintains its position in second place, with four of its 15 board members (26.7%) being women, all of whom are non-executive. This actually represents an improvement since 2009 where 20.0% of its board were women, as Bank of China Ltd has added one additional woman to its board.

In third place is HSBC Holdings Plc with 23.5% female board directors. The four women on its board of 17 all hold non-executive director positions. In appointing one additional woman and reducing the size of its board from 21 to 17, HSBC Holdings Plc has climbed from its ranking of 11 in 2009 to ranking 3 in 2012.

In joint fourth place, with 21.4% female representation, are China Resources Power Holdings Company Ltd and China Construction Banking Corporation. Both companies have three out of 14 female board members. China Resources Power Holdings Corporation has increased the number of women to three and is one of three companies with two female executive directors (the others are Cheung Kong (Holdings) Ltd and China Mobile Ltd). However, China Construction Bank, which ranked number one in the previous study, has lost two female directors since 2009.

Cheung Kong (Holdings) Ltd, in sixth place with 20.0%, continues to have four female directors on its board of 20, two of whom are executive directors and two non-executive directors. China Life Insurance Company Ltd is in seventh place with 18.2%, two women on its board of 11, one of whom has an executive role. Swire Pacific Ltd is in eighth place with 17.6%, three women on its board of 17, all non-executive directors. A further two companies, MTR Corporation Ltd and The Ping An Insurance (Group) Company of China Ltd are in joint ninth position with 16.7%. One of the women at The Ping An Insurance (Group) Company of China Ltd holds an executive directorship.

Looking at this ranking, two companies are worthy of particular mention. China Resources Power Holdings Company Ltd is the only company on the HSI with a female Chair, ZHOU Junqing (周俊卿) and Hang Seng Bank Ltd continues to be the only company with a female CEO and Vice Chair, LEUNG KO May Yee Margaret (梁高美懿).

4. HSI COMPANIES WITH WOMEN ON BOARDS

Table 2: HSI Companies with Women on Boards

	2012		2009		Relative Increase or Decrease Since 2009
	No.	%	No.	%	
Companies with at least one female director	28	58.3%	28	66.7%	Decrease
Companies with multiple female directors	16	33.3%	15	35.7%	Decrease
Companies with no female directors	20	41.7%	14	33.3%	Increase
Companies with female executive directors	12	25.0%	13	31.0%	Decrease

Looking first from a company perspective, of the 48 companies listed on the HSI, 28 (58.3%) companies have women on their corporate boards - either in executive director or non-executive director positions, whether deemed independent or not. This number has not changed since 2009.

The number of HSI Companies with multiple female directors is 16 (33.3%) which represents an increase by one company but a slight percentage decline overall from 2009. This data point is significant because international research suggests that it is only once a critical mass of women in the boardroom is reached – with three or more believed to be the tipping point – that real culture change, can occur.¹⁶ Indeed, often cited business research by Kanter¹⁷ highlights that at least 15% of any board needs to be comprised of women in order for the company to

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truly reap the benefits of gender diversity. Until then, there is danger that the individual woman will assimilate with her male peers to the extent that the benefits of diversity are not fully realised. Using 15% as a barometer therefore, only 12 companies or one-quarter of those listed on this HSI would appear to be gaining from the gender diversity of their boards.

What is of concern is that the number of companies with no female representation on their boards has increased from 14 companies (33.3%) to 20 companies (41.7%).

The number of companies with female executive directors has also dropped from 13 to 12 representing just 25.0%. The representation of female executive directors is important and is examined further in Section 6.

5. REPRESENTATION OF WOMEN ON BOARDS OF HSI COMPANIES

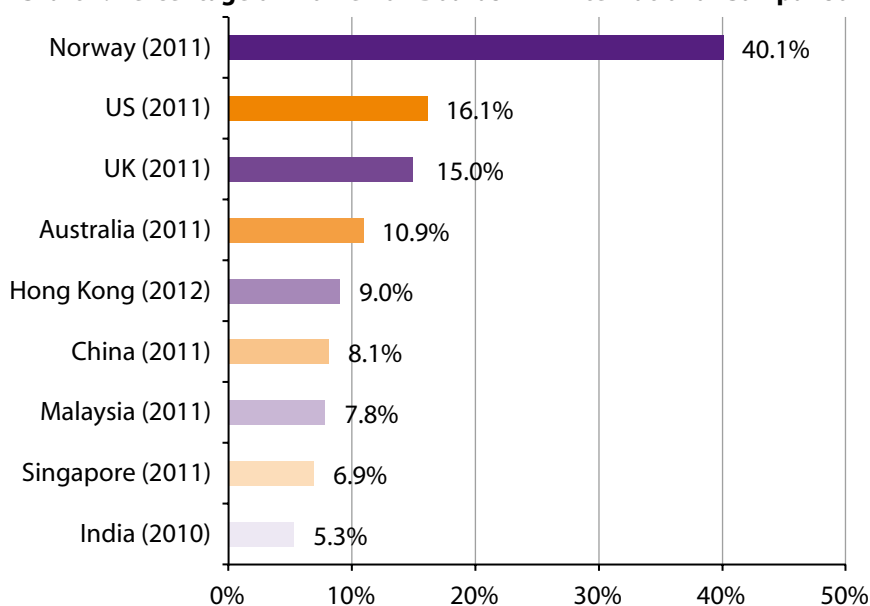
Table 3: Representation of Women on Boards of HSI Companies

Key Gender Diversity Numbers	2012		2009	
	No.	%	No.	%
Total number of directorships	634		585	
Total female held directorships	57	9.0%	52	8.9%
Total number of executive directorships	223		214	
Female executive directorships	15	6.7%	15	7.0%
Total number of non-executive directorships	411		371	
Female non-executive directorships	42	10.2%	37	9.9%
Number of women holding HSI directorships	50		47	

As Table 3 indicates, out of a total of 634 directorships on HSI corporate boards only 57 directorships are held by women. This gives an overall percentage of 9.0% and represents a nominal and disappointing improvement since 2009. Whilst the total number of directorships has increased (due to the additional number of companies on the HSI) by 49, only 5 of these additional positions are held by women. 50 women hold these 57 directorship roles, representing an overall increase of only 3 women since 2009.

Comparing this to international figures, it can be seen in Chart 2 that although this percentage is low, Hong Kong actually performs better than several countries in Asia, namely, India,¹⁸ Singapore,¹⁹ Malaysia²⁰ and Mainland China.²¹ However Hong Kong lags behind other markets – namely Australia,²² UK,²³ US²⁴ and most notably, Norway.²⁵

Chart 2: Percentage of Women on Boards - An International Comparison



6. FEMALE EXECUTIVE DIRECTORS IN HSI COMPANIES

In examining the gender diversity of boards it is interesting to look at the number of executive directorships held by women. In many respects this can be viewed as a true measure of gender diversity within an organisation, as it indicates that the company's working environment is such that women have successfully risen up through the organisation to reach board level. By contrast, appointing women to non-executive roles is sometimes easier to do and can be regarded as a quick fix to improving the gender diversity of boards. However, external appointments are also often more susceptible to the vagaries of a subjective appointment process, with all the pitfalls of stereotyping and unconscious bias.

Table 4: Representation of Female Executive Directors on HSI Boards

	2012		2009		Relative Increase or Decrease Since 2009
	No.	%	No.	%	
Total number of female directorships	57	9.0%	52	8.9%	Increase
Female directorships that are executive	15	26.3%	15	28.8%	Decrease
Total number of executive directorships	223		214		
Executive directorships that are held by women	15	6.7%	15	7.0%	Decrease

Of the total of 57 directorships held by women, 15 are executive director roles which represents 26.3%. Looking at this as a percentage of the overall number of executive directorship roles which is 223, this represents just 6.7%. Given that the overall number of executive directorships has grown by 9 but the number of women has remained static since 2009, both these figures represent an overall percentage decline.

At the same time the number of companies with female executive directors has dropped (see Table 2). Only twelve of the 48 companies (25.0%) listed on the HSI now have female executive directors. The profile of these 12 companies is shown in Table 5. The composition of this list has changed since 2009. There are two new companies, Industrial and Commercial Bank Ltd and Sino Land Company Ltd, whilst three of the original companies have lost their female executive directors (China Construction Bank Corporation, COSCO Pacific Ltd and Li & Fung Ltd). Three of the companies in this list have two female executive directors.

Table 5: Profile of 12 Companies on HSI with Female Executive Directors

Rank	Company	% Female Board	Total Female Directors	Female Executive Directors	Sector	Total Board Size
1	Hang Seng Bank Ltd	31.3%	5	1	Finance	16
4	China Resources Power Holdings Company Ltd	21.4%	3	2	Utility	14
6	Cheung Kong (Holdings) Ltd	20.0%	4	2	Property	20
7	China Life Insurance Company Ltd	18.2%	2	1	Bank	11
9	The Ping An Insurance (Group) Company of China Ltd	16.7%	3	1	Bank	18
11	Hutchison Whampoa Ltd	15.4%	2	1	Commerce & Industry	13
11	China Mobile Ltd	15.4%	2	2	Commerce & Industry	13
13	Industrial and Commercial Bank of China Ltd	12.5%	2	1	Bank	16
18	Hendersen Land Development Company Ltd	10.0%	2	1	Property	20
19	Sino Land Company Ltd	9.1%	1	1	Property	11
20	The Wharf (Holdings) Ltd	8.3%	1	1	Commerce & Industry	12
27	Power Assests (previously Hongkong Electric Holdings Ltd)	6.3%	1	1	Utility	16

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It is interesting to note that 11 of the 12 companies who have female executive directors are ranked in the top 20 of the **Women on Boards League Table: HSI 2012**. This suggests that companies with female executive directors are also more likely to have multiple female directors and a higher overall percentage of women on their board. As highlighted in the previous report, it is not possible to comment on the direction of causality – that is which came first, female executive directors or female board directors, but there does appear to be a link.

Executive Roles Held by Women

The 15 executive director roles are held by 14 different women, as listed in Table 6. Although the overall number of women has not changed since 2009, there are some changes to the list, with three additional names, including IP Alice MoLin (葉慕蓮) of Sino Land Company Ltd, WANG Lili (王麗麗) of Industrial and Commercial Bank of China Ltd and ZHOU Junqing (周俊卿) of China Resources Power Holdings Company Ltd.

China Resources Power Holdings Company Ltd is the only company on the HSI with a female Chair, ZHOU Junqing (周俊卿) and Hang Seng Bank Ltd continues to have the distinction of being the only company on the HSI with a female CEO, LEUNG KO May Yee Margaret (梁高美懿).

Table 6: Executive Roles Held by Women

Name	Job Title	Company
CHOW WOO Mo Fong Susan (周胡慕芳)	Deputy Group Managing Director Executive Director	Hutchison Whampoa Ltd Power Assets (previously Hongkong Electric Holdings Ltd)
FUNG LEE Woon King (馮李煥琮)	The Treasurer	Hendersen Land Development Company Ltd
HUANG Wenlin (黃文林)	Vice President	China Mobile Ltd
IP Alice Mo Lin (葉慕蓮)	Executive Director	Sino Land Company Ltd
LEE Yuk Fong Doreen (李玉芳)	Executive Director	The Wharf (Holdings) Ltd
LEUNG KO May Yee Margaret (梁高美懿)	Chief Executive Officer	Hang Seng Bank Ltd
LIU Yingqi (劉英齊)	Vice President	China Life Insurance Company Ltd
PAU Yee Wan Ezra (鮑綺雲)	Executive Director	Cheung Kong (Holdings) Ltd
WANG Lili (王麗麗)	Managing Director	Industrial and Commercial Bank of China Ltd
WANG Liping (王利平)	Senior Vice President	The Ping An Insurance (Group) Company of China HLtd
WANG Xiao Bin (王小彬)	Chief Financial Officer	China Resources Power Holdings Company Ltd
WOO Chia Ching Grace (吳佳慶)	Executive Director	Cheung Kong (Holdings) Ltd
XIN Fanfei (辛凡非)	Vice President	China Mobile Ltd
ZHOU Junqing (周俊卿)	Chair and Executive Director	China Resources Power Holdings Company Ltd

7. WOMEN HOLDING MULTIPLE DIRECTORSHIPS IN HSI COMPANIES

50 women hold 57 directorships on the HSI. This means some women hold more than one directorship. There has been some debate about the pros and cons of corporate board members holding multiple directorships in various companies and the academic research on this matter appears inconclusive.

Table 7: Women Holding Multiple Directorships in HSI Companies

Number of Seats	1 seat	2 seats	3 seats
Number of Women	45 (90.0%)	3 (6.0%)	2 (4.0%)

Table 7 shows that within the HSI, by far the majority (90.0%) of women hold just one directorship. However, three women hold two directorships - FUNG Yuen Mei Anita (馮婉眉), CHA Laura May Lun (史美倫) and CHOW WOO Mo Fong Susan (周胡慕芳). Mrs Chow's situation is unusual in that she holds two executive directorships. Power Assets

(previously Hong Kong Electric Holdings Ltd) and Hutchison Whampoa Ltd are both members of Cheung Kong Group. Two women have three directorships within the HSI – they are LEUNG KO May Yee Margaret (梁高美懿) and FAN Hsu Lai Tai Rita (范徐麗泰).

8. AGE AND TENURE OF FEMALE DIRECTORS IN HSI COMPANIES

In examining the composition of boards it is interesting to look at the age and tenure of directors.

Table 8: Age and Tenure on Boards

2012	Age			Tenure on Board	
	All	EDs	NEDs	Average	Range
Men	59.9 years	56.1 years	62.2 years	6.5 years	0 - 44 years
Women	57.3 years	57.6 years	56.8 years	4.8 years	0 - 35 years

The average age of male directors is 59.9 years and the age range is 29 to 87, with 14% of male directors being over the age of 65. Looking at the same statistics for women, the average age of female directors is 57.3 years, the age range is 42 to 73 and 12.2% of the women are over the age of 65.

These numbers show that the women are on average two and a half years younger than the men holding board positions. This is a pattern that is generally seen internationally.²⁶ It is interesting to note too that the executive male directors are on average 6 years younger than the non-executive male directors. However, this does not seem to be reflected with the women. The average age of female non-executive directors is 56.8 years whilst the average age of female executive director is slightly older at 57.6 years.

There is increased interest in the tenure of directors and debate about whether term limits ought to be enforced to prevent directors becoming too entrenched and distant from the interests they are meant to represent. Hong Kong's own Code of Practice on Corporate Governance states that 'non-executive directors should be appointed for a specific term, subject to re-election'²⁷ and that 'serving more than nine years could be relevant to the determination of a nonexecutive director's independence.'²⁸

For the purpose of this study, we looked at the year directors were first appointed to a board position in the company – in whatever capacity, rather than the year they were appointed to their most current role.

The average tenure for male directors is 6.5 years and 4.8 years for women. This does not seem excessively long and is comparable to other markets such as the UK where average tenure in 2010 was 5.3 years for men and 4.1 years for women.²⁹ However a closer look, shows that the range is wide - varying from those who have just been newly appointed to those who have been board directors for as many as 44 years in the case of men, and 35 years for women. This may be explained by the high percentage of family controlled businesses listed on the Hang Seng Index.

While many agree that tenure probably should not be called out as a key criterion for continued board membership, boards do need to keep their talent refreshed.

'Organisations may want to consider the best range of tenure for the future, given their unique characteristics, and include length of service as one element they assess to enhance overall board effectiveness. More important, however, companies could benefit from being more strategic about managing their board talent, just as they are becoming more conscious of managing their employee talent.'³⁰

Certainly a more frequent level of turnover would open up opportunities for new candidates to be considered on a more regular basis – and with it potentially more opportunities for women.

9. NEW HSI DIRECTOR APPOINTMENTS IN 2011

This report is based on data as of 10 January 2012. In looking at new appointments therefore it refers to new director appointments made throughout 2011. Of 69 new appointments to director positions of companies listed

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on the HSI in 2011, seven were appointed to women, representing just 10.1%. As shown in Table 9, this compares to 10 new appointments in 2010 and eight in 2009 and represents a slight year on year percentage decline.

Table 9: New HSI Appointments 2009-2011

	2009	2010	2011
New female appointments	8	10	7
New male appointments	55	79	62
Total new appointments	63	89	69
Female % of new appointments	12.7%	11.2%	10.1%

One of these seven women in 2011 previously held directorships on other HSI companies - CHA Laura May Lun (史美倫). The other six are brand new appointments: FUNG Yuen Mei Anita (馮婉眉), LEGG Sarah Catherine (李瑞霞), ZHOU Junqing (周俊卿), DU Yuemei (杜悅妹), LAW Fan Chiu Fun Fanny (羅范椒芬) and IP Alice Mo Lin (葉慕蓮).

As highlighted in the previous report, at this slow rate of change it will take many decades to reach any sort of gender parity on HSI boards. Directors are appointed to board positions for a number of years, and as seen above tenure can be enduring. This is why in other countries, such as the UK, emphasis has been placed on the altering figures of the 'flow' of new directors, as opposed to just focusing on the figures relating to the 'stock' of current directors. For example, in 2010 the UK Government set an aspirational target that by 2015, 50% of new public appointments to public boards be held by women.³¹

CONCLUSION

This **Standard Chartered Bank Women on Boards: Hang Seng Index 2012** report is the second study of its kind for Hong Kong. It has highlighted that there has been very little change in the overall representation of women on boards on Hong Kong's leading companies since the last time this study was conducted in 2009.

The percentage of women on boards remains low at just 9.0% and the number of companies with no women on their boards has increased to 41.7%. With just 10.1% of new appointments in 2011 being awarded to women, it is clear that without a concerted effort, progress will continue to be painstakingly slow.

More governments and companies - both internationally and in the region, recognise the economic importance of harnessing the potential of their women and are turning their attention to this important topic. Some countries are introducing new recommendations and guidelines to promote greater gender diversity of boards, whilst others are introducing quotas, aspirational goals and reporting requirements to drive the numbers up. Arguably of more importance is the number of concrete and practical measures that are being introduced to garner support and build the talent pool of women to take on board roles. UK for example, has seen the formation of the 30% Club - a group of Chairmen voluntarily committed to bringing more women on to UK corporate boards and reaching a desired target of 30%.³² Singapore has launched the 100 BoardAgender Champions campaign, acknowledging a group of 100 leaders who publicly support the advancement of women into the ranks of senior leadership and into the boardroom.³³ The Australian Institute of Company Directors has launched a mentoring programme that brings together senior listed-company chairmen with highly talented and qualified women in a 12-month mentoring relationship.³⁴ Malaysia is proactively developing a registry of senior women and providing them with the extra training and support they need to take on board roles.³⁵

There is clearly much that Hong Kong can learn from international experience and openness to the exchange of ideas on this critical issue is essential if progress is to be made. Certainly this is an important subject for Hong Kong and merits a much higher level of public awareness and public discussion.

Community Business welcomes changes to corporate governance guidelines in Hong Kong. It is hoped that the move for greater transparency and accountability will pave the way for greater discussion around the importance of diversity of boards - and particularly gender diversity. The new requirement in Hong Kong for companies to have a Nominations Committee responsible for the composition of the board provides the ideal catalyst for facilitating discussion on this topic. As companies appoint directors to their boards, they are encouraged to think strategically - ensuring they have a diversity of perspectives that better reflect their key stakeholders, namely their shareholders, customers and employees. In so doing, they will naturally open up more possibilities for women.

As previous studies have highlighted, not least Community Business' own,³⁶ Hong Kong has no lack of talented, qualified and ambitious women. Whilst some of these women may not have direct board experience, there is much that can be done to prepare these women for board positions. Community Business calls upon government, investors, corporate and industry associations, chambers of commerce, companies and executive search firms to engage in dialogue, work together and identify specific measures that can be introduced to build the pipeline of 'board-ready' women and increase the representation of women in Hong Kong's boardrooms. The benefits for Hong Kong as a whole will be far-reaching.

Community Business congratulates the companies that appear at the top of the **Women on Boards League Table: HSI 2012** and particularly the top ten companies that have over 16% of their boards made up of women. Once again it is our hope that other companies will be inspired by their example and that in future editions of this report we will see an increase in the number of women on boards of the HSI.

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- ³⁶ See Community Business' library of reports on gender diversity in Asia on its website at:
http://www.communitybusiness.org/focus_areas/D&I.htm#publications



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